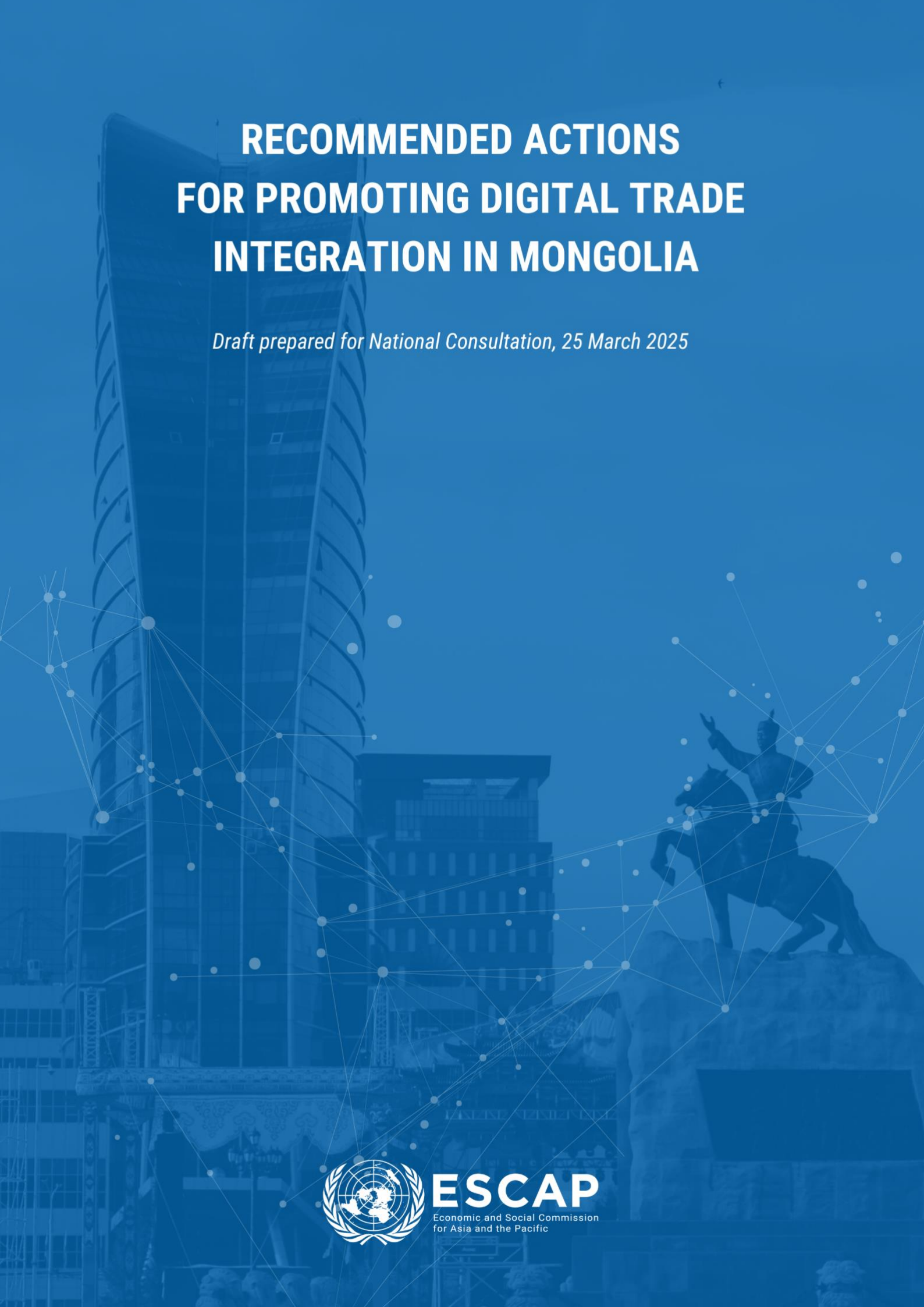
RECOMMENDED ACTIONS FOR PROMOTING DIGITAL TRADE INTEGRATION IN MONGOLIA

Draft prepared for National Consultation, 25 March 2025



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Economic and Social Commission for Asia and the Pacific



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We hope that the findings and recommendations outlined here will serve as a guiding framework for policymakers, businesses, and all stakeholders working toward a more digitally integrated Mongolia.

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Abbreviations and acronyms

5G	Fifth Generation (technology)
ADB	Asian Development Bank
AI	Artificial Intelligence
AIIB	Asian Infrastructure Investment Bank
APCERT	Asia Pacific Computer Emergency Response Team
APEC	Asia-Pacific Economic Cooperation
APPI	Act on the Protection of Personal Information
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of Southeast Asian Nations
BOM	Bank of Mongolia
CBPR	Cross-Border Privacy Rules
CITA	Communications and Information Technology Authority
CPTA	Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific
CRC	Communications Regulatory Commission
DEPA	Digital Economy Partnership Agreement
DTCU	Digital Trade Coordination Unit
DSTs	Digital Services Taxes
EAEU	Eurasian Economic Union
ECLAC	Economic Commission for Latin America and the Caribbean
EPA	Economic Partnership Agreement
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GAIPSR	General Authority for Intellectual Property and State Registration
GDP	Gross Domestic Product
GFCE	Global Forum on Cyber Expertise
GPA	Agreement on Government Procurement
GSP+	Generalized System of Preferences Plus
ICNC	Information and Communication Network Company
ICT	Information and Communication Technologies
IFC	International Finance Corporation
IP	Intellectual Property
IPR	Intellectual Property Rights
IPTV	Internet Protocol Television
ISO/IEC	International Organization for Standardization/International Electrotechnical Commission

IT	Information technology
ITA	Information Technology Agreement
ITU	International Telecommunication Union
JSI	Joint Statement Initiative
KPI	Key Performance Indicator
LCR	Local Content Requirements
LLDCs	Landlocked Developing Countries
MCC	Model Contractual Clauses for Cross Border Data Flows
MDDC	Ministry of Digital Development and Communications
MED	Ministry of Economy and Development
MFA	Ministry of Foreign Affairs
MLEC	Model Law on Electronic Commerce
MLES	Model Law on Electronic Signatures
MLETR	Model Law on Electronic Transferable Records
MNCCI	Mongolian National Chamber of Commerce and Industry
MNCERT/CC	Mongolian Computer Emergency Response Team/Coordination Center
MOJHA	Ministry of Justice and Home Affairs
MOU	Memorandum of Understanding
MRAs	Mutual Recognition Agreements
NGO	Non-Governmental Organization
NETF	National E-Commerce Task Force
NTFC	National Trade Facilitation Committee
OECD	Organisation for Economic Co-operation and Development
PDPL	Personal Data Protection Law
PPPs	Public-Private Partnerships
RCEP	Reginal Comprehensive Economic Partnership
R&D	Research and Development
RDTII	Regional Digital Trade Integration Index
SCO	Shanghai Cooperation Organization
SDT	Special and Differential Treatment
SMEs	Small and Medium-sized Enterprises
TFA	Trade Facilitation Agreement
TINA	Trade Intelligence and Negotiation Adviser
TPFs	Trade Policy and Facilitation Section
TIID	Trade, Investment, and Innovation Division
UN	United Nations
UNCITRAL	United Nations Commission on International Trade law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme

UNGCP	United Nations Guidelines for Consumer Protection
UNRC	United Nations Resident Coordinator
USD	United States Dollar
VAT	Value Added Tax
WIPO	World Intellectual Property Organization
WCT	WIPO Copyright Treaty
WPPT	WIPO Performances and Phonograms Treaty
WTO	World Trade Organization

Executive summary

Mongolia's transition to digital trade is essential for overcoming geographic constraints, modernizing trade processes, and enhancing economic resilience. Digital trade provides opportunities to expand market access, streamline trade operations, and diversify the economy beyond mining and agriculture. However, challenges such as regulatory fragmentation, gaps in digital trade infrastructure, and limited engagement in digital trade agreements hinder Mongolia's ability to fully integrate into the global digital economy.

This report outlines a comprehensive roadmap for Mongolia's digital trade development in three key areas:

Chapter 1: Evaluates Mongolia's digital trade landscape, identifying policy gaps and strategic priorities.

Chapter 2: Assesses Mongolia's potential engagement with the Regional Comprehensive Economic Partnership (RCEP) as a benchmark for regulatory alignment.

Chapter 3: Presents an actionable policy roadmap with vision, programmatic, and operational roadmaps to strengthen Mongolia's institutional frameworks, regulatory environment, and infrastructure readiness for digital trade.

This structured, phased approach ensures Mongolia aligns with regional and global digital trade frameworks while preserving policy flexibility and economic priorities.

Mongolia's Digital Trade Landscape (Chapter 1)

Mongolia's geographic isolation and dependence on traditional industries such as mining pose challenges to economic diversification. Digital trade presents a solution to reduce transaction costs, facilitate trade flows, and integrate Mongolia into global supply chains. However, three major structural barriers must be addressed to achieve meaningful digital trade integration:

1. **Regulatory and Institutional Fragmentation** – Mongolia lacks a coherent legal and policy framework for digital trade. Laws on cross-border data flows, electronic transactions, and consumer protection remain fragmented across multiple agencies, weakening enforcement. Digital trade related laws, such as the Personal Data Protection Law (PDPL), have increasingly introduced, but its enforcement mechanisms and cross-border data transfer regulations remain unclear and misaligned with international standards.
2. **Gaps in Digital Trade Infrastructure** – The Electronic Single Window system, a critical component of trade digitalization, is only partially operational, resulting in inefficiencies in customs processes and trade documentation. Mongolia has yet to establish interoperability with regional paperless trade systems, such as those guided by the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA) or the ASEAN Single Window, limiting its ability to streamline trade with RCEP regional partners.
3. **Lack of a Structured Approach to Trade Agreements** – Mongolia has not joined any digital trade agreements, restricting its ability to align its regulatory frameworks with key trading partners. While bilateral dialogues exist, they have not provided a structured approach to regulatory harmonization, cross-border e-commerce, or data governance.

Assessing Gaps: RCEP as a Baseline (Chapter 2)

Given Mongolia's significant trade and investment ties with China, Japan, and the Republic of Korea, all of which are RCEP members, the agreement serves as an important policy benchmark for Mongolia's digital trade strategy. RCEP's provisions on paperless trade, cross-border data flows, cybersecurity, and e-commerce consumer protection establish a comprehensive framework for guiding digital trade governance.

Key takeaways include:

- Cross-Border Data Governance: RCEP encourages free and secure data flows, providing a model for Mongolia to establish a balanced data transfer framework.
- Paperless Trade Facilitation: RCEP promotes Electronic Single Window systems, which Mongolia must fully operationalize.
- E-Commerce and Consumer Protection: RCEP sets common standards for digital payments, consumer rights, and dispute resolution—areas where Mongolia must strengthen its regulations.

Instead of immediate accession, Mongolia should align its digital trade policies with RCEP principles, using them as a model for regulatory modernization while preparing for future trade agreements.

Three-Tiered Roadmaps for Digital Trade Integration (Chapter 3)

To ensure a structured and phased implementation of digital trade policies, Chapter 3 provides three roadmaps: Vision, Programmatic, and Operational Roadmaps, designed to guide Mongolia's transition toward a fully integrated digital trade economy.

The roadmaps outline a phased approach to digital trade integration: (Please see summary tables)

1. **Phase 1:** Strengthening Domestic Regulatory and Institutional Capacity (0–2 Years)
2. **Phase 2:** Regional Integration and Digital Trade Implementation (2–4 Years)
3. **Phase 3:** Full Digital Trade Integration and Global Expansion (4–6 Years)

Strategic Implementation and Monitoring

To ensure effective execution, Mongolia must:

- Leverage international technical assistance (e.g., UNESCAP, ADB, WTO) to support regulatory and infrastructure reforms.
- Utilize benchmarking tools such as UNESCAP's Regional Digital Trade Integration Index (RDTII) to track policy progress.
- Engage private sector stakeholders to ensure business-driven digital trade policies.
- Develop a performance monitoring framework with measurable KPIs to track regulatory alignment, trade facilitation, and market access improvements.

Conclusion

This report presents a structured and actionable roadmap for Mongolia's digital trade integration, outlining key policy reforms, regulatory infrastructure advancements, and strategic approaches to trade agreements. Each chapter provides critical insights and practical recommendations—from assessing Mongolia's current digital trade landscape to using RCEP as a policy benchmark and developing a concrete action plan for institutional, legal, and infrastructure improvements. Effective execution of these strategies will enhance trade efficiency, attract investment, and strengthen Mongolia's role in global digital trade networks.

Summary Tables

1) Vision Roadmap

Phase	Lead	Focus
Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years). Objective: Establish legal and institutional foundations for digital trade.	MDDC	- Form **Digital Trade Task Force.** - Implement **data protection and cross-border data flow policies**. - Align **e-commerce regulations** with global standards - Develop **national cybersecurity framework**. - Initiate **ICT tariff reduction** discussions. - Engage in **regional digital trade dialogues.**
Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years). Objective: Strengthen regional digital trade participation and infrastructure.	MED	- Implement **cross-border data governance.** - Strengthen **paperless trade legal framework.** - Develop **digital trade regulatory roadmap.** - Implement **e-customs and e-payment systems.** - Expand **digital infrastructure through PPPs.**
Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years). Objective: Align Mongolia with global digital trade standards and enhance competitiveness.	MED	- Fully harmonize **data governance, e-commerce, and ICT regulations.** - Strengthen **intellectual property and digital services policies.** - Establish a **Digital Trade Coordination Unit (DTCU).** - Foster **public-private cooperation.** - Promote **digital service exports**. - Explore **participation in digital trade agreements.**

2) Programmatic and Operational Roadmap

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Digital Trade Task Force Formation	High	MDDC, MED	Task Force established in Year 1	National coordination body operational	Task Force operational by Year 1	Bureaucratic delays → Fast-track approvals via executive order	Government budget
Enhance Personal Data Protection Law (PDPL) Implementation	High	MDDC, National Human Rights Commission	Year 1: Conduct review of enforcement gaps Year 2: Issue updated compliance guidelines	Clear data transfer rules; improved enforcement	Increased compliance rate among businesses	Limited enforcement capacity → International donor support for capacity-building	Technical assistance from UNESCAP, Government support
Conduct ICT Tariff Reduction Feasibility Study	Medium	Ministry of Finance, MED	Year 2: Feasibility study completed	Policy recommendations for tariff reductions	Feasibility study completed by Year 2	Potential revenue loss → Identify the offsetting mechanisms	Government research funding, potential UNESCAP TINA support
Public Procurement Transparency Enhancement	Medium	State Procurement Agency	Year 1: Conduct transparency assessment Year 2: Implement training and digital reporting	Increased efficiency, reduced corruption	Number of officials trained; improvement in transparency scores	Insufficient funding for digital tools →Seek donor funding	WTO e-Government initiatives, in-kind tech support

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Regional Digital Trade Engagement	Medium	MFA, MED	Year 2: Initial RCEP/WTO discussions Year 4: Policy benchmarking and phased engagement (Ongoing)	Stronger negotiation capacity and policy alignment	Number of discussions and capacity-building sessions	Limited expertise in digital trade → Partner with RCEP/WTO members for training. Low policy prioritization → Advocate for digital trade in high-level dialogues. Regulatory misalignment → Use UNESCAP's RDTII for benchmarking.	Technical capacity-building grants from regional organizations and dialogue partners

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Develop Bilateral Data-Sharing Agreements	Medium	MDDC, MFA	Year 3: Conduct a feasibility study Year 4: Sign pilot agreement	Secure and compliant cross-border data flows	Number of agreements signed by Year 4	Regulatory misalignment → Use RDTII for benchmarking	International assistance for compliance framework

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Implement Paperless Trade and Digital Customs	Medium	General Customs Authority, MED	Year 3: Implement digital trade documentation Year 4: Adopt an e-customs	More efficient trade processing	Percent of firms using e-customs by Year 4	Complex transition → Gradual adoption, phased rollout	Technical assistance from UNESCAP, WTO, ADB
Expand Digital Infrastructure via PPPs	Medium	CITA, Private Sector	Year 3: Launch broadband projects Year 4: Expand connectivity	Improved digital access for trade	Broadband penetration rate in targeted areas		Private investment, AIIB, ADB funding
Enhance Digital Payment System Interoperability	Medium	Bank of Mongolia, Private Sector	Year 4: Pilot cross-border payment system	Stronger financial integration	Successful pilot project by Year 4	Banking sector reluctance → Address through early industry engagement	Fintech partnerships, regulatory capacity-building

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Full Legal & Regulatory Harmonization	High	MDDC, Parliament	Year 5: Initiate regulatory alignment Year 6: Achieve full RCEP/WTO compliance	Fully harmonized trade regulations	Compliance milestones met by Year 6	Resistance from industries → Stakeholder engagement	National policy reform funding, UNESCAP RDTII benchmarking
Evaluate & Establish Permanent Digital Trade Coordination Unit (DTCU)	Medium	MDDC, MED	Year 5: DTCU operational if necessary	Coordinated governance for digital trade	The DTCU operational by Year 5	Complex transition → Gradual adoption, phased rollout	Government funding, expertise-sharing with RCEP members
Promote Digital Services Sector Growth	Medium	MDDC MNCCI,	Year 5–6: Provide incentives for startups, expand digital service exports	Improved competitiveness of digital service sector	Increase in digital service exports by Year 6	Limited private sector readiness → Targeted support programs	Venture capital, donor-funded training programs
Global Digital Trade Integration & Market Access	Medium	MFA, MED	Year 5–6: Negotiate new digital trade and investment agreements	Enhanced global trade participation	New trade agreement by Year 6	Banking sector reluctance → Early industry engagement	Government funding, technical assistance from development partners

Chapter I. Overview

I.I Introduction

Mongolia's trade policy environment presents both opportunities and challenges for its sustainable economic growth, particularly in the expansion of digital trade and the digital economy. As a WTO member since 1997, Mongolia operates within a relatively open trade framework. However, it has limited participation in regional trade agreements, relying heavily on mineral exports, particularly to neighboring economies. This dependence exposes the country to external market fluctuations, making economic diversification a key priority.

As global trade increasingly shifts toward digital platforms, landlocked economies including Mongolia are recognizing the strategic importance of digital trade in enhancing competitiveness and resilience. Digital trade, encompassing the exchange of goods and services enabled by digital technologies and data, has emerged as a critical driver of global economic growth and transformation. Digital trade centers on the flow of digitally ordered or delivered goods, services, and data through digital networks such as the Internet.[1] This fundamental shift reshapes the nature of international commerce and creates new opportunities for economies to integrate into global value chains. Particularly, digital trade offers a means to reduce reliance on physical exports by expanding market access beyond Mongolia's immediate neighbors.

Mongolia has been actively pursuing digital-driven modernization policies to enhance economic resilience. The "Vision 2050" long-term development policy, approved by Parliament in 2020, identifies the transition to a knowledge-based and digital economy as a critical goal for the country's development. The "Digital Nation Guidelines (2022–2027)" provides a medium-term roadmap for digital transformation, focusing on education, healthcare, transportation, and government services while promoting technological advancements to enhance accessibility, efficiency, and innovation across public and private sectors. Key priorities include developing a robust IT infrastructure, strengthening cybersecurity measures to safeguard national digital assets, and integrating emerging technologies such as AI, blockchain, and IoT to generate economic, and social benefits. Recognizing the critical role of digital infrastructure, the Mongolian government is prioritizing reliable online transaction systems, strong regulatory frameworks for e-commerce and financial technology, and secure digital payment systems backed by robust cybersecurity protections. Additionally, empowering small and medium-sized enterprises (SMEs) with modern digital tools and enhancing digital literacy are central to its "Digital Nation" agenda. By fostering a digitally inclusive economy, Mongolia aims to ensure that the benefits of digital trade extend across all sectors, driving long-term economic sustainability and integration into the global digital economy.

Prioritizing digital trade will enable Mongolia to significantly expand its market reach, attract substantial foreign investment, and reinforce its competitive position within regional, and global

[1] The definition of digital trade follows the IMF, OECD, UNCTAD, and WTO (2023), Measuring Digital Trade Handbook, available from https://www.wto.org/english/res_e/booksp_e/digital_trade_2023_e.pdf. According to this definition, digital trade spans transactions where orders or deliveries occur digitally, encompassing a broader scope than traditional e-commerce, which primarily addresses electronically placed purchase orders. By including digitally delivered goods and services, digital trade redefines the scope of global commerce. Digital trade is unlike digitalization of trade procedures or paperless trade, which focus on digitalizing custom processes of trade

value chains. Mongolia has already made notable strides in modernizing its trade procedures. Concrete policy actions have been made, including through its participation in the **Framework Agreement on Cross-Border Paperless Trade in Asia and the Pacific (CPTA)** since 2021. Additionally, recognizing the transformative role of emerging technologies in shaping the digital economy, Mongolia has taken a significant step toward integrating artificial intelligence into its national development agenda: on February 3, 2025, with support from UNDP, Mongolia launched a strategic initiative to accelerate its National Artificial Intelligence (AI) Vision and Strategy. [2]

To further enhance and complement national efforts, the development of a comprehensive digital trade policy strategy would be a critical step in Mongolia's digital transformation by leveraging new trade and foreign direct investment (FDI) opportunities. As the digital economy and the adoption of emerging technologies, including AI, expand, they will inevitably intersect with digital trade regulations, making it essential to establish clear and forward-looking guidelines in key areas. These intersections are numerous, but among the most significant are strengthening data governance frameworks in line with global standards to facilitate the secure and efficient exchange of data, trade in digital services, and regulations surrounding cross-border digital transactions and foreign investment in digital infrastructure.

This urgency is heightened by the rapid acceleration of digital trade during and after the global pandemic, alongside the growing emphasis on digital trade provisions in trade and economic integration initiatives. These provisions are increasingly shaping harmonized frameworks for digital trade regulations among participating economies, underscoring the need for Mongolia to be prepared.

I.II Objective

This report aims to support the establishment of a comprehensive digital trade strategy for Mongolia by outlining a recommended plan of action to facilitate its integration into the global and regional digital trade ecosystem.

To provide a structured and evidence-based approach, the report employs a comparative assessment methodology based on **the ESCAP-ECA-ECLAC Regional Digital Trade Integration Index Framework** (Box 1).[3] The report leverages regulatory datasets collected for Mongolia by the UNESCAP Secretariat and officially verified by Mongolia's government to provide a comprehensive assessment of Mongolia's digital trade landscape.

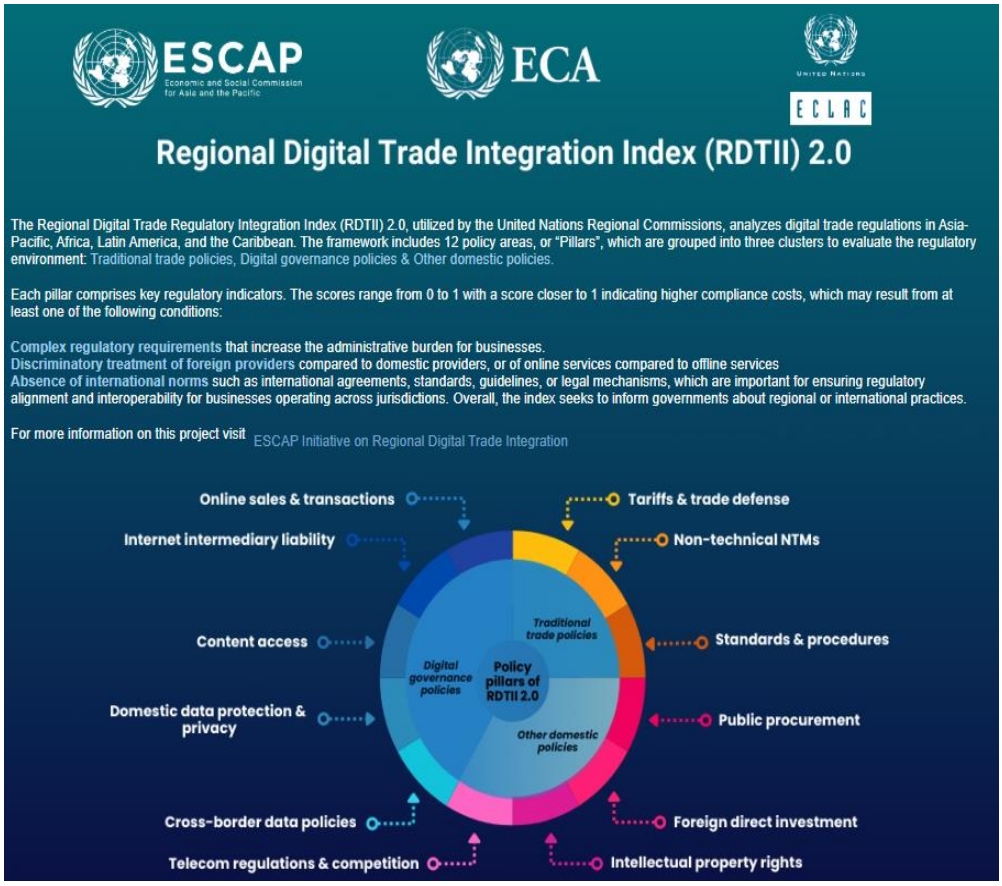
This chapter provides an overview, followed by a comparative analysis in the next chapter of Mongolia's digital trade regulations against regional benchmark practices. The analysis is guided by digital trade obligations under a key regional trade agreement, particularly the Regional Comprehensive Economic Partnership (RCEP), which includes Mongolia's strategic trade partners. This approach reflects Mongolia's growing aspirations to diversify trade partnerships and strengthen regional cooperation. The comparison identifies areas for policy improvement and alignment with regional digital trade practices in the medium to long term.

[2] On February 3, 2025, with support from UNDP, Mongolia launched a strategic initiative to accelerate its National Artificial Intelligence (AI) Vision and Strategy. This initiative aims to conduct a comprehensive AI Landscape Assessment, explore future AI-driven scenarios, and develop a National AI Strategy and Vision to guide the country's AI adoption and integration.

[3] The framework was initially developed based on research provided to ESCAP, ECA, and ECLAC by academic institutions, particularly the European University Institute, through consultancy arrangements.

Based on this analysis, the third chapter presents key policy recommendations, offering a roadmap for policymakers to strengthen Mongolia's participation in digital trade while ensuring regulatory consistency and coherence with shared principles and codes of conduct adopted by its strategic trade partners.

Box 1. Structure of the RDTII 2.0 framework



Source: ESCAP. For detail, please visit https://www.unescap.org/projects/rcdtra/databases-kp

I.III Current Situation and Key Challenges in Digital Trade Policy Frameworks of Mongolia

Fragmented Policy Frameworks

Digital trade encompasses not only online buying and selling of goods and services but also the transfer of data, digital services, and the infrastructure that supports these activities. The scope of policies relevant to digital trade is broader than ecommerce as *digital trade* implies broadening the scope from simply buying and selling goods and services online to a wider range of technology-driven cross-border activities.

While these three concepts are complementary as they collectively drive sustainable and inclusive digital growth, they represent distinct pillars of a broader digital ecosystem and often require different policy scopes, focuses and strategies. Although they all fall under the umbrella of a broader digital ecosystem, each represents a distinct perspective on the opportunities and

hurdles of technology-driven change. Below is a comparative table capturing the concepts attributes of digital transformation, e-commerce, and digital trade strategies (Table 1).
Digital transformation is the comprehensive undertaking that reshapes organizations and entire sectors—both public and private—by integrating advanced digital technologies and data-driven approaches into everyday processes. It aims to elevate efficiency, promote innovation, and improve service delivery, whether through modernizing legacy infrastructure, digitizing public services, or fostering a culture of continual learning and adaptation. This umbrella concept is a central priority in many governments' long-term development agendas, including Mongolia.

- Mongolia's digital transformation strategy is anchored in its Vision 2050 long-term development policy, which prioritizes ICT as a driver of an export-oriented economy. The strategy unfolds in three phases, with an emphasis on cybersecurity, technological innovation, and digital risk management. The government has complemented this with the Digital Nation Strategy (2022–2027), which seeks to integrate advanced ICT solutions across all sectors while enhancing e-government capabilities, digital literacy, and economic competitiveness.

By contrast, e-commerce narrows its focus to the transactional realm of buying and selling goods and services online. Although it overlaps with digital transformation in areas such as payment digitalization and consumer empowerment, e-commerce remains chiefly concerned with logistics, fulfillment, consumer protection, and the usability of digital marketplaces. Improving the e-commerce environment often involves developing supportive regulations, strengthening digital payment systems, and ensuring efficient delivery mechanisms—components that are critical but largely transaction-specific.

- In Mongolia, e-commerce development is still in its early stages, with the government making strides toward enabling a supportive ecosystem but lacking a standalone national e-commerce strategy. Instead, e-commerce is incorporated into broader digital transformation and trade policies, though without a fully integrated framework. The Ministry of Foreign Affairs (MFA) has taken the lead on e-commerce-related initiatives, yet inter-ministerial coordination and public-private dialogue remain fragmented. The National E-commerce Task Force, established in 2022, represents a step toward structured policymaking, aiming to improve coordination among public and private sector stakeholders. However, Mongolia continues to face challenges related to logistics inefficiencies, digital payment adoption, and cross-border trade facilitation (UNCTAD, 2023).

Digital trade entails expanding the dialogue to encompass all forms of digital exchange, including services, intellectual property, software-as-a-service, and cross-border data flows. This broader framing recognizes the economic significance of intangible assets and digital services, such as cloud computing, IT outsourcing, and streaming platforms. Policy initiatives under digital trade typically address data localization rules, cross-border transfer of personal data, and the governance of electronic transmissions.

- **Mongolia has yet to develop a standalone digital trade strategy.** Digital trade-related initiatives are embedded within broader national and regional frameworks, such as Vision 2050 and the Digital Nation Strategy (2022–2027), which outline digital economy priorities but do not establish a dedicated policy framework for cross-border digital trade. While Mongolia has modernized e-government services through e-Mongolia and expanded ICT infrastructure, regulatory clarity regarding data flows and digital services trade remains limited.

Digital trade's more extensive scope calls for strengthening participation in multilateral and regional cooperation, given the need for harmonized data protection standards and reciprocal e-transmission regulations.

- Mongolia participates in WTO discussions on digital trade but has limited engagement in other forums. Since 2017, it has co-sponsored the WTO Joint Statement Initiative (JSI) on E-Commerce and engaged in negotiations on over 30 issues but has not submitted textual or conceptual proposals under the WTO Work Programme on Electronic Commerce (1998). Mongolia also participates in discussions on the Moratorium on Customs Duties on Electronic Transmissions. In 2021, it circulated a communication on behalf of Landlocked Developing Countries (LLDCs), advocating for trade facilitation, services trade, and e-commerce support from development partners.
- The Mongolia-Japan Economic Partnership Agreement (EPA) offers a foundational but limited framework for Mongolia's digital trade policy. Chapter 9: Electronic Commerce establishes key principles for cross-border data flows, paperless trade, and e-commerce governance. However, the EPA lacks commitments on cross-border data flows and emerging digital trade issues. To build a comprehensive digital trade framework, Mongolia must complement the agreement with domestic legal reforms and regional digital trade agreements.
- Mongolia's limited participation in regional digital trade agreements hinders its incentives to align regulatory frameworks, facilitate cross-border data flows, and integrate into regional digital markets. As regional economies deepen digital trade cooperation, Mongolia's exclusion from key agreements isolates it from digital trade policy evolution, slowing its digital economy development and weakening its ability to compete in regional digital markets.

Table 1. Comparing the concepts and scope of digital transformation, e-commerce, and digital trade policies

	Digital transformation	E-commerce	Digital trade policies
Scope	Adoption of digital tech in government, business, and day-to-day life	Online buying and selling of goods, and services (transaction-focused)	All trade (goods and services) that relies on digital platforms, data flows, and digital tools for making orders or delivery
Objectives	Modernize organizational processes, improve public services delivery, strengthen competitiveness through digital tech adoption	Expand domestic and international market reach, improve customer experience	Enhance international trade through cross-border e-commerce and exports of digitally delivered products (e.g., software, digital content, streaming services)
Stakeholders	Entire economy (public sector, private sector, citizens, NGOs)	Retailers, marketplaces, consumers, logistics and payment providers	Tech companies, platform operators, digital service exporters, governments, consumers, (cross-border) logistics and payment providers
Success indicators	Organizational efficiency, productivity, and cost reduction, Digital literacy, Innovation outcomes	E-commerce volume and adoption rate, Penetration of e-payment solutions, Speed and delivery rates	Export/import of electronically delivered or ordered products, Data flow interoperability, Number and scope of digital-trade agreements or frameworks
Differences in challenges	Digital divides across urban-rural regions and socioeconomic groups	Consumer trust and cybersecurity concerns, High logistics costs and inadequate last-mile infrastructure	Mismatch of policies across national, regional, and multilateral levels Limited cross-border market access due to regulatory barriers Limited capacity to enforce digital provisions in trade agreements
Policy focuses	Foundational infrastructure, digital literacy and digital skills, innovation ecosystems, public-private partnerships (PPPs)	Regulating online marketplaces, consumer protection, data security, Improving domestic and cross-border logistics and payment systems	Cross-border data flow and consumer protection, digital IP, cybersecurity Aligning national strategies with global and regional e-commerce/digital provisions

Regulatory and Institutional Frameworks

The absence of a comprehensive digital trade strategy has resulted in fragmented policies and weak institutional coordination, hindering effective policymaking. Mongolia's e-commerce and digital trade governance has been dispersed across multiple agencies without centralized oversight (Table 2). The Ministry of Digital Development and Communications (MDDC) manages ICT governance, cybersecurity, and e-government services but it lacks a mandate over digital trade policy and cross-border data flows. The Ministry of Foreign Affairs (MFA) oversees international trade negotiations, including WTO e-commerce discussions, while the Ministry of Justice and Home Affairs (MOJHA) develops legal frameworks for digital transactions. The Ministry of Economy and Development (MED) is responsible for integrating digital trade into national economic strategies, but no structured collaboration exists between these institutions, leading to policy misalignment. Additionally, the lack of coordination with regulatory bodies such as the Communications Regulatory Commission (CRC) and the Bank of Mongolia (BOM) further exacerbates regulatory inefficiencies, slowing policy execution and implementation. Furthermore, limited engagement of private sector stakeholders in e-commerce policymaking weakens awareness and inclusivity in Mongolia's digital trade ecosystem. E-commerce policies are primarily developed at the government level, with limited participation from businesses and industry associations (UNCTAD, 2023), leading to a misalignment with market needs and reducing policy effectiveness.

Table 2. Main agencies involved in digital trade-related policies

Institution	Key Responsibilities
Ministry of Digital Development and Communications (MDDC)	Leads digital transformation, oversees ICT policies, cybersecurity, and e-Mongolia services.
Ministry of Foreign Affairs (MFA)	Manages international trade policy, digital trade negotiations, and WTO e-commerce engagement.
Ministry of Justice and Home Affairs (MOJHA)	Develops legal frameworks for digital trade, covering e-signatures, consumer protection, and privacy laws.
Ministry of Economy and Development (MED)	Integrates e-commerce into national economic policies and oversees trade facilitation.
Communications Regulatory Commission (CRC)	Regulate digital communications, internet services, data protection, and cybersecurity.
Bank of Mongolia (BOM)	Regulates digital payments, fintech, and implements the National Payment System Strategy.

Mongolia has established several ad hoc coordination bodies primarily focused on e-commerce and trade facilitation. The National E-Commerce Task Force (NETF) was established in early 2022 to enhance coordination on e-commerce policy development. Meanwhile, the National Trade Facilitation Committee (NTFC) has been operational since 2017, playing a key role in implementing the WTO Trade Facilitation Agreement (TFA) measures. Additionally, in 2025, Mongolia formed a National Working Group to oversee the implementation of the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (CPTA), further expanding its trade facilitation focus. Generally, these ad hoc bodies serve as Mongolia's main multi-stakeholder coordination mechanisms for e-commerce and trade facilitation policy. However, their effectiveness remains constrained by inconsistent engagement, resource limitations, and a lack of structured long-term planning. Furthermore, their mandates remain narrowly focused on e-commerce, rather than the broader digital trade ecosystem, which encompasses cross-border data flows, digital services trade, and platform economy regulations. To maximize impact, Mongolia should consider establishing a comprehensive and structured framework for a broader digital trade strategy, ensuring policy coherence, regulatory clarity, and sustained stakeholder engagement.

Data scarcity exacerbates institutional silos, preventing agencies, task forces, and private-sector players from aligning around a shared factual basis for digital trade policymaking. Despite their role in policy formulation, task forces and inter-agency committees struggle to develop evidence-based strategies, while private-sector stakeholders lack visibility on policy priorities and regulatory developments. This disconnect undermines policy coherence, delaying critical reforms and development. A robust digital trade policy must be informed not only by domestic data but also by comparative insights from other countries' policies to ensure international alignment and competitiveness. Without benchmarking against international practices, Mongolia risks developing fragmented or outdated regulations that could hinder cross-border digital trade integration.

Mongolia's legislation related to digital trade is currently embedded across multiple statutes, such as the Civil Code (amended to accept electronic documents), the Law on Electronic Signatures (2021), the Law on Consumer Protection (which still partially addresses digital transactions), and sectoral rules on payments and customs. There is no standalone "E-commerce" or "Digital Trade" Act that consolidates the various rules into a coherent framework and clarifies cross-cutting issues, such as platform liability, returns/refunds in online sales, and cross-border data flows.

While the country has made progress in e-commerce regulations, broader digital trade policies—including those governing digital services, data governance, and fintech—remain either nonexistent or inconsistently applied (Table 3). The Law on Protection of Personal Information (2021) restricts cross-border data transfers but lacks clear implementing regulations, creating legal uncertainty for businesses engaged in global digital trade. Similarly, Mongolia's Cybersecurity Law (2022) provides a foundation for digital infrastructure protection but remains weak in enforcement and lacks alignment with international standards. Intellectual property (IP) protections do not adequately cover digital content, online copyright enforcement, or emerging technologies like AI and blockchain, limiting incentives for digital innovation and investment. Additionally, the absence of clear competition rules for digital platforms leaves the market

vulnerable to anti-competitive practices that could stifle domestic digital entrepreneurship. Consumer protection laws remain insufficient for cross-border e-commerce transactions, offering limited recourse for digital trade disputes. Moreover, Mongolia has not actively participated in regional digital trade agreements, leaving its policies misaligned with global best practices, restricting market access, and limiting its ability to fully integrate into the global digital economy.

Table 3. Gaps in digital trade regulations

Legal Areas	Description
Cross-Border Data Flows and Data Localization	There is no unified legal instrument that regulates how data, including personal and non-personal data, can be transferred across borders, creating uncertainty for businesses.
Cybersecurity and Digital Infrastructure Protection	Although a cybersecurity law exists, it lacks comprehensive critical infrastructure protection and alignment with international best practices.
E-commerce and Consumer Protection	Consumer protection laws do not fully address cross-border rights, dispute resolution, or digital payment security.
Intellectual Property (IP) and Digital Trade	Existing IP laws do not clearly cover digital content or online copyright enforcement.
Competition Policy and Digital Platforms	There are no clear competition rules for digital platforms, leading to risks of monopolization and reduced market access for smaller firms.

Digital Infrastructure and Accessibility

Beyond the policy and legal spheres, multiple existing studies and assessments consistently highlight Mongolia's broader challenges in digital transformation, particularly in areas of infrastructure and accessibility.[4] In 2023, Mongolia ranked 56th out of 169 countries in the ICT Development Index released by the International Telecommunication Union (ITU).

- Urban-Rural Digital Divide: Ulaanbaatar enjoys the best connectivity, while many rural areas continue to experience limited internet access. Although satellite technology has been deployed to serve remote regions, significant connectivity gaps remain, limiting access to digital trade opportunities.
- Internet Quality and Affordability: While fixed broadband infrastructure (fiber optic) is gradually expanding, mobile broadband remains the dominant form of connectivity. However, internet speed and stability remain relatively low, which affects the seamless operation of online businesses. Additionally, internet costs are perceived as high, particularly in rural and remote areas, further restricting access to digital services and limiting the potential for broad-based digital trade participation.

[4] UNCTAD (2023) provides comprehensive reviews. For details, please visit https://unctad.org/publication/mongolia-etrade-readiness-assessment

Limited Competitiveness in Digital Services Exports

Mongolia's digital trade landscape is heavily skewed towards digital service imports, as local businesses favor international digital solutions due to their higher quality, security, and integration with global markets.
Several structural, regulatory, and market-related barriers prevent Mongolia from becoming a competitive digital services exporter:

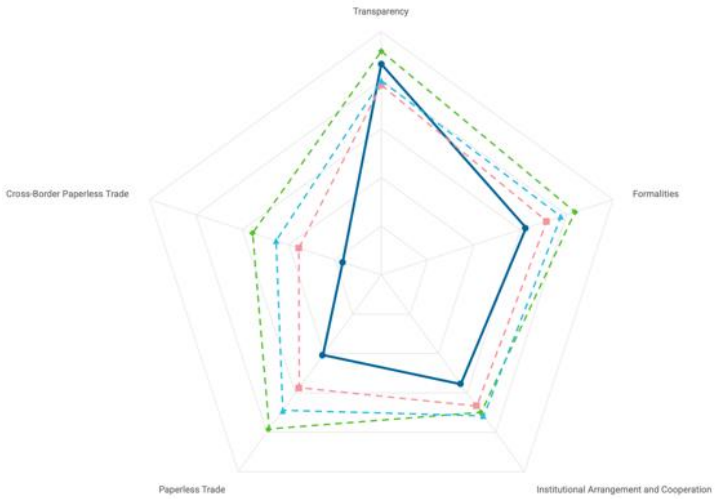
- Shortage of Skilled Professionals: A shortage of skilled professionals in key digital sectors—such as software development, AI, cloud computing, and digital marketing—limits Mongolia's ability to develop and scale high-value digital services for export. Despite growing interest in the tech sector, limited access to advanced training programs and investment in digital skills development hinder the expansion of Mongolia's digital service industry.
- Lack of Incentives or Support Policies: There are no clear incentives or policies that exist to support digital service exports, such as tax breaks, financial assistance, or streamlined regulations for digital entrepreneurs. Without targeted trade promotion initiatives or international networking programs, Mongolian startups and digital firms struggle to gain visibility in global markets, reducing their ability to attract foreign clients and investors.
- Absence of Regional Cooperation in Digital Trade: The absence of regional cooperation in digital trade further limits Mongolia's opportunities to expand its digital exports. Mongolian firms face significant regulatory and compliance barriers when attempting to enter foreign markets. Restrictions on cross-border data flows create uncertainty for businesses operating internationally, while limited participation in major digital trade agreements prevents Mongolia from benefiting from harmonized data flow regulations, mutual recognition of digital standards, and digital trade facilitation measures. Additionally, the lack of digital financial integration makes it harder for Mongolian companies to receive payments and conduct seamless cross-border transactions, further restricting their ability to compete in international digital services markets.

Customs and Trade Logistics Remain Significant Bottlenecks

Mongolia experiences longer-than-average border clearance times due to the absence of risk-based customs inspections and the continued reliance on manual trade documentation processing. In 2023, Mongolia positioned itself at 97th out of 139 countries in the World Bank's Global Logistics Performance Index. The country ranked 84th in customs performance, 108th in infrastructure development, 102nd in international transport, 119th in logistics capacity and quality, 109th in transit time, and 105th in tracking and tracing.

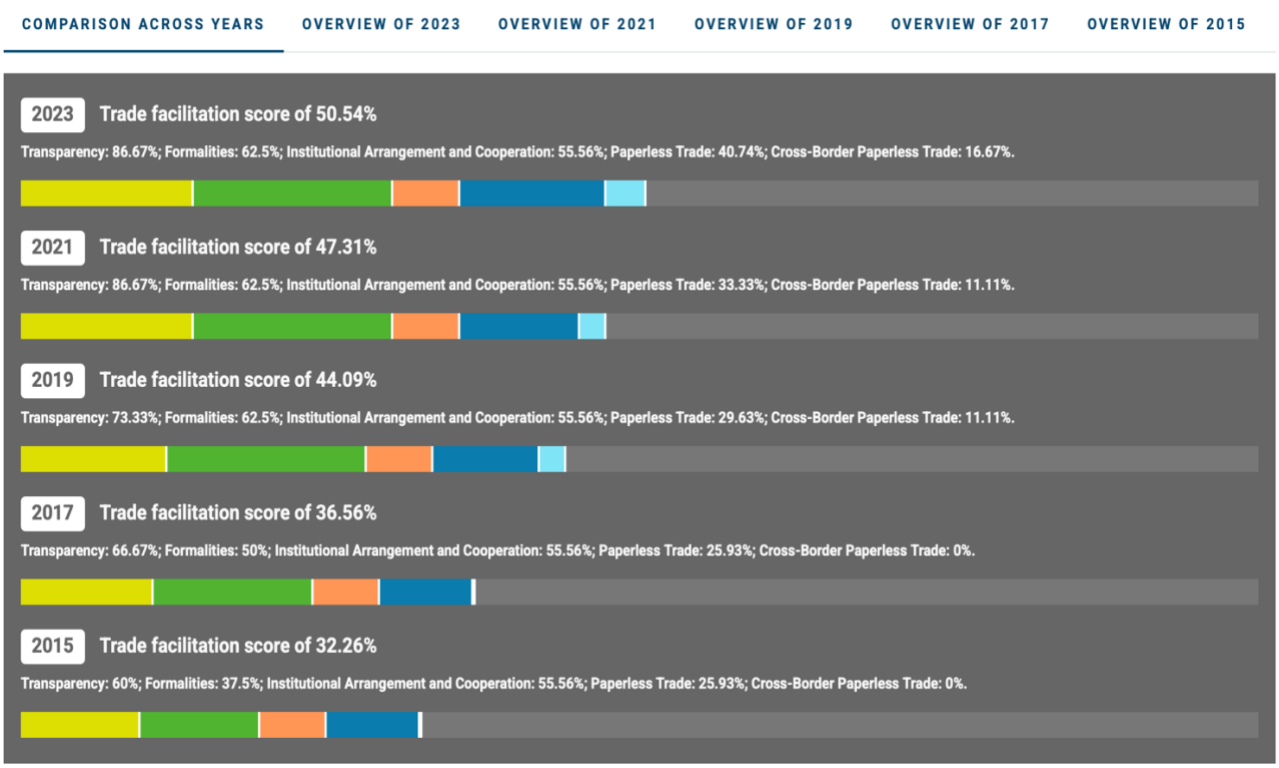
The findings "UN Global Survey on Digital and Sustainable Trade Facilitation" conducted in 2023 reveal that Mongolia's overall score for trade facilitation lags behind the averages for the Asia-Pacific region as well as North and Northeast Asia (Figures 1 and 2).

Figure 1. Comparison of trade facilitation and paperless trade implementation in Mongolia



Source: https://www.untfsurvey.org/

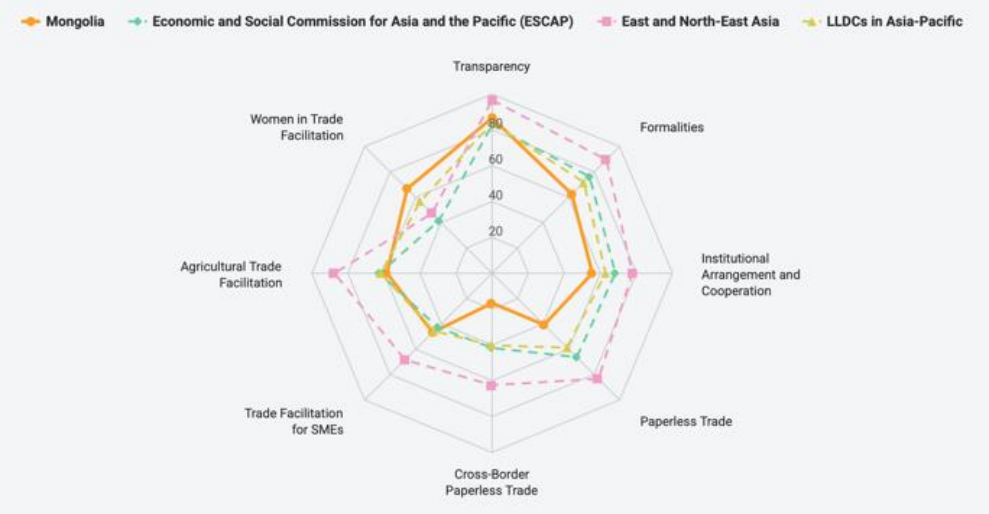
Figure 2. Progress in overall trade facilitation scores of Mongolia



Source: https://www.untfsurvey.org/

Despite participation in the **Framework Agreement on Cross-Border Paperless Trade in Asia and the Pacific (CPTA),** implementing "paperless cross-border trade" remains limited in Mongolia (Figure 3). Mongolia has only begun to implement electronic exchange of customs declarations and the use of paperless letters of credit payments on a pilot basis. Information related to imported and exported goods is still manually entered into the system at border crossings, leading to inefficiencies, delays, and a higher risk of errors in trade processing.

Figure 3. Mongolia implementation of digital and paperless trade facilitation



Source: https://www.untfsurvey.org/

I.IV Current Participation in Regional Trade Agreement

Mongolia's economy is deeply integrated with foreign markets, with over 60% of its domestic production and consumption tied to international trade. While trade restrictions are relatively low, challenges persist, including export dependence on mining, reliance on a few key trade partners, and logistical constraints, which continue to limit export expansion opportunities and raise concerns when discussing potential trade agreements.

Mongolia has been a member of the WTO since 1997, and a member of Asia-Pacific Trade Agreement (APTA) since 2021 and benefiting from GSP+ status with the EU. In 2015, Mongolia signed the EPA with Japan.

Mongolia has limited participation in agreements that include provisions on digital trade and digital trade regulatory cooperation. Mongolia is exploring closer trade ties with the Eurasian Economic Union (EAEU) and potential participation in the Regional Comprehensive Economic Partnership (RCEP), both of which have digital agendas. Mongolia already has strong economic ties with China and aims to deepen its integration with the Republic of Korea and ASEAN markets. Joining RCEP is seen as a strategic opportunity to solidify these relationships within a cohesive trade framework, allowing Mongolia to negotiate future trade agreements more effectively and enhancing its role in regional trade initiatives.

Why RCEP?

Significant market potential

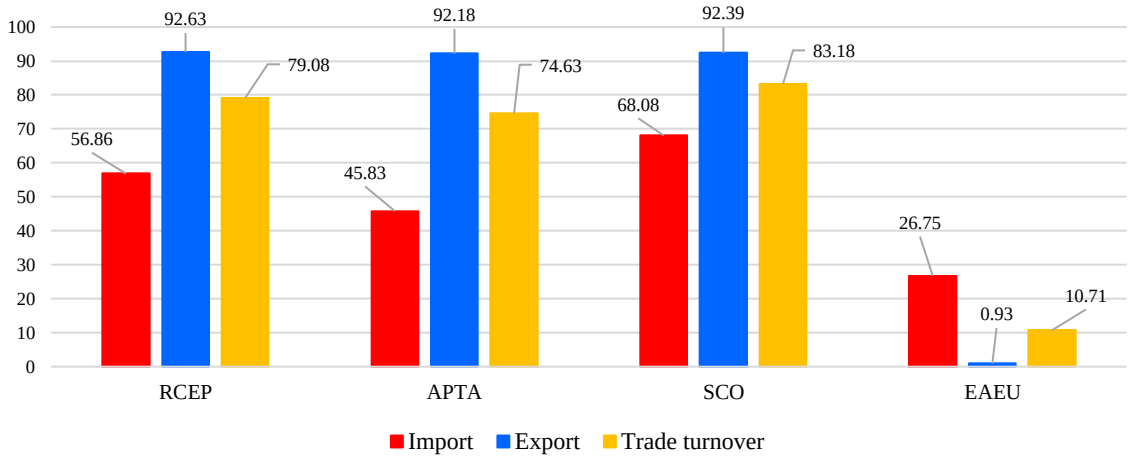
RCEP represents a vast market of approximately 2.3 billion consumers, accounting for around 30% of global GDP (Figure 4). It offers preferential market access and greater opportunities to diversify Mongolia's export markets and economic partnerships. This is particularly crucial for reducing reliance on mining and expanding into sectors such as agriculture, textiles, and digital services. Partnerships with high-potential export markets, including Japan, the Republic of Korea, and ASEAN countries, could further support this diversification. In particular, digital services present a key opportunity for Mongolia to enhance its integration into regional value chains, which are largely centered around RCEP members.

RCEP includes provisions that support digital trade. Joining this regional agreement presents an opportunity for Mongolia to collaborate with key trading partners in these areas. RCEP includes China, Japan and the Republic of Korea which are strategic partners of Mongolia and are global investors, including in fintech, IT, and digital services industries. Participating in RCEP and showing Mongolia's commitment to lowering barriers to FDI could attract increased investment in key areas such as infrastructure, manufacturing, and digital services.

Additionally, RCEP's priorities on paperless trading and simplified rules of origin are intended to facilitate Mongolia's integration into regional supply chains. Its cumulative origin provisions, meaning inputs sourced from any RCEP member count toward the final product's origin qualification. For Mongolia, this increases flexibility for its manufacturers, by enabling them to source raw materials from multiple RCEP countries for its export production while still benefiting from preferential tariffs.

As of 2023, the RCEP is the largest regional bloc in Mongolia's foreign trade (Figure 4). RCEP members collectively accounted for 56.9% of Mongolia's total imports, 92.63% of our total exports, and 79.1% of the total foreign trade turnover.

Figure 4. Percentage share of regional groups in Mongolian trade



Source: International Trade Centre.

Built-in flexibility

Analysis using UNESCAP's Legal TINA suggests that RCEP's digital trade provisions are consistent with the WTO JSI on E-Commerce. Particularly, RCEP and JSI share principles on cross-border data flows, electronic transactions, and paperless trade.

Moreover, RCEP provides significant flexibility through mechanisms such as special and differential treatment (SDT) provisions, which allow less developed members extended timelines for implementing commitments and exemptions in specific areas to accommodate their development priorities. Moreover, RCEP includes technical assistance and capacity-building provisions, which aim to support members in aligning with regional standards.

However, being part of RCEP and ensuring it effectively contributes to Mongolia's digital trade integration requires a proactive approach to avoid over-reliance on exceptions. Mongolia must conduct a comprehensive regulatory assessment to develop a clear strategy to leverage RCEP mechanisms, including:

- **Optimizing Flexibility Provisions:** Utilize flexibility provisions in a way that supports development needs without undermining the growth and competitiveness of Mongolia's own digital sector.
- **Identifying Targeted Capacity Needs:** Pinpoint specific areas requiring training and technical assistance to strengthen regulatory and institutional frameworks.
- **Prioritizing Regulatory Harmonization Efforts:** Focus on key areas and strategic partners for regulatory alignment to ensure interoperability and effective integration into the regional digital trade ecosystem.

However, fundamental improvements are needed to enhance the competitiveness of Mongolia's digital trade sector and broader economic resilience:

- Mongolia's current trade structure—relying heavily on imported consumer goods, machinery, and fuel, while primarily exporting raw materials—poses a risk of widening trade deficits under RCEP. Lowering tariffs on imports could increase dependence on foreign goods, outpacing export growth. To address this, Mongolia must focus on enhancing export capabilities, diversifying its trade portfolio beyond raw materials, and adopting policies to balance trade flows effectively.
- To thrive in the competitive RCEP environment, Mongolia should prioritize strategic investments in digital and hard infrastructure, agriculture, and SMEs. Additionally, workforce training and skills development will be critical to supporting higher-value exports and fostering digital trade growth. While these initiatives require initial government investment, they offer long-term economic benefits and enhance Mongolia's global competitiveness.
- Increased import competition from RCEP members could challenge local businesses, particularly SMEs, by exposing them to more competitive foreign products and services. To ensure a smooth transition, the government should expand adjustment programs such as retraining efforts for upskilling or reskilling affected SMEs and workers, enabling them to adapt to shifting market dynamics and participate in higher-value trade sectors.

I.V Conclusions

As Mongolia seeks to strengthen its participation in the digital economy, the development of a comprehensive National Digital Trade Strategy is imperative. Digital trade offers significant opportunities for economic diversification, deeper regional integration, and enhanced global competitiveness. However, Mongolia faces structural and regulatory challenges that hinder its ability to fully capitalize on these opportunities.

This chapter highlights key barriers, including the absence of a dedicated digital trade framework, weak institutional coordination, and limited engagement in regional digital trade agreements. Addressing these challenges requires a structured policy approach that extends beyond traditional e-commerce strategies and aligns with regional and global digital trade frameworks.

Mongolia's National Digital Trade Strategy can build upon existing assessments and policy recommendations, such as UNCTAD (2023) and ADB (2023) on e-commerce law. While these assessments provide valuable insights, they primarily focus on e-commerce, which is often transaction-oriented—addressing online marketplace regulations, consumer protection, data security, and improvements in domestic and cross-border logistics and payment systems.

In contrast, a National Digital Trade Strategy requires a broader scope to ensure Mongolia's seamless integration into the global digital economy, considering balancing competing priorities, as countries navigate trade-offs between competing objectives (Box 2).

Additionally, a key priority in the National Digital Trade Strategy of Mongolia should be leveraging regional and global digital trade agreements. Aligning Mongolia's digital trade policies with regional and global frameworks is critical for establishing a robust and interoperable regulatory foundation. Agreements such as RCEP, Digital Economy Partnership Agreement (DEPA), and the WTO JSI on E-Commerce provide valuable baselines for policy alignment and market integration. However, given Mongolia's potential trade partners and the early stage of digital trade development in the country, RCEP may present a strategic starting point. RCEP's structured and flexible digital trade provisions offer Mongolia a phased approach for regulatory alignment and capacity-building measures to support its integration into regional digital trade networks.

To build on this foundation, the next chapter of this report will focus on a comparative assessment of RCEP's digital trade provisions, evaluating how Mongolia can:

- Align its digital trade policies with RCEP's guiding practices.
- Leverage RCEP as a baseline for regulatory and institutional development.
- Identify strategic areas for future policy enhancements.

Box 2. Examples of policy trade-offs

- **National Standards:** Enforcing national technical standards ensures regulatory controls. However, diverging national standards can create market fragmentation, increase compliance costs for firms operating in multiple jurisdictions, and limit interoperability in global digital trade. Alignment with international standards can help mitigate these challenges.

- **Data Governance:** Restrictions on data transfers can strengthen data security, privacy, and law enforcement capabilities, but they may also hinder cloud computing, AI development, and digital service exports. Countries must determine the extent to which data localization requirements are necessary while ensuring that businesses can operate efficiently across borders. While strengthening legal protections for data security and privacy can enhance consumer and business trust, safeguard sensitive information, and reduce cybersecurity risks, stringent data protection laws may also increase compliance costs, restrict cross-border transactions, and limit international business operations. Effective frameworks should ensure security without creating excessive limitations on digital trade. Indeed, WTO-OECD (2025) finds that open regimes that include safeguards balance the trade costs associated with data regulation with the trust benefits of data safeguards. The study estimates that such an approach could boost global exports by around 3.6% and GDP by 1.77%.

- **Disclosure:** Requiring foreign technology firms to disclose proprietary information, such as source code, can enhance regulatory oversight and national security. However, excessive disclosure requirements can discourage investment, create trade conflicts, and weaken IP protections. Policymakers must strike a balance between security interests and innovation incentives.

- **Customs Duties:** Policymakers should weigh the benefits of revenue generation and domestic industry protection against the potential trade barriers created by customs duties on digital products and services. While duties can support local industries, they may also increase costs for businesses relying on cross-border digital trade.

Chapter II. Participation in Digital Trade Agreements: Exploration into Regional Comprehensive Economic Partnership (RCEP)

II.I Introduction

Trade agreements with digital trade provisions offer a structured framework for harmonizing regulations, facilitating cross-border data flows, and improving the interoperability of digital trade systems. Mongolia is exploring closer trade ties with the Eurasian Economic Union (EAEU) and its potential participation in the Regional Comprehensive Economic Partnership (RCEP), both of which have a digital agenda.

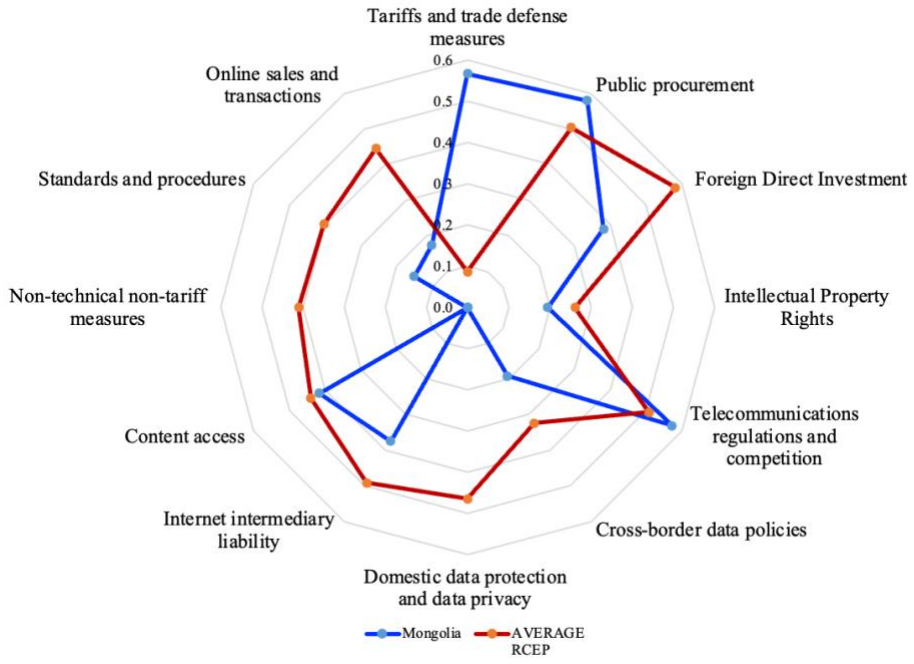
Regional trade agreements with phased commitments, such as RCEP, provide a pragmatic approach for Mongolia to address its regulatory gaps. These agreements serve as a ground for building Mongolia's legal and institutional capacity, supporting gradual legal modernization and strengthening negotiation expertise. By aligning its domestic regulations with those of key trade partners, Mongolia can reduce compliance costs, enhance regulatory predictability, and expand market access—all while minimizing economic disruptions and allowing a smooth transition into global digital trade frameworks. Mongolia already has strong economic ties with China and aims to deepen its integration with the Republic of Korea and ASEAN markets. Joining RCEP is seen as a strategic opportunity to solidify these relationships within a cohesive trade framework, allowing Mongolia to negotiate future trade agreements more effectively and enhance its role in regional trade initiatives.

By analyzing RCEP's guiding principles for digital trade integration, this chapter evaluates their relevance to Mongolia's digital trade landscape and identifies existing gaps. A comparison between RCEP standards and Mongolia's current framework highlights key policy and regulatory gaps, offering insights to shape the policy recommendations in the next chapter.

Comparing Mongolia's digital trade environment with RCEP using ESCAP Regional Digital Trade Integration Index (RDTII). Using UNESCAP's RDTII database for a comparative analysis of Mongolia's regulatory environment against RCEP members reveals that, at the aggregate level, Mongolia's digital trade environment is generally open. The index score, which represents compliance costs, indicates that Mongolia's regulatory framework is relatively simplified compared to the RCEP average. Mongolia has simpler regulatory environment than the average of RCEP member countries in most digital governance areas, including domestic data protection, cross-border data policies, internet intermediary liability, accessing commercial content, and online sales and transactions. This suggests that Mongolia has a strong foundation for aligning with RCEP's digital trade provisions with minimal policy friction. Additionally, the simplified regulatory structure may provide greater flexibility for adopting RCEP obligations, enabling smoother integration into RCEP's digital trade framework. However, there are policy gaps in selected areas that should be addressed.

Based on RDTII, there are three main areas where Mongolia tends to have higher regulatory issues than RCEP average (Figure 5): 1) Tariff barriers on ICT goods, 2) Public procurement, and 3) Telecom regulations and competition.

Figure 5. Digital trade compliance cost



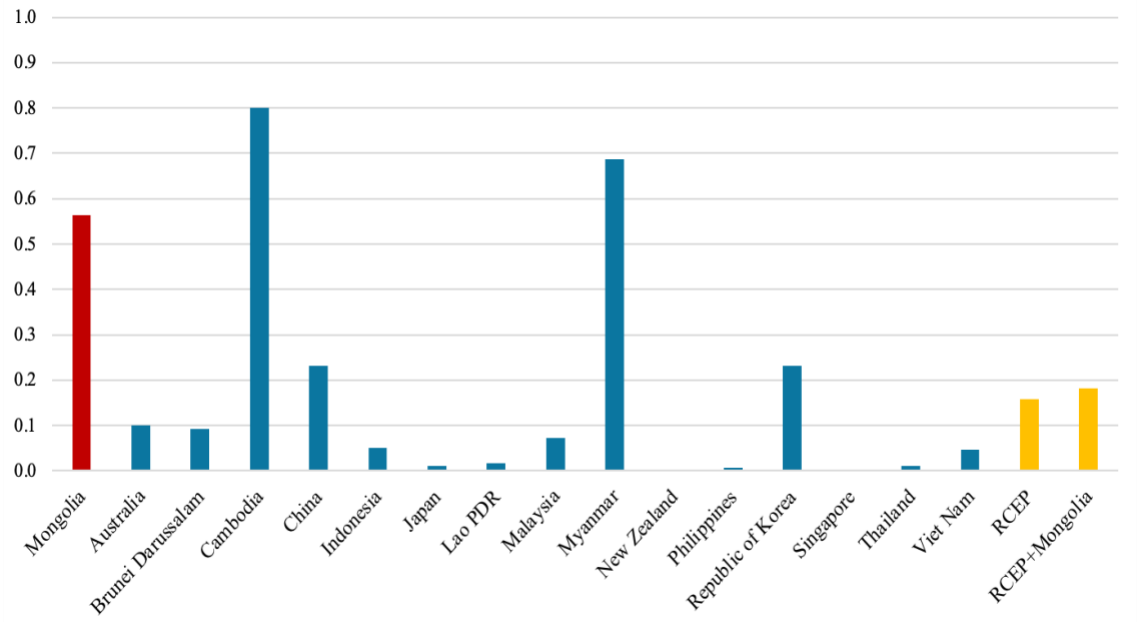
Source: Overall score of ESCAP-RDTII, https://www.unescap.org/projects/rcdtra/databases-kp

1) Tariff Barriers on ICT Goods

Countries in RCEP generally maintain low tariff barriers on ICT goods[5] (Figure 6). In Mongolia, the effectively applied rate for ICT goods stands at 4.10%, which is higher than all RCEP members, except Cambodia and Myanmar. Notably, all RCEP members except Brunei Darussalam, Cambodia, and Myanmar are signatories to the WTO Information Technology Agreement (ITA), at least under ITA 1. Mongolia has not joined the WTO ITA, established in 1996, and has not made commitments regarding ICT goods. If Mongolia does not align its tariff policies with RCEP standards, it risks falling behind in regional digital trade integration and missing out on technology transfer opportunities (Box 3).

[5] The discussion refers to ICT goods that are listed under WTO ITA-1 and ITA-2 as well as additional products provided by the Information Technology and Innovation Foundation (ITIF). The ITA is a plurilateral agreement requiring participants to eliminate tariffs on a wide range of IT products, reducing costs for digital trade enablers. ITA also provides collaborative platforms and keeps parties informed about global developments in the information technology sector. The proposed WTO ITA III expansion by the ITIF includes next-generation ICT products, such as robots, 3D printers, drones, certain medical technologies, and unmanned aerial vehicles.

Figure 6. Tariffs and trade defense measures applied to intraregional imports of ICT goods



Source: Score of ESCAP-RDTII Pillar 1, https://www.unescap.org/projects/rcdtra/databases-kp

Box 3. Implications of Mongolia's high tariff barriers on ICT goods

Digital Trade and Technology Adoption

The effectively applied tariff rate of 4.10% on ICT goods increases costs for businesses and consumers, limiting access to critical digital trade-enabling technologies such as cloud computing infrastructure and digital communication tools.

Foreign Investment and Digital Market Expansion

Higher tariffs on ICT goods may discourage foreign digital firms from investing in Mongolia's digital economy, as higher costs for importing IT infrastructure create an unfavorable business environment.

Recommendations:

Immediate-term priority:

- Phase in Tariff Reduction: Prioritize tariff exemptions for critical ICT imports needed for digital economy infrastructure development (e.g., servers, cloud computing equipment, digital financial services infrastructure).
- Conduct Feasibility Studies: Assess the economic impact of full tariff elimination on ICT imports and domestic industries. Explore alternative revenue sources (e.g., digital services taxes or foreign investment incentives) to offset potential tariff losses.

Medium-term priority:

- Negotiate Gradual ITA Commitments: If joining ITA, negotiate staggered tariff reduction schedules, starting with high-priority digital trade enablers, then expanding to consumer ICT products.
- Strengthen regional cooperation to secure investment partnerships in ICT sectors.

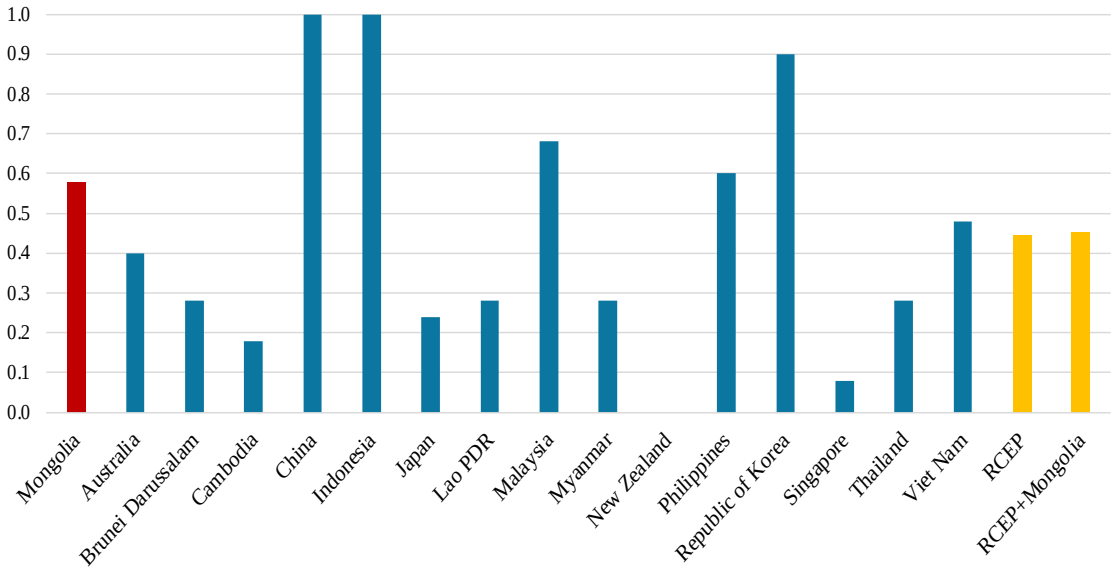
Long-term priority:

- ICT Investment Tax Credits: Offer tax deductions for digital infrastructure investment rather than general tax cuts.

2) Public Procurement

Mongolia is currently an observer member of the WTO's Government Procurement Agreement (GPA), yet its procurement framework remains relatively restrictive. High thresholds for open tenders and preference for domestic suppliers limit market competition, particularly in sectors requiring advanced technology and foreign expertise. However, compared to RCEP countries, Mongolia's procurement policies are not significantly different from the RCEP average, as many RCEP members also implement domestic preference measures and procurement restrictions to support local industries (figure 7).

Figure 7. Complex condition of public procurement related to ICT goods, ICT services and digital services



Source: Score of ESCAP-RDTII Pillar 2, https://www.unescap.org/projects/rcdtra/databases-kp

However, Mongolia's local content requirements (LCRs) under the Law on Procurement of Goods, Works, and Services by State and Local Property Assets introduce challenges to digital trade integration with RCEP countries. The law favors domestically produced goods and services by providing priority in procurement, tender price discounts, and exemptions from international open tenders for purchases below certain thresholds (30 billion tugriks or approximately USD 8,641,500) for state-owned assets, 1 billion tugriks or USD 300,000 for goods, and 300 million tugriks or approximately USD 86,415 for services). Article 8 of the Law further strengthens this preference by mandating priority for domestic goods, products made from local resources, and SME-produced goods.[6]

Mongolia's prioritization of domestic suppliers and preferential pricing mechanisms for local content could be interpreted as a restriction that conflicts with RCEP's principles on fair competition and non-discrimination in investment. Specifically, Article 10.6 of the RCEP Agreement prohibits parties from imposing or enforcing performance requirements that condition investment advantages on compliance with domestic content obligations. This includes requiring investors to achieve a given level of domestic content, purchase locally produced goods, or prioritize domestic suppliers.

However, RCEP's government procurement chapter (Chapter 16) emphasizes transparency and cooperation rather than strict market access commitments. According to Article 16.8, issues related to the government procurement chapter cannot be resolved through the Agreement's dispute settlement mechanisms provided under dispute settlement chapter (Chapter 19). The extent to which these restrictions apply depends on Mongolia's specific commitments under RCEP. As Mongolia is not a WTO GPA signatory, it may have flexibility in maintaining certain preferential procurement policies while aligning gradually with RCEP's principles.

However, ensuring that such policies do not create an overly restrictive environment for foreign digital service providers is crucial (Box 4).

[6] Article 8.1 prioritizes these domestically produced goods, with a comprehensive list developed by the central state administrative organization and approved by the Government (Article 8.2). Additionally, preferences extend to goods made from recycled materials, those utilizing local resources, innovative products, and items produced by businesses that employ disabled workers (Article 8.4). Article 8.5 further reinforces the commitment to domestic goods by giving preference to participants who incorporate them into their projects. Significant discounts are offered on tender prices: a 10% discount for domestic goods and a 15% discount for products from small or medium-sized enterprises (Article 8.6). Moreover, in the case of work tenders, notable reductions are granted for local operations and Mongolian-owned entities (Article 8.7).

Box 4. Implications of Mongolia's public procurement policies

Impact on Market Access for Digital Services and ICT Equipment

Mongolia already has higher tariff barriers on ICT goods than those of RCEP members. If procurement policies continue to favor domestic suppliers without an open tender for digital and ICT services, this could limit competition and hinder foreign firms from supplying advanced digital trade-enabling technologies.

Investor Confidence

A procurement system that strongly favors domestic providers might deter foreign investors and service providers from entering the Mongolian market, particularly in digital infrastructure and ICT services. Additionally, uncertainty regarding whether RCEP commitments will override these local content rules could reduce the willingness of international firms to engage in cross-border digital trade with Mongolia.

Recommendations:

1) Support Domestic Firms Without Restricting Market Access

Immediate-term priority:

- Capacity-Building Grants: Establish digital upskilling programs to support Mongolian firms in meeting international standards. Due to fiscal constraints, Mongolia needs to explore public-private partnerships (PPPs) and seek co-funding from development banks (e.g., ADB, World Bank).

Medium-term priority:

- Implement Tax Incentives for Local Suppliers: Offer tax reductions for firms investing in R&D to create globally competitive digital services rather than relying on procurement preferences.

Long-term priority:

- Shift Focus to Export-Oriented Support: Mongolia needs to develop regional partnerships to integrate Mongolian firms into Asia's digital supply chains.

2) Clarify RCEP Alignment and Ensure Compliance with Digital Trade Rules

Immediate-term priority:

- Conduct a Legal Review of Public Procurement Policies: Assess whether Mongolia's current procurement framework conflicts with RCEP digital trade provisions.

- Issue Clarifications on Foreign Participation: Provide clear public guidelines stating how Mongolia will reconcile RCEP commitments with local content rules.

Medium-term priority:

- Adopt Gradual Procurement Law Adjustments: Based on the legal review, revise policies to allow greater foreign participation while maintaining strategic support for domestic firms. However, instead of a full law revision, Mongolia should introduce incremental amendments through Communications Regulatory Commission (CRC) Resolutions for faster implementation.

Long-term priority:

- Ensure Mongolia's procurement policies do not act as hidden trade barriers: Mongolia may start from implementing specific ICT procurement categories (e.g., cloud computing, cybersecurity solutions) before expanding to all sectors.

3) Develop Digital Procurement Guidelines for ICT Services and Equipment

Immediate-term priority:

- Clear Procurement Criteria for ICT Services: Develop standardized requirements for digital services procurement, ensuring both domestic and international firms can bid under fair conditions.
- Public Consultation on Procurement Rules: Gather feedback from local and international investors to create a balanced regulatory framework.

Medium-term priority:

- International Participation Criteria: Offer bidding preferences based on local job creation and technology transfer.

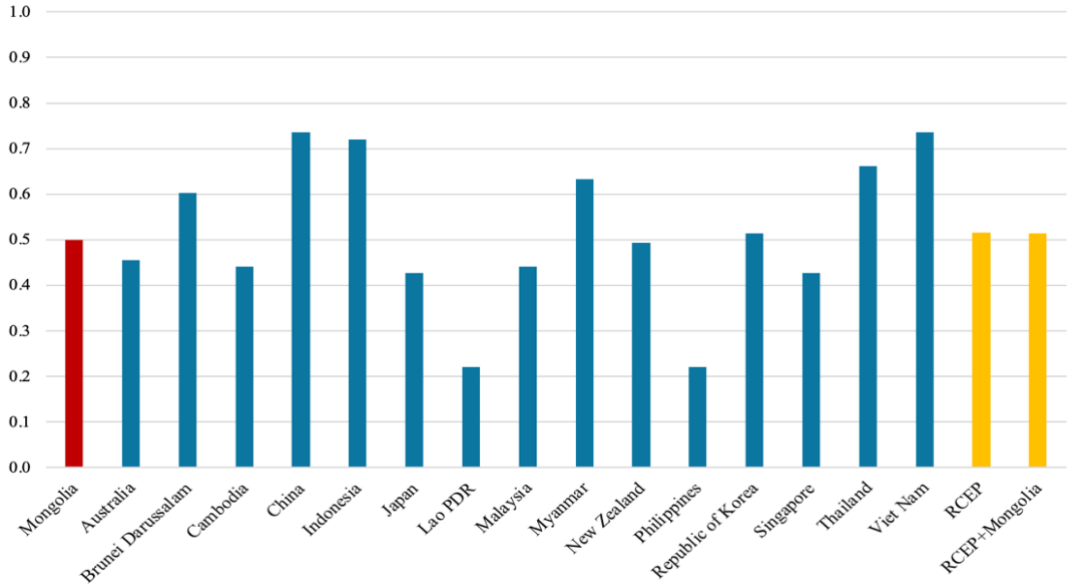
Long-term priority:

- Procurement Monitoring System: Develop a procurement tracking platform to ensure compliance with transparent procurement guidelines and reduce corruption risks. It could start with a manual monitoring process before transition to digital tracking after IT-system upgrades.

3) Regulations and Competition in Telecommunications

Mongolia's telecommunications sector is primarily driven by private companies, while state-owned entities continue to control critical infrastructure, a structure similar to that of several RCEP member countries (Figure 8).

Figure 8. Complex condition of telecommunications regulations and competition



Source: Score of ESCAP-RDTII Pillar 5, https://www.unescap.org/projects/rcdtra/databases-kp

The mobile market is dominated by four private operators: Mobicom, Unitel, Skytel, and G-Mobile. Mobicom Corporation is majority foreign-owned company by Japan's KDDI Corporation, while Unitel and Skytel are domestically owned by Mongolian conglomerates. G-Mobile remains Mongolian-owned and serves as a key provider, particularly in rural areas. These mobile operators—or their associated companies—also lead in internet services. Mobicom, Univision (a subsidiary of Unitel), and Skynetworks (associated with Skytel) dominate broadband and IPTV services. Meanwhile, state-owned or state-dominated enterprises such as Mongolian Post, Mongolian Telecommunications, and the Information and Communication Network Company (ICNC) retain control over key infrastructure, including the postal network, national fiber-optic cables, and fixed-line connections.[7]

Mongolia has no foreign equity restrictions in the telecommunications sector. Mobicom Corporation, the largest operator, is 63.9% owned by Japan's KDDI Corporation and 34.9% owned by Japan's STGM Group, demonstrating significant foreign investment. Mongolia has also adopted the WTO Telecom Reference Paper, signaling its commitment to globally accepted practices in telecom regulation. The Law on Communications (Article 17.2) requires that core telecom networks include inter-state and inter-city transmission facilities for public services.

[7] Telecommunications Network Company is a fully state-owned. Mongolian Post is 66% state-owned, with 30.94% held by the People's Financial Union and 3.06% by other shareholders. Meanwhile, Mongolian Telecommunications Company is 94.7% government-owned.

Article 17.4 allows both state and private enterprises to establish and own telecom networks. The Communications Regulatory Commission (CRC) Resolution No.52 Concerning Procedure for Communications Network and Infrastructure Sharing (2014) mandates both active and passive infrastructure sharing to enhance competition and efficiency.

However, the implementation of infrastructure sharing has been only partial (UNCTAD, 2023). Operators share only a small percentage of towers and shelters, while renting infrastructure from others is more common. Active sharing regulations are weakly enforced. For example, the number portability regulation, adopted in 2014, was never implemented due to opposition from major operators, and disputes over a centralized information hub system and licensing requirements.[8] Moreover, the lack of accounting and functional separation among telecom operators allows vertically integrated firms to leverage infrastructure ownership to limit competition.

Mongolia faces significant digital infrastructure access challenges, particularly in remote and low-density areas, due to high cost of deploying telecom networks across vast territories. Without stronger infrastructure-sharing policies, Mongolia continues to struggle to attract investment for expanding high-quality digital connectivity nationwide (Box 5).

Box 5. Implications of Mongolia's telecom policies and regulations

Limited Competition and Market Concentration

Mongolia's telecommunications market is highly concentrated, with Mobicom, Unitel, Skytel, and G-Mobile dominating the sector. The lack of functional and accounting separation among operators allows vertically integrated firms to control critical infrastructure, limiting fair competition and making market entry difficult for new players.

Partial Implementation of Infrastructure Sharing

Although infrastructure sharing is mandated under CRC Resolution No.52 (2014), its implementation remains limited. Operators share only 33% of towers and 23% of shelters, while active sharing, such as national roaming and spectrum sharing, is largely absent. It has been found that operators resist sharing due to concerns over competitive advantage and investment recovery.

Challenges in Foreign Investment and Rural Connectivity

While Mongolia has no formal foreign equity restrictions, high deployment costs in remote areas, regulatory inconsistencies, and the lack of a clear roadmap for next-generation networks (e.g., 5G spectrum allocation) discourage foreign investment. Rural connectivity remains a challenge as operators prioritize urban markets due to profitability concerns.

[8] See also "Telecom Infrastructure Sharing in Mongolia", a presentation at the 33rd Annual Telecom and Competition Law Conference organized by the International Bar Association (IBA) on April 22-23, 2024, in Brussels https://www.ibanet.org/medias/202404-IBA-Telecom-Industry-Overview-in-Mongolia1.pdf

Recommendations:

1) Infrastructure Sharing Through Incentives and Compliance Measures

Immediate-term priority:

- Offer financial incentives: Provide incentives for operators to share infrastructure in remote areas.
- Reduce spectrum fees for operators actively engaging in infrastructure-sharing agreements.
- Mandatory Infrastructure Availability Disclosure: Require public reporting of available towers and fiber networks to increase transparency.

Medium-term priority:

- "Use It or Share It" Policy in **urban and peri-urban areas**: Require operators to share unused telecom infrastructure (e.g., towers, ducts, and fiber) if left idle for more than two years. The measure should be applied in areas where multiple operators can feasibly share infrastructure. In these areas, Mongolia may consider implementing progressive penalties for non-compliance, starting with warnings, followed by fines after a grace period.

2) Gradual Pro-Competition Measures

Immediate-term priority:

- Incentivize Investment: Offer tax breaks to investors bringing new telecom infrastructure investments.

Medium-term priority:

- Cost-Based Infrastructure Pricing in **high-density areas**: Operators must justify leasing prices to the CRC, ensuring fair access for smaller providers where competition is feasible.
- Independent Telecom Dispute Resolution Unit: Establish a separate mediation body within the CRC to resolve access pricing and anti-competitive behavior disputes.

Long-term priority:

- Implement Accounting Separation for Vertically Integrated Operators: **When market conditions mature**, Mongolia may consider implementing measures to separate financial records for wholesale and retail services.

3) Targeted Rural Connectivity Strategy with PPPs

Immediate-term priority:

- Rural Broadband Investment Fund: Allocate government co-financing for rural telecom projects, where private operators match funding. However, due to Mongolia's fiscal limitations, the country must seek **multilateral development funding (e.g., ADB, World Bank) and donor-backed initiatives** to finance rural broadband expansion.
- Tax Incentives for Rural Network Expansion: Offer tax incentives for telecom firms investing in fiber-optic and mobile networks in low-density areas.

Long-term priority:

- Pilot a Shared Rural Network Initiative: Allow multiple operators to use a single network infrastructure in sparsely populated regions. In areas with highly mobile populations, satellite-based and mobile tower solutions should be prioritized over fixed rural network sharing.

4) Improve Regulatory Transparency and Investment Clarity

Immediate-term priority:

- Publish a Five-Year Spectrum Allocation Roadmap: Establish clear rules for 5G, fiber deployment, and new frequency bands to ensure regulatory transparency and provide investors with greater predictability.

Medium-term priority:

- Simplify Licensing Through a One-Stop Regulatory System: Reduce bureaucracy by allowing online applications and fast-track approvals for telecom projects.
- Annual Public Consultation on Regulatory Reforms: Require stakeholder engagement before making significant policy changes, ensuring investor confidence and transparency.

Long-term priority:

- Create an Investment-Friendly "Digital Economy Hub": Offer special tax zones for tech and telecom firms investing in data centers, cloud services, and digital infrastructure. This policy requires **stability and market maturity** before implementation.

II.II Comparing RCEP Digital Trade Provisions and Existing Conditions in Mongolia

The RCEP Agreement establishes a framework for digital trade integration, with Chapter 12: Electronic Commerce serving as the primary chapter addressing digital trade commitments. Chapter 12 outlines specific provisions for facilitating e-commerce, promoting cross-border data flows, ensuring cybersecurity, protecting consumers and personal data, and prohibiting customs duties on electronic transmissions.

Chapter 12 establishes foundational principles for a **fair and open digital trade environment**:

- **Promoting Economic Growth**: Acknowledges the importance of electronic commerce in driving economic growth and creating new opportunities for businesses and consumers (Article 12.2).
- **Building Trust**: Emphasizes the importance of consumer trust and confidence in electronic commerce through transparency, consumer protection, and personal data safeguards (Article 12.2).

- **International Cooperation**: Encourages collaboration between member countries to share good practices, align frameworks, and promote electronic commerce development globally (Article 12.4).
- **Non-Discrimination and Openness**:
    - Facilitates cross-border trade in goods and services delivered electronically (Article 12.3).
    - Promotes free flow of data and discourages data localization requirements, except under justified circumstances (Articles 12.14 and 12.15).

These principles generally align with Mongolia's open approach to e-commerce. Under the Law on Investment, Mongolia imposes minimal restrictions on foreign investment. E-commerce operators are not subject to licensing requirements or restrictions on online purchases, deliveries, or e-payment systems. Additionally, Mongolia is a participant in the WTO Joint Statement Initiative (JSI) on E-commerce. However, it has not yet joined trade agreements that explicitly address digital trade governance, investment, or regulatory cooperation.

Beyond Chapter 12, several other RCEP chapters also support digital trade policy (Table 1).

Table 4. Example of RCEP chapters relevant to digital trade policy

RCEP Chapter	Relevance to digital trade	Key articles or provisions to consider
Chapter 12: Electronic Commerce	The core chapter, addressing important issues related to digital trade	- Paperless trading and recognition of electronic documents, electronic authentication and electronic signatures (Articles 12.5, 12.6, 12.10).
		- Cross-border data flow (Article 12.15).
		- Prohibition of data localization (Article 12.14) .
		- Consumer protection and data privacy (Articles 12.7, 12.8, 12.9).
		- Cybersecurity (Article 12.13).
		- Prohibition of customs duties on electronic transmissions (Article 12.11).
Chapter 8: Trade in Services	Ensuring market access for digital services	- National treatment and market access for cross-border digital service providers (Articles 8.4, 8.5).
Chapter 11: Intellectual Property	Supporting innovation and IP protection in the digital economy	- Protects digital copyright and trademarks.
		- Addresses IP challenges in the digital space, such as piracy and unauthorized use of digital content.
		- Encourages cooperation on enforcement measures, particularly in e-commerce platforms.

Aligning with RCEP's digital trade provisions presents Mongolia with an opportunity to enhance regulatory predictability, support cross-border e-commerce, and improve digital market access. While Chapter 12 is the most directly relevant, integrating service trade liberalization (Chapter 8) and intellectual property protections (Chapter 11) would further strengthen Mongolia's digital trade ecosystem.

To further examine Mongolia's alignment with key RCEP digital trade provisions from Chapter 12 and beyond, the discussion will focus on:

- Online Consumer Protection: Building consumer trust in cross-border e-commerce.
- Cross-Border Data Flow: Establishing a balanced regulatory approach that promotes data openness while addressing security and sovereignty concerns.
- Cybersecurity: Enhancing resilience against cyber threats to foster a secure digital trade environment.
- Intellectual Property: Ensuring robust IP protection frameworks to support digital innovation and prevent infringement in e-commerce.
- Customs Duties on Electronic Transmissions: Assessing the implications of RCEP's commitment to prohibiting customs duties on digital products and services.
- Transparency Requirements: Improving regulatory clarity to create a more predictable and investor-friendly digital trade landscape.
- Trade in Services: Evaluating the impact of RCEP's market access commitments on cross-border digital service providers.
- Paperless Trade: Adopting electronic transactions and the recognition of electronic documents to enhance trade efficiency and reduce administrative burdens.

These provisions play a crucial role in facilitating cross-border digital trade, ensuring regulatory predictability, and strengthening Mongolia's integration into regional and global digital markets.

Online Consumer Protection

Ensuring the availability and legal certainty of consumer remedies is essential for building trust in digital trade. RCEP Chapter 12 emphasizes the importance of consumer protection in Article 12.7, stating that "Parties are required to adopt or maintain measures to protect consumers in electronic commerce from fraudulent, misleading, or unfair practices."

Mongolia's Law on Consumer Protection provides general consumer rights applicable to online transactions, such as remedies, compensation, and court protection (Chapter 2), with violations punishable under the Criminal Law (Article 21). However, it lacks a dedicated framework for online consumer protection.

- The draft revision of the law proposes a dedicated chapter on "Remote and e-business activities" to address e-commerce-specific challenges, which aligns with ongoing legal reforms. However, implementation faces potential delays due to bureaucratic hurdles and limited institutional coordination among consumer protection and e-commerce agencies.
- Mongolia lacks a well-established regulatory body to oversee dispute resolution mechanisms for e-commerce.

- Mongolia is not yet deeply integrated into digital economy agreements that require strict adherence to international consumer protection norms.
- The country lacks the regulatory and enforcement readiness required for Mutual Recognition Agreements (MRAs) with RCEP countries or alignment with the United Nations Guidelines for Consumer Protection (UNGCP).

Recommendations:

Mongolia's online consumer protection framework requires gradual strengthening, balancing regulatory alignment with digital trade agreement partners while ensuring practical implementation. The proposed phased approach enables Mongolia to build institutional capacity, establish effective enforcement mechanisms, and enhance cross-border consumer protection while avoiding regulatory overreach or premature commitments that could strain businesses and enforcement agencies.

Immediate-term priorities

Finalize and Enact the Draft Revision of the Consumer Protection Law:

- Ensure the revised law explicitly covers online consumer rights, digital contracts, refund policies, and platform liability, aligning with RCEP Article 12.7.
- Prioritize passing core provisions for digital transactions first, with subsequent refinements on platform liability and refund policies based on stakeholder consultations.
- Leverage UNCTAD's guidelines on Consumer Protection in Ecommerce in policy drafting.[9]

Medium-term priorities

Develop a National Digital Consumer Redress Mechanism:

- Engage key e-commerce businesses and platforms to develop voluntary dispute resolution codes before implementing legally binding mandates.
- Establish a hybrid (manual + digital) dispute resolution model, ensuring gradual adoption of a fully digital system as institutional capacity improves.

Long-term priorities

Strengthen Regional Cooperation for Cross-Border Consumer Protection

- Initiate informal cooperation with strategic trade partners (e.g., China, Japan, the Republic of Korea, ASEAN) through capacity-building programs and regulatory dialogues.
- Once regulatory capacity matures, pilot cross-border consumer protection mechanisms with key e-commerce trade partners before expanding to broader regional frameworks.

[9] For details, please see https://unctad.org/system/files/information-document/ccpb_E-Commerce_Cross_Border_Report_Final_en.pdf

Data Protection and Governance

RCEP establishes baseline obligations, such as ensuring transparency in consumer protection and promoting cooperation on data protection. It also includes binding commitments, while allowing flexibility and exceptions for cross-border data flow and data localization, to enable members to safeguard public policy and security interests.

Online Personal Information Protection (Article 12.8)

Members must implement legal frameworks to safeguard personal data during its collection. Parties are encouraged to align their data protection frameworks with international practices.

Data Localization (Article 12.14)

Parties are prohibited from requiring businesses to store data locally or to establish local computing infrastructure as a condition for conducting business. However, data localization measures may be imposed under two conditions:

- To achieve legitimate public policy objectives, if applied consistently and transparently (Article 12.14(3)(a)).
- For essential security interests, ensuring the protection of critical data infrastructure (Article 12.14(3)(b)).

Cross-Border Data Flow (Article 12.15)

Parties are required to permit the transfer of data across borders for business purposes. However, it allows exceptions for:

- Legitimate public policy objectives, provided they are non-discriminatory and do not serve as disguised trade barriers (Article 12.15(3)(a)).
- Essential security interests, allowing Parties to protect critical national security concerns (Article 12.15(3)(b)).

An assessment using UNESCAP's database on Regional Digital Trade Integration Index (RDTII) and other sources indicates that Mongolia's data governance framework aligns broadly with the principles outlined in RCEP Articles 12.14 and 12.15. The Law on Personal Data Protection (PDPL) establishes a comprehensive legal framework, including provisions for cross-border data governance.

- Mongolia's Law on Personal Data Protection (PDPL), enacted on 1 May 2022, establishes a comprehensive framework for safeguarding personal information. It authorizes the Ministry of Digital Development and Communications and the National Human Rights Commission to oversee data protection (Chapter 6). Moreover, the PDPL stipulates that any breach or violations of its provisions are subject to criminal liability under the Criminal Code or the Law on Violations.
- Mongolia does not impose bans or require local processing for data, nor does it mandate local storage or processing servers for private-sector data. Article 18.6 of the Law on Transparency of Public Information (2021) mandates compliance with government IT

security standards but applies only to public-sector data, leaving private-sector data infrastructure unrestricted.

- Article 14.1 of the PDPL restricts cross-border personal data transfers unless explicitly authorized by Mongolian law, international agreements, or with the data owner's consent. Article 20.2 of the PDPL mentions data security requirements. However, the absence of detailed procedural regulations in these laws makes enforcement and compliance unclear. The law permits cross-border transfers of personal information if a treaty exists, but it does not establish conditions to ensure equivalent protection in recipient jurisdictions, potentially leaving gaps in compliance standards.
- The Japan-Mongolia Economic Partnership Agreement acknowledges the importance of cross-border data flows (Article 9.12.5) but does not include enforceable provisions.

Recommendations

Immediate-term priorities

- Clarify cross-border data transfer rules under the Personal Data Protection Law (PDPL): Amending the PDPL to clarify cross-border data transfers is crucial for compliance with RCEP and enhancing investor confidence in Mongolia's digital economy. However, Mongolia lacks robust institutional capacity for immediate implementation. Therefore, instead of an immediate amendment to the PDPL, Mongolia may consider:
    - Issue interim regulatory guidelines on data transfers, outlining compliance expectations for businesses before eventually amending the PDPL.
    - Prioritize high-risk industries (e.g., financial services, health) before expanding regulations across all sectors.
- Enhance institutional capacity for data protection enforcement: Provide specialized training for regulators, judiciary, and enforcement agencies on implementing PDPL and consumer protection regulations. Mongolia may consider:
    - Start with targeted capacity-building programs for priority sectors (banking, telecom, e-commerce) instead of broad nationwide training.
    - Develop a pilot enforcement mechanism to test compliance readiness before full-scale implementation.
    - Engage international partners (e.g., RCEP agreement partners, ADB, UNESCAP) to provide technical assistance and training.

Medium-term priorities

- Publish regulatory compliance guidelines: Develop compliance toolkits for businesses, outlining clear obligations under the PDPL to prevent legal uncertainty.
    - Instead of broad guidelines, publish sector-specific compliance toolkits, starting with finance and telecom, where data protection is most critical.
    - Conduct awareness campaigns and capacity-building programs alongside toolkit publication to ensure businesses can adopt the regulations effectively.
- Create a compliance portal where businesses can report compliance practices and seek regulatory guidance.
    - Start with a semi-digital compliance system (e.g., email-based reporting, manual compliance forms) before launching a full digital portal.

    - Establish a unit within the Ministry of Digital Development and Communications (MDDC) to handle compliance inquiries.
- Develop sector-specific guidelines on cross-border data transfers for industries with high data sensitivity: Implement tailored regulations for finance, health, and public-sector data.
- Refer to RCEP-related examples to inform policy drafting, e.g.,
    - Mongolia has a Free Trade Agreement (FTA) with Japan. It can strengthen data flow provisions bilaterally by referring to Japan's privacy frameworks (e.g., APPI guidelines)
    - ASEAN Model Contractual Clauses for Cross Border Data Flows (MCCs), which are voluntary contractual terms that businesses can incorporate to ensure personal data protection during cross-border transfers within the region.

Long-term priorities

- Aligning Mongolia's data flow regulations with RCEP Articles 12.14 and 12.15, ensuring non-discriminatory and proportionate application of exception. However, instead of immediate full alignment, implement a gradual approach:
    - Phase 1: Conduct stakeholder consultations on public-interest exceptions.
    - Phase 2: Define risk-based exceptions for sensitive industries (finance, health).
    - Phase 3: Introduce non-discriminatory restrictions aligned with RCEP for all sectors.
- Engage in international frameworks and policy discussions: It is more practical for Mongolia to align with regional frameworks before committing to complex global digital trade discussions
    - Prioritize bilateral partnerships with RCEP countries before engaging in broader regional digital trade discussions.
    - Join knowledge-sharing forums first before negotiating formal commitments.
    - Obtain observer or partner status in regional digital trade initiatives. For example, India has engaged in APEC working groups without full membership. Similarly, Mongolia could seek cooperation agreements with ASEAN digital trade initiatives without requiring full membership.
- International guidelines on data regulations, such as those from WTO and OECD (2025), provide Mongolia with a pathway to align its data governance framework with global standards.[10]

Cybersecurity

RCEP Chapter 12 mentions cybersecurity in Article 12.13 (Cybersecurity) but does so in a minimal and non-binding manner. It primarily acknowledges the importance of cybersecurity rather than setting concrete obligations or enforcement mechanisms. The key provisions include:

- Encouraging the development of cybersecurity capabilities in national authorities, particularly in handling computer security incidents.
- Promoting cooperation through existing mechanisms on cybersecurity-related matters.

[10] For details, please see https://www.wto.org/english/res_e/booksp_e/data_regulation_e.pdf

However, RCEP's cybersecurity provisions lack binding commitments, giving Mongolia considerable policy space to shape its own approach.

An assessment using ESCAP's Regional Digital Trade Integration Index (RDTII) and other sources indicates that Mongolia's legal and institutional framework is progressing and has been establishing its Cybersecurity Law to address growing digital security concerns. However, implementation challenges, enforcement gaps, and low public awareness remain key barriers.

Mongolia's Cybersecurity Law (2021) provides a comprehensive legal framework to ensure safety, confidentiality, and accessibility in cyberspace. It outlines principles and governance mechanisms for cybersecurity, covering both domestic and foreign entities operating within Mongolia's information systems and networks. Under this law, Mongolia will establish centralized authorities to oversee cybersecurity, for example:

- Cyber Security Council (Article 11): Oversees implementation of cybersecurity policies, coordinates national cybersecurity efforts, and facilitates international collaboration.
- Mongolian Computer Emergency Response Team (MNCERT/CC): Responsible for monitoring, preventing, and responding to cyber threats.
- Cybercrime Unit under the National Police Agency: Investigates cyber-related offenses and enforces cybersecurity laws.

In addition, the Vision 2050: Long-Term Development Policy of Mongolia approved by the Mongolian Parliament, aims to foster effective and efficient e-governance that supports human development. Within this framework, the government aims to improve information security, including education and awareness of cybersecurity issues.

Mongolia is an observer of the Shanghai Cooperation Organization (SCO), which has a Cybersecurity Cooperation Agreement (2019) for cross-border intelligence sharing.

Recommendations

Immediate-term priorities

National awareness campaigns on cybersecurity

- Leverage existing government platforms (e-Mongolia) and social media for cybersecurity awareness campaigns.
- Partner with mobile network operators to send cybersecurity alerts and awareness messages.
- Integrate basic cybersecurity awareness into public education initiatives.

Medium-term priorities

1) Enhance Incident Response Capabilities

- Expand the Mongolian Computer Emergency Response Team (MNCERT/CC) capacity, prioritizing government IT systems and critical infrastructure (banking, telecom, public services) before expanding to other sectors.

- Develop voluntary cybersecurity guidelines for SMEs, ensuring practical compliance options for small businesses.
- Offer tax incentives for businesses adopting cybersecurity best practices, such as secure data storage and cyber risk assessments.

2) Strengthen Cybersecurity Governance and Institutional Capacity

- Clarify roles between agencies (Cyber Security Council, MNCERT, and the Cybercrime Unit) to avoid overlapping responsibilities.
- Introduce risk-based cybersecurity regulations, initially targeting critical infrastructure sectors.
    - Begin with cybersecurity certification schemes for finance and telecom before expanding to other industries.

3) Bilateral Engagements and Capacity-Building with Key Partners

- Partner with Japan, the Republic of Korea, and Singapore for cybersecurity training and policy development.[11]
- Engage with ITU's cybersecurity capacity-building programs.
- Deepen cooperation within the SCO as an observer in cybersecurity information sharing.

<u>Long-term priorities</u>

1) Establish a National Cybersecurity Workforce Development Program

- Partner with university and vocational schools to integrate cybersecurity training into curricula and develop degree programs.
- Seek funding from development partners (e.g., ADB, World Bank) to support training programs.

2) Implement a National Cybersecurity Audit and Risk Management System.

- Conduct cybersecurity risk assessments for government agencies before expanding to private businesses.
- Develop an incentive-based approach (tax benefits, certifications) to encourage cybersecurity audits rather than imposing immediate mandates.

3) Use Insights from Bilateral Engagement to Develop and Implement a Cross-border Cybersecurity Framework

- Negotiate tailored cybersecurity cooperation agreements with key trade partners (e.g., Japan, the Republic of Korea, China).
- Explore possible participation in regional cybersecurity agreements.

[11] Mongolia has a strong economic and diplomatic relationship with Japan, including through the Japan-Mongolia Economic Partnership Agreement (EPA). Mongolia can leverage this relationship to request participation in Japan's cybersecurity capacity-building programs under the Japan International Cooperation Agency (JICA) and cooperate with Japan's National Center of Incident Readiness and Strategy for Cybersecurity (NISC) for policy development and cyber risk assessments. Similarly, Mongolia can engage with the Republic of Korea's Internet and Security Agency (KISA) for training and information exchange. Additionally, Mongolia may explore Singapore's cybersecurity training programs offered to non-ASEAN partners. It can request technical assistance from the ASEAN-Singapore Cybersecurity Centre of Excellence (ASCCE) for policy guidance.

- Enhance Mongolia's participation in multi-stakeholder cybersecurity forums, such as Global Forum on Cyber Expertise (GFCE) and Asia Pacific Computer Emergency Response Team (APCERT).

Intellectual Property

Chapter 11 of RCEP, focusing on Intellectual Property (IP), plays a pivotal role in supporting digital trade integration. By introducing strong protections for copyrights, trademarks, patents, and technological measures, this chapter facilitates the creation, distribution, and use of digital goods and services across member economies.

The chapter emphasizes protections for electronic rights management (Article 11.15), measures against technological circumvention (Article 11.14), and effective actions to address IP infringements in the digital environment (Article 11.75). The annexes outline transitional provisions and technical assistance commitments to accommodate varying levels of readiness among member states. For instance, Annex 11A specifies transition periods for adopting IP measures, while Annex 11B highlights technical assistance needed for developing countries to implement digital IP protections.

An assessment using UNESCAP's database on Regional Digital Trade Integration Index (RDTII) and other sources indicates that:

- Mongolia has legal frameworks and enforcement mechanisms in place for IPR protection.[12] The country has also signed WIPO treaties relevant to digital trade, such as the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). However, according to RDTII data, patent applications in Mongolia require agents.[13] Additionally, enforcement of copyright protection remains an issue. The General Authority for Intellectual Property and State Registration (GAIPSR) estimated that the use of pirated software in the domestic market is significant.[14]
- Mongolia's capacity to enforce IP rights is limited, particularly in handling digital content violations. The GAIPSR estimated in early 2017 that at least 85% of the domestic market uses pirated software. Boosting institutional capacity, technical expertise, and awareness are areas requiring development to meet RCEP obligations.
- Mongolia can utilize RCEP's transition periods to phase in commitments and access technical assistance to address capacity gaps, offering a manageable pathway to compliance.

[12] For instance, the Copyright Law Chapter 7 (Articles 17 to 25) prescribes copyright protection to particular works, including computer program and database. Individuals who violate Copyright Law subject to liabilities under the Criminal Code, Law on Infringement, and/or Civil Code. For details, please see RDTII database, available from https://www.unescap.org/projects/rcdtra/databases-kp

[13] Under Law of Mongolia on Patent, Article 15.3 imposes that foreign citizens, stateless persons, or foreign legal entities that do not permanently reside in Mongolia or engage in activities there must be represented by an authorized intellectual property agent when applying for a patent or utility model. Available at https://legalinfo.mn/mn/detail?lawId=16231112526381

[14] The General Authority for Intellectual Property and State Registration (GAIPSR) estimated in early 2017 that at least 85% of the domestic market uses pirated software. Available at https://www.privacyshield.gov/ps/article?id=Mongolia-Protection-of-Property-Rights

Recommendations

Immediate-term priorities

1) Enhance Public Awareness and Digital IP Compliance

- Conduct national awareness campaigns on digital copyrights, software licensing, and trademark protections targeting businesses and consumers.
- Engage with industry associations and e-commerce platforms to promote voluntary compliance programs against digital piracy.
- Establish a public reporting mechanism for IP infringements, allowing rightsholders and consumers to report digital piracy cases to authorities**.**

2) Strengthen Digital Copyright and Trademark Enforcement

- Prioritize enforcement in sectors where piracy causes the highest economic damage (e.g., software, digital content, creative industries).
- Introduce voluntary compliance programs for e-commerce platforms to encourage self-regulate.
- Develop a simple online mechanism for reporting digital piracy cases.

Medium-term priorities

1) Improve Institutional Capacity for IP Enforcement

- Seek technical assistance from WIPO and key digital trade partners to train enforcement agencies
- Develop an MOU with private sector players (e.g., Google, Meta) to facilitate copyright-violated content takedowns.

2) Facilitate Business Compliance with Digital IP Regulations

- Provide digital filing options through Mongolia's e-government services to simplify submissions.
- Establish advisory and training programs to assist SMEs in navigating patent applications.
- Focus on enforcing copyrights in digital services and software first. Copyright violations are easier to detect and act upon (e.g., removing pirated content from websites) than patent disputes, which require technical expertise and lengthy legal processes.

3) Leverage Transition Periods and Technical Assistance if Joining RCEP

- Develop a phased roadmap for RCEP IP compliance, aligning implementation with the transition periods outlined in Annex 11A: Party-Specific Transition Periods.
- Seek technical assistance from RCEP members to strengthen digital copyright enforcement mechanisms.
- Engage with WIPO and RCEP partners to improve Mongolia's institutional framework for managing IP in the digital environment.

Long-term priorities

1) Integrate Mongolia into Regional and Global Digital IP Systems
- Prioritize IP recognition agreements with key trade partners.
- Focus on improving the enforcement of existing WIPO treaties.

2) Implement a National Digital IP Monitoring System
- Strengthen partnerships with ISPs to identify major IP violations.
- Introduce mandatory reporting requirements for e-commerce platforms to disclose counterfeit goods.

Customs Duties on Electronic Transmissions

Chapter 12, Article 12.11 of RCEP explicitly maintains the practice of not imposing customs duties on electronic transmissions among member states. This commitment aligns with the WTO Moratorium on Customs Duties on Electronic Transmissions, which has been periodically renewed since 1998. However, RCEP members retain the right to adjust their positions based on future WTO decisions on this issue. While customs duties are prohibited, taxes, fees, and other charges on electronic transmissions may still be imposed, provided they comply with the broader principles of the agreement.

Assessment

An assessment using ESCAP's RDTII and other sources indicates that there will be no immediate impact on Mongolia's current policy:
- Mongolia does not currently impose customs duties on electronic transmissions.
- Since RCEP allows members to adjust their practices based on future WTO Ministerial Decisions, Mongolia maintains flexibility.
- While customs duties on electronic transmissions are prohibited, members could still explore alternative revenue mechanisms, such as digital services taxes (DSTs) or VAT on digital products.

Recommendations

Immediate-term priorities

1) Maintain the Current Policy of No Customs Duties on Electronic Transmissions
- No immediate action is required, as Mongolia already complies with RCEP and WTO practices.
- Monitor WTO discussions on the future of the moratorium.

2) Enhance Understanding of Digital Taxation Options
- Conduct stakeholder consultations with businesses and tax authorities to assess the impact of digital taxation on SMEs, consumers, and foreign investors.

- Prioritize capacity-building programs on digital taxation by working with the OECD, ADB, and World Bank Group tax experts.[15]

Medium-term priorities

1) Evaluate Alternative Revenue Mechanisms Without Imposing Trade Barriers

- Pursue incremental steps: implement tax registration for foreign digital service providers, pilot VAT collection in collaboration with large platforms, and gradually explore DSTs.

2) Engage in International Discussions on Digital Taxation

- Use bilateral partnerships to gain insights on digital tax policy implementation.
- Engage in OECD's digital tax discussions and seek capacity building support.

Long-term priorities

1) Adopt a Cautious Approach to Digital Taxation

- Conduct a comprehensive impact assessment before making any taxation decisions.

2) Ensure Tax Policies Encourage Investment

- Use tax incentives to encourage digital trade and investment.
- Ensure taxation policies remain innovation-friendly by exempting SMEs and startups from excessive compliance burdens.

Trade in services

Chapter 8 includes several elements directly relevant to digital trade integration. These include provisions on market access and national treatment (Article 8.4), ensuring fair competition for foreign and domestic service providers; prohibitions on unnecessary restrictions (Article 8.6), removing barriers like physical presence requirements or data localization mandates; and commitments to facilitate cross-border digital service delivery, which emphasize streamlined regulations, transparency, and fair competition. Additionally, sector-specific annexes on telecommunications, financial services, and professional services reinforce the chapter's relevance by addressing critical enablers of digital trade, such as access to infrastructure, cross-border financial operations, and the mobility of skilled professionals.

Market Access (Article 8.5) and National Treatment (Article 8.4)

Article 8.5 ensures that RCEP members cannot impose quantitative restrictions, such as limits on the number of service suppliers, value of transactions, or number of people employed in specific sectors. Article 8.4 requires member states to treat foreign investors and their investments no less favorably than domestic investors in like circumstances.

[15] See, for example, OECD (2023). https://www.oecd.org/en/publications/understanding-the-potential-scope-definition-and-impact-of-the-wto-e-commerce-moratorium_59ceace9-en.html

Sectoral Focus (Annexes 8A-8C)

- Financial Services (Annex 8A): Commitments include facilitating cross-border data flows for financial services, adopting prudential measures for stability, and promoting transparency.
- Telecommunications (Annex 8B): Obligations to enhance access to telecommunications networks and prevent anti-competitive practices.
- Professional Services (Annex 8C): Encourages mutual recognition of professional qualifications and licensing to boost cross-border service provision.

If Mongolia participates in RCEP, the commitments under Chapter 8 will have significant implications for its services sector, requiring regulatory alignment, institutional reforms, and strategic policy adjustments. Strengthening Mongolia's regulatory and institutional frameworks will improve transparency, service licensing, and oversight, but rapid reforms could strain enforcement capacity and increase compliance burdens. Conducting sector-specific impact assessments and enhancing inter-agency coordination will help align regulations with national priorities while ensuring predictability for businesses. Expanding market access under RCEP can attract investment and technology transfer, but unregulated liberalization may challenge domestic service providers, particularly in telecommunications and finance. Negotiating exemptions, transition periods, and phased commitments will allow gradual adaptation while ensuring reciprocal treatment from RCEP partners. Mutual Recognition Agreements (MRAs) can facilitate cross-border professional mobility. However, MRAs require strong regulatory frameworks, which Mongolia currently lacks.

Mongolia would need to enhance transparency in service licensing, strengthen oversight mechanisms, and ensure regulatory stability to manage increased foreign competition while protecting national interests. For instance, UNESCAP's RDTII data indicates that the licensing regimes for the telecommunications sector and digital content providers are currently strict in Mongolia.

Recommendations

Immediate-term priorities

1) Identify Priority Service Sectors for Digital Trade

- Focus first on IT-enabled services (e.g., software development, e-learning, cloud services) and digital financial services, as Mongolia currently lacks a competitive advantage in professional and high-tech services.
- Use partnerships with international organizations (e.g., ADB, World Bank, UNESCAP) to conduct sectoral analysis and develop a roadmap.

2) Remove Unnecessary Barriers to Cross-Border Digital Services

- Prioritize simplifying licensing processes for foreign ICT firms and digital platforms.
- Develop clear guidelines on the taxation of foreign digital services.

3) Strengthen Regulatory Transparency and Compliance

- Publish all service sector regulations online in Mongolian and English to improve clarity for foreign investors.
- Use Mongolia's existing e-Mongolia platform to centralize digital trade regulations and compliance information.
- Align with or commit to the WTO Joint Initiative on Services Domestic Regulation disciplines to ensure transparency, predictability and efficiency of procedures in the authorization procedures for service providers.

Medium-term priorities

1) Strengthen Digital Financial Services

- Improve digital payment integration within Mongolia to facilitate future cross-border expansion.
- Partner with international financial institutions (e.g., IFC, ADB) to modernize digital financial infrastructure.
- Engage in discussions with RCEP members on harmonizing fintech regulations and data-sharing mechanisms.

2) Enhance Digital Infrastructure for Service Delivery

- Expand internet access in key urban areas.
- Encourage PPPs for telecom expansion.

3) Build Capacity for Digital Trade in Professional Services

- Instead of formal MRAs, Mongolia should first engage in informal cooperation with RCEP partners on professional qualifications.
- Focus on workforce training and digital skills development through partnerships with RCEP countries before attempting full regulatory recognition.

Long-term priorities

1) Phased Liberalization of the Digital Services Market

- Prioritize sector-specific liberalization (e.g., fintech, e-commerce, and cloud computing) before expanding to all digital services.
- Develop a regulatory sandbox to enable controlled testing of digital services, fostering innovation while ensuring regulatory oversight.

2) Gradual Expansion of Mongolia's Participation in Regional Digital Trade Agreements

- Instead of immediate full participation, engage as an observer or participate in technical dialogues with digital trade agreements (e.g., RCEP, DEPA, WTO e-commerce negotiations).
- Leverage partnerships with regional and global trade dialogue partners (e.g., Japan, the Republic of Korea, ADB, UNESCAP) for technical assistance in digital trade policymaking.

3) Institutionalizing a National Digital Trade Committee in Phases

Phase 1: Establish an Inter-Ministerial Digital Trade Working Group

- Define a clear scope and timeline for coordinating digital trade policies.
- Ensure active participation from key ministries (Digital Development, Economy, Foreign Affairs, Communications).
- Conduct regular consultations with industry stakeholders, including SMEs, startups, and tech associations.

Phase 2: Transition to a Formal National Digital Trade Coordination Committee

- Assess the effectiveness of the working group, addressing policy gaps and regulatory inconsistencies.
- Develop a structured governance framework with clear accountability for digital trade policy implementation.
- Strengthen coordination with business associations and trade partners to ensure industry-driven policies.

Phase 3: Establish a Permanent Digital Trade Regulatory Authority

- Institutionalize a dedicated regulatory body or digital trade authority to oversee long-term policy implementation and international commitments.

Paperless Trade

RCEP's commitments on paperless trade emphasize the adoption of electronic trade documentation, digital authentication, and regulatory frameworks that facilitate seamless digital transactions. For Mongolia, aligning with these provisions presents opportunities to enhance trade facilitation, integrate with regional digital trade networks, and reduce administrative burdens. However, challenges such as legal gaps, technical capacity constraints, and interoperability issues must be addressed to fully realize the benefits of paperless trade.

Paperless Trading (Article 12.5)

Parties are required to adopt systems for accepting electronic versions of trade documents as legally equivalent to paper-based versions.

Electronic Authentication and Signature (Article 12.6)

Parties must ensure the legal recognition of electronic authentication methods and digital signatures.

Domestic Regulatory Framework for Electronic Transactions (Article 12.10)

Member countries are required to adopt or maintain a legal framework for electronic transactions that aligns with internationally recognized standards, such as the UNCITRAL Model Law on Electronic Commerce or relevant United Nations conventions. Furthermore, the article encourages countries to avoid imposing unnecessary regulatory burdens on electronic transactions.

Assessment

An assessment using the UN Global Survey on Digital and Sustainable Trade Facilitation (2023) and UNESCAP's RDTII database indicates that complying with paperless trading provisions of RCEP presents both opportunities and challenges for Mongolia. It offers opportunities to enhance trade efficiency, reduce transaction costs, improve transparency, and strengthen interoperability with regional digital trade systems. However, given Mongolia's current performance and alignment with international frameworks, addressing technical infrastructure gaps, regulatory harmonization, and capacity-building needs will be essential to fully leverage the benefits.

- The UN Global Survey on Digital and Sustainable Trade Facilitation (2023) reveals that the average implementation rate in this area is merely 17%, in contrast to the significantly higher average implementation rate of approximately 42% observed in Asia and the Pacific.
- Mongolia ratified the United Nations Convention on the Use of Electronic Communications in International Contracts in 2020, which came into force in 2021. This provides a legal basis for recognizing electronic communications, a key requirement under RCEP (Article 12.10). Since 2022, Mongolia has acceded to the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA), a United Nations treaty, aimed at accelerating the implementation of digital trade facilitation measures for trade and development.
- Mongolia has not adopted the UNCITRAL Model Law on Electronic Signatures (MLES). However, in 2021, the Mongolian Parliament approved the Law on Electronic Signatures, which, according to the 2023 "Mongolia E-Commerce Readiness Assessment" conducted by the United Nations, partially aligns with the principles of the model law. This indicates progress but suggests the need for further alignment to meet international standards.
- Although Mongolia does not have a dedicated law on electronic transactions, such transactions are regulated under the amended Civil Code. In 2011, Civil Code was amended to recognize the legal validity of electronic transactions, including those that require writing, registration, or notarization.[16] Key elements of the UNCITRAL Model Law on Electronic Commerce (MLEC), such as the principles of functional equivalence and non-discrimination of electronic communications have been incorporated into the amended Code. However, Mongolia has not adopted the UNCITRAL Model Law on Electronic Transferable Records (MLETR).
- Mongolia faces challenges in technical capacity and infrastructure, both of which are critical for implementing the legal frameworks and digital systems necessary for trade.[17]

[16] According to the Civil Code Article 42.1 (Electronic transactions), transactions that are required by law to be registered, notarized, or to be made in writing may be made electronically. Unless otherwise provided by law, a transaction to be concluded in electronic form shall enter into force when the parties mutually express their intention, execute an electronic document and sign a digital signature, or otherwise express their intention using technical means and software, mutually accept it, and sign it electronically. For more information, see ADB and Ministry of Digital Development and Communications Final Report. https://lpr.adb.org/sites/default/files/event/1768/FINAL-Report-on-Ecommerce-Law-of-Mongolia-March-10-EN_0_1.pdf.

[17] A 2021 assessment by the Pathways for Prosperity Commission noted that Mongolia's digital economy readiness is hindered by gaps in digital infrastructure, human capital, access to finance, and the policy and regulatory environment. https://pathwayscommission.bsg.ox.ac.uk/sites/default/files/2019-11/Mongolia_Digital_Readiness_Assessment.pdf

Recommendations

Immediate-term priorities

1) Strengthen Legal Recognition of Electronic Transactions

- Conduct a legal review of Mongolia's existing electronic transactions framework to identify inconsistencies with UNCITRAL models.
- Develop amendments to the Law on Electronic Signatures to improve alignment with the UNCITRAL MLES.
- Issue detailed implementation guidelines under its existing Law on Electronic Signatures to provide clarity for businesses and regulators.

2) Enhance Awareness and Capacity-Building for Paperless Trade

- Launch targeted awareness campaigns for businesses and trade officials on the benefits and requirements of electronic documentation
- Collaborate with trade chambers and industry associations to identify sector-specific challenges and deliver sector-specific workshops.
- Leverage Mongolia's CPTA membership to access technical assistance and knowledge-sharing on paperless trade implementation.

3) Implement Paperless Trade Pilot Programs in Key Sectors

- Launch pilot projects with select industries (e.g., mining or agricultural exports) to test electronic documentation systems.
- Work with key RCEP and CPTA partners (China and the Republic of Korea) to implement cross-border e-documentation trials.

Medium-term priority

1) Improve Interoperability of Mongolia's Paperless Trade Systems

- Upgrade existing electronic single-window system to improve integration with international trade networks.
- Implement regional interoperability in phases, starting with CPTA trade routes, particularly China-Mongolia and Mongolia-Republic of Korea trade routes before expanding further with other RCEP members.

2) Strengthen Institutional Coordination for Paperless Trade

- Create an Inter-Ministerial Working Group on Paperless Trade
- Integrate paperless trade discussions into Mongolia's trade facilitation committee

3) Gradual Adoption of the international framework

- Adopt the UNCITRAL MLETR.
- Develop a transition plan with phased legal amendments instead of committing to full adoption at once.

Long-term priority

1) Fully Digitalize Trade Document Processes

- Prioritize high-volume trade documents (e.g., certificates of origin, invoices) for early digitalization before expanding to all document types.
- Develop a roadmap with donors (ADB, WTO, ESCAP) to ensure financial and technical support for full digital trade integration.

2) Establish a National Paperless Trade Regulatory Framework

- Institutionalize a regulatory framework that ensures clear mandates for agencies overseeing paperless trade implementation.
- Ensure paperless trade laws remain flexible to accommodate future technological advancements.

3) Expand Participation in Regional Digital Trade Frameworks with Paperless Trade Provisions

- Engage first in observer roles before committing to full participation in the frameworks.
- Leverage partnerships with dialogue partners to access technical knowledge.

Strengthening Mongolia's legal, technical, and institutional framework for paperless trade offers efficiency gains, enhances trade transparency, and improves international interoperability. Aligning laws with international frameworks will provide legal certainty, while Single Window integration, blockchain-based documentation, and mutual recognition agreements can streamline trade processes. Mongolia's accession to the CPTA provides an opportunity to accelerate digital trade implementation by leveraging regional cooperation, accessing shared technical expertise, and facilitating interoperability initiatives. Its effectiveness will depend on Mongolia's ability to align domestic regulations with regional commitments and develop institutional capacity to implement paperless trade provisions.

Strengthening the legal and regulatory framework through a structured gap analysis will help align domestic laws with international standards, such as incorporating UNCITRAL Model Laws (MLEC, MLES, and MLETR) to establish legal certainty for electronic transactions and trade finance. Adopting the WCO Framework of Standards on Cross-Border E-Commerce and developing supporting regulations will further enhance enforcement and compliance.

Modernizing paperless trade infrastructure is equally critical. Establishing a fully integrated Single Window system will enable seamless electronic documentation exchange among customs authorities, financial institutions, logistics providers, and traders. Exploring interoperability with international systems, such as the ASEAN Single Window, and leveraging blockchain for trade documentation can improve security and efficiency. Additionally, securing mutual recognition agreements with trading partners for e-signatures, harmonized e-invoicing, and secure data exchange will facilitate smoother cross-border transactions.

Building institutional and technical capacity is necessary to sustain these reforms. Public-private partnerships can drive investments in digital trade infrastructure, while a dedicated trade facilitation task force can identify gaps, propose solutions, and coordinate international technical assistance. Regular training programs for customs officers and trade practitioners will ensure they

stay updated on evolving paperless trade standards. Engaging with international organizations, development partners, and RCEP members will provide technical support, helping Mongolia bridge regulatory and infrastructure gaps while maximizing the benefits of digital trade integration.

II.III Conclusion

Mongolia's engagement with RCEP presents a strategic opportunity to enhance its digital trade integration by aligning with regional best practices and addressing domestic regulatory gaps. This chapter has examined Mongolia's position in key digital trade areas relative to RCEP commitments, highlighting both areas of alignment and challenges requiring further reforms.

While Mongolia already maintains a relatively open digital trade environment, the assessment identifies critical areas where policy adjustments are necessary to fully leverage RCEP's benefits. Specifically, Mongolia has made progress in paperless trade and data governance but requires stronger institutional mechanisms for enforcement and regional interoperability. Consumer protection and cybersecurity frameworks exist but lack the necessary enforcement mechanisms and regional coordination to support seamless cross-border digital transactions. Mongolia also faces regulatory fragmentation in services trade and intellectual property protections, which could hinder its ability to integrate effectively with RCEP's digital economy commitments.

The analysis further underscores the role of regional digital trade agreements in facilitating policy alignment, capacity-building, and private sector engagement. RCEP's structured yet flexible approach allows Mongolia to phase in commitments, benefiting from transition periods and technical assistance. However, proactive regulatory reforms, institutional coordination, and targeted capacity-building initiatives will be crucial for ensuring that Mongolia maximizes its participation in regional digital trade frameworks.

Looking ahead, Mongolia should focus on a phased approach to digital trade policy reform. Immediate priorities include strengthening legal clarity in digital trade regulations, accelerating e-commerce policy development, and improving cross-border digital infrastructure. In the medium term, Mongolia must work toward regulatory harmonization, improving enforcement mechanisms, and enhancing interoperability with regional digital trade systems. Over the long term, deeper integration into digital trade agreements and participation in plurilateral initiatives will be essential to maintaining Mongolia's competitiveness in the evolving digital economy.

By strategically aligning with RCEP's digital trade provisions while maintaining flexibility to accommodate its domestic economic context, Mongolia can enhance regulatory predictability, attract digital investments, and foster a more inclusive and competitive digital trade ecosystem.

The next chapter will synthesize the key findings and policy recommendations from this chapter to develop a structured National Digital Trade Policy Roadmap. The roadmap will outline practical steps Mongolia can take to enhance regulatory predictability, facilitate cross-border digital trade, and strengthen its integration into the regional and global digital economy.

Chapter III. Policy Roadmap and Recommendations

Building on insights from the Regional Comprehensive Economic Partnership (RCEP) and previous analyses, this chapter provides an actionable policy roadmap aimed at enhancing Mongolia's digital trade integration. The recommendations outlined herein are designed to bridge regulatory gaps, strengthen institutional coordination, and foster cross-border digital trade in a phased and adaptable manner. This roadmap adopts a sequenced approach, balancing immediate policy interventions, medium-term infrastructure development, and long-term digital trade expansion to achieve Mongolia's strategic economic objectives.

It begins with an assessment of key considerations for strengthening institutional and policy frameworks, examining strategic choices such as cross-border trade integration, regulatory alignment, and institutional coordination mechanisms. The next section presents a phased roadmap for digital trade integration, outlining short-, medium-, and long-term actions to enhance infrastructure, legal frameworks, and participation in regional agreements. This is followed by a programmatic roadmap, detailing priority initiatives, responsible agencies, expected outcomes, and implementation timelines. Finally, the chapter concludes with an operational roadmap, translating Mongolia's digital trade strategy into concrete, measurable steps to ensure effective execution and long-term sustainability.

III.I. Key Considerations for Strengthening Institutional and Policy Frameworks for Digital Trade in Mongolia

1) How Should Mongolia Strengthen Cross-border Digital Trade Integration?

Mongolia's ability to engage in cross-border digital trade is constrained by infrastructure limitations and regulatory gaps, necessitating a strategic, phased approach that aligns domestic digital readiness with regional and global trade integration efforts. While developing a strong domestic digital economy is essential, delaying regional integration risks missing trade opportunities. Conversely, early engagement in digital trade agreements without adequate infrastructure could hinder the ability of businesses to realize tangible benefits. Thus, the priority lies in sequencing Mongolia's efforts to ensure both digital readiness and meaningful international integration.

Key Considerations

- Economic Dependencies: Mongolia is a trade-dependent economy, making delayed international integration unviable. However, regulatory alignment must be carefully sequenced with infrastructure improvements to ensure businesses can fully capitalize on digital trade opportunities.
- Geographic Constraints: Given Mongolia's low population density and vast landmass, a targeted approach that prioritizes urban broadband expansion and trade-enabling digital infrastructure is more feasible than attempting nationwide digital upgrades immediately.
- Institutional Readiness: Mongolia's regulatory framework for digital trade remains in development, making a phased implementation strategy more practical than an immediate regulatory overhaul.

- Existing Trade Relationships: Mongolia already maintains strong trade and investment ties with key RCEP members (China, Japan, the Republic of Korea), allowing it to leverage the RCEP framework rather than negotiate entirely new agreements from scratch.

Recommendations: A Phased Approach to Digital Trade Integration

To balance domestic digital infrastructure development with regional and global integration efforts, Mongolia should adopt a dual-track approach, ensuring parallel progress while prioritizing both immediate and medium-term needs.

2) Integrated or Standalone Strategy?

A key consideration is whether Mongolia should establish a dedicated National Digital Trade Strategy or integrate digital trade into its broader trade and investment policies.

Policy options

Option 1: Standalone National Digital Trade Strategy	**Option 2: Integrated Digital Trade Action Plan**
A separate digital trade strategy could provide clear policy direction, ensuring that digital trade holds strategic importance with well-defined priorities in e-commerce, cross-border data governance, cybersecurity, and intellectual property protection. However, a standalone approach risks creating silos if it is not well-coordinated with broader economic policies.	A more integrated approach would embed digital trade priorities within Mongolia's National Trade and Investment Strategy, ensuring alignment with economic diversification goals and regional trade agreements. This option reduces duplication and ensures digital trade is not treated in isolation.
Recommendation: A hybrid model, where a Digital Trade Action Plan serves as a dedicated but cross-cutting framework that aligns digital trade priorities with broader economic development strategies.	

3) New Committee vs. Task Force?

A Digital Trade Coordination Mechanism is needed to streamline policy implementation, ensure inter-agency collaboration, and align regulations with international commitments. However, creating a new permanent committee risks adding bureaucratic complexity.

Policy options

Option 1: Establish a Dedicated Digital Trade Coordination Committee	Option 2: Strengthen Coordination within Existing Structures
This approach could institutionalize digital trade governance, ensuring participation from key ministries and regulatory bodies. It would provide a structured mechanism for engaging with international trade agreements and private sector stakeholders. However, if not carefully designed, it could duplicate existing coordination mechanisms and slow decision-making.	Instead of creating a new committee, Mongolia could enhance inter-ministerial coordination by creating a Digital Trade Task Force within an existing body (e.g., the Ministry of Digital Development and Communications or Ministry of Economy and Development). This approach would reduce administrative burden while still ensuring that digital trade receives focused attention.
Recommendation: Start with a **Digital Trade Task Force** under existing structures, and transition to a **formal coordination body only if necessary**, based on implementation experience.	

4) Sector-specific Reforms vs. Comprehensive Digital Trade Regulatory Framework?

Mongolia's digital trade regulatory framework faces challenges due to inconsistencies across different policy areas, creating barriers for businesses engaged in cross-border digital transactions. Strengthening regulatory alignment is essential to facilitate digital trade and ensure compliance with international standards. A key consideration is whether Mongolia should pursue sector-specific reforms or develop a comprehensive regulatory framework.

Policy options

Option 1: Sector-Specific Reforms	Option 2: Comprehensive Digital Trade Regulatory Framework
A targeted approach focusing on specific policy areas—such as cross-border data governance, e-commerce regulations, consumer protection, and cybersecurity—could help address the most pressing regulatory gaps. This method allows for phased implementation. A sectoral approach provides flexibility, enabling Mongolia to make incremental progress without the need for an immediate regulatory overhaul. However, this	A more integrated approach would involve developing a unified regulatory framework to ensure coherence across digital trade policies. This could be achieved through a Digital Trade Regulatory Roadmap, aligning national regulations with international agreements (e.g., WTO e-commerce negotiations, regional digital trade frameworks). A comprehensive framework

approach risks regulatory fragmentation and duplication if key cross-cutting issues, such as data governance, are addressed separately across multiple sectors.	provides policy clarity and reduces regulatory uncertainty for businesses. However, it requires significant institutional capacity and regulatory expertise, which may pose challenges for Mongolia given its current administrative and legal resources.

Recommendation:

A **phased regulatory alignment strategy** with a cross-cutting foundation is the most practical approach for Mongolia. Instead of pursuing isolated sectoral reforms that may overlap and create inconsistencies, Mongolia should follow a three-phase approach:

Phase 1: Establish the Institutional Mechanism for Regulatory Coordination

- Create a Digital Trade Regulatory Working Group under an existing ministry (e.g., the Ministry of Digital Development and Communications) to ensure policy coherence and coordination from the start.
- Conduct a regulatory gap assessment to identify immediate legal inconsistencies and priority areas for reform.

Phase 2: Develop and Implement Cross-Cutting Legal Foundations

- Prioritize on cross-cutting regulatory issues, particularly:
  - Data governance (including cross-border data flows and privacy)
  - Cybersecurity standards
  - Electronic transactions and authentication

Phase 3: Expand Sectoral Reforms for Digital Trade

- After the foundational legal framework is in place, targeted reforms in specific sectors (e.g., e-commerce regulations, consumer protection, digital payments) can be developed in alignment with the overarching framework.
- Engage in regional and multilateral trade discussions to harmonize regulations with international digital trade frameworks.

5) Participate in Digital Trade Agreements vs. Focus on Domestic Digital Trade Regulations First?

As Mongolia seeks to expand its digital economy, a key strategic decision is whether to prioritize joining regional digital trade agreements (e.g., RCEP, WTO e-commerce negotiations) or first focus on strengthening its domestic regulatory and institutional framework. Each approach presents distinct

opportunities and risks, requiring a phased and balanced strategy that aligns with Mongolia's current capacity and long-term national interests.

Policy options

Option 1: Participate in Digital Trade Agreements	**Option 2: Strengthen Domestic Digital Trade Framework First**
By joining RCEP or other digital trade agreements, Mongolia can gain market access for digital businesses, attract foreign investment, and foster regional regulatory cooperation in areas like cross-border data flows, digital payments, and e-commerce facilitation. Participation would also provide capacity-building opportunities.	A more cautious approach would focus first on strengthening Mongolia's domestic digital trade regulations, infrastructure, and institutional capacity before committing to binding international agreements. This would allow Mongolia to align its policies with international standards at its own pace while preserving policy flexibility.
However, Mongolia may face compliance challenges due to gaps in data governance, cybersecurity, and e-commerce regulations. Premature participation could strain institutional capacity and limit Mongolia's ability to negotiate favorable terms.	Delaying participation in digital trade agreements could slow foreign investment and limit Mongolia's access to regional digital markets. Businesses may also face higher trade barriers when engaging in cross-border digital transactions.

Recommendation: A Phased Approach to Digital Trade Integration

To balance economic opportunities with regulatory preparedness, Mongolia should gradually integrate into digital trade agreements while strengthening its domestic framework.

Phase 1: Strengthen Domestic Institutional and Regulatory Foundations (0–2 years)

Mongolia lacks comprehensive digital trade regulations, making premature commitments to international agreements risky.

Key actions:

- Establish a Digital Trade Coordination Mechanism within the government to ensure inter-agency cooperation on digital trade policies.
- Develop and implement data protection laws, digital taxation policies, and cybersecurity regulations aligned with global best practices.
- Engage in bilateral digital trade discussions with key partners to test Mongolia's digital trade policies before committing to regional agreements.

Phase 2: Selective Participation in Regional and Multilateral Digital Trade Initiatives (2–4 years)

Mongolia should gradually integrate into international digital trade discussions without making immediate, binding commitments.

Key actions:

- Align domestic policies with WTO e-commerce negotiations to gain experience in multilateral digital trade rulemaking.
- Implement pilot digital trade facilitation measures (e.g., cross-border e-signatures, digital customs procedures) to increase interoperability with regional trade partners.
- Join non-binding digital economy initiatives within regional trade forums.

Phase 3: Evaluate Full Accession to a Comprehensive Digital Trade Agreement (4+ years)

With enhanced domestic regulatory and digital infrastructure, Mongolia should consider joining comprehensive global and regional digital trade frameworks.

Key actions:

- Conduct an impact assessment on Mongolia's readiness to join a comprehensive trade agreement with commitments in digital trade chapters.
- Negotiate terms for accession, ensuring Mongolia's data governance, digital taxation, and trade commitments align with national economic priorities.
- Develop a long-term digital trade strategy that integrates Mongolia's participation in regional and global digital trade frameworks.

III.II Vision Roadmap

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

Objective: Establish a solid foundation for digital trade by aligning Mongolia's regulatory and institutional framework with RCEP provisions while maintaining policy flexibility.

Key Actions:

- **Institutional Coordination:** Establish a Digital Trade Task Force within the Ministry of Digital Development and Communications (MDDC) or Ministry of Economy and Development (MED) to oversee regulatory reforms.
- **Regulatory Reforms:**
    - Set up data protection laws and cross-border data flow policies in alignment with strategic regional frameworks, e.g., APEC CBPR, RCEP Chapter 12 provisions.
    - Begin aligning e-commerce regulations with UNCITRAL Model Laws.
    - Develop a national cybersecurity framework that aligns with international recognized standards, e.g., ISO/IEC.

- **Trade Policy Adjustments:**
  - Phase out ICT tariffs to improve digital trade competitiveness.
  - Review public procurement policies to ensure alignment with WTO principles.
- **Engagement with Regional Partners:** Participate in non-binding digital economy initiatives to test policy alignment before making full commitments.

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

Objective: Strengthen Mongolia's integration into regional digital trade frameworks while continuing domestic capacity-building.

Key Actions:

- **Regulatory and Institutional Enhancements:**
  - Implement cross-border data governance measures to support seamless digital trade with key trade partners, e.g., RCEP countries.
  - Strengthen the legal framework for paperless trade, ensuring Mongolia's effective participation in Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA).
  - Develop a legal roadmap for digital trade, identifying priority areas for harmonization with the WTO e-commerce agreement and strategic regional trade agreement obligations, e.g., RCEP.
- **Trade Facilitation and Infrastructure Development:**
  - Implement e-customs and digital trade facilitation measures, including digital signatures and e-payment systems.
  - Strengthen digital connectivity through public-private partnerships (PPPs) to improve broadband infrastructure, especially in trade-relevant zones.
- **Selective Engagement in Regional Digital Trade Agreements:**
  - Gradually integrate Mongolia into RCEP e-commerce and digital trade discussions.
  - Initiate pilot programs for regional interoperability of payment systems and logistics platforms.
  -

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

Objective: Position Mongolia as a competitive digital trade hub by fully aligning its regulatory environment with regional and global digital trade standards.

Key Actions:

- **Policy and Regulatory Maturity:**
  - Fully harmonize Mongolia's data governance, e-commerce, and ICT regulations with RCEP and WTO commitments.
  - Strengthen Mongolia's intellectual property protection and digital services trade policies.

- **Institutional Upgrades:**
  - Transition the Digital Trade Task Force into a permanent Digital Trade Coordination Unit (DTCU) to oversee implementation, if necessary.
  - Strengthen public-private cooperation by establishing an industry advisory group on digital trade.
- **Global Trade and Investment Strategy:**
  - Evaluate Mongolia's readiness for full participation in RCEP's digital trade commitments.
  - Develop export promotion strategies for Mongolian digital service providers (e.g., IT outsourcing, fintech, e-commerce).
  - Explore membership in additional digital trade agreements beyond RCEP, such as the WTO e-commerce negotiations.

III.III Programmatic Roadmap

Mongolia's digital trade integration requires a structured and realistic approach that aligns with its current institutional capacity, economic environment, and regional commitments under RCEP. This roadmap prioritizes high-impact, achievable initiatives that lay the groundwork for regulatory modernization, cross-border digital trade facilitation, and infrastructure development. Each program is categorized based on urgency and feasibility, ensuring that immediate reforms focus on regulatory alignment and institutional strengthening, while medium- and long-term goals address infrastructure and market expansion (Annex 1).

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

Objective: Establish foundational legal and institutional mechanisms to enable digital trade alignment with RCEP provisions.

Key Programs and Initiatives:

- **Digital Trade Task Force Formation (High Priority)**
  - Lead Agency: MDDC, MED.
  - Milestone: Establishment of an inter-agency task force with clear mandates (Year 1).
- **Legislative Reform on Digital Trade (High Priority)**
  - Lead Agency: MDDC, Parliament of Mongolia.
  - Milestones:
    - Enhance implementation of the existing Personal Data Protection Law (PDPL) by clarifying cross-border data transfer rules, improving enforcement mechanisms, and developing sector-specific guidelines.
    - Introduce amendments to support cross-border e-commerce (Year 2).
- **ICT Tariff and Trade Policy Review (Medium Priority)**
  - Lead Agency: Ministry of Finance, MED.
  - Milestone: Conduct feasibility study on phasing out ICT tariffs (Year 2).
- **Public Procurement Transparency Enhancement (Medium Priority)**
  - Lead Agency: Public Procurement Agency.

    - Milestone: Capacity-building initiatives and transparency measures to improve public procurement processes (Year 2).
- **Regional Digital Trade Engagement (Medium Priority)**
    - Lead Agency: Ministry of Foreign Affairs (MFA).
    - Milestone: Participate in RCEP and WTO e-commerce discussions (Progressive)
        - Undertake capacity-building before full engagement (Year 2).
        - Leverage regional partnerships for technical guidance (Year 4).
        - Engage progressively rather than immediate full involvement (Year 4).

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

Objective: Deepen Mongolia's engagement in regional digital trade initiatives while upgrading domestic digital infrastructure.

Key Programs and Initiatives:

- **Cross-Border Data Governance Implementation (High Priority)**
    - Lead Agency: MDDC, National Data Protection Authority.
    - Milestones:
        - Develop a national cross-border data governance framework (Year 3).
        - Establish bilateral agreements on data-sharing with key trade partners (Year 4).
- **Paperless Trade and Digital Customs (Medium Priority)**
    - Lead Agency: General Customs Authority, MED.
    - Milestones:
        - Adopt electronic trade documentation (Year 3).
        - Implement digital signatures in trade (Year 4).
- **ICT Infrastructure Expansion for Trade Facilitation (Low Priority)**
    - Lead Agency: Communications and Information Technology Authority (CITA).
    - Milestones:
        - Expand broadband in trade corridors (Year 3).
        - Establish digital trade hubs (Year 4).
- **Digital Payment System Interoperability (Medium Priority)**
    - Lead Agency: Bank of Mongolia, Private Sector Fintech Firms.
    - Milestone: Launch cross-border digital payment pilot projects (Year 4).

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

Objective: Strengthen Mongolia's digital trade governance, ensure full regulatory compliance with regional and global frameworks, and foster digital economy growth through trade and investment.

Key Programs and Initiatives:

- **Legal and Regulatory Harmonization with Global Standards (High Priority)**
    - Lead Agency: MDDC, Parliament of Mongolia.
    - Milestones:

        - Finalize comprehensive digital trade regulations in alignment with RCEP and WTO (Year 5).
        - Achieve full compliance with international digital trade commitments (Year 6).
- **Institutional Strengthening for Digital Trade Governance (Medium Priority)**
    - Lead Agency: MED, MDDC.
    - Milestones:
        - Evaluate the effectiveness of Digital Trade Task Force before transitioning to a permanent Digital Trade Coordination Unit (DTCU) (Year 5).
        - Enhance inter-agency coordination for digital trade policymaking (Year 6).
- **Developing Mongolia's Digital Services Sector (Medium Priority)**
    - Lead Agency: Mongolian National Chamber of Commerce and Industry (MNCCI), MDDC.
    - Milestones:
        - Implement incentive programs for IT outsourcing and startups (Year 5).
        - Expand digital trade partnerships and cross-border service agreements (Year 6).
- **Global Digital Trade Integration and Market Access (Medium Priority)**
    - Lead Agency: MFA, and MED.
    - Milestones:
        - Negotiate Mongolia's participation in additional digital economy agreements (Year 5).
        - Strengthen international investment and trade facilitation for digital sectors (Year 6).

III.IV Operational Roadmap

This operational roadmap translates Mongolia's vision and programmatic roadmaps into concrete, actionable steps. It outlines specific activities, responsible agencies, expected outcomes, and implementation timelines, ensuring a structured approach to achieving RCEP-aligned digital trade integration while considering Mongolia's economic and institutional realities (Annex 2).

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

Objective: Establish foundational legal and institutional mechanisms to support digital trade while ensuring compliance with international frameworks.

Key Activities:

- **Establish a Digital Trade Task Force (High Priority)**
    - Responsible Agencies: MDDC, MED.
    - Expected Outcome: An inter-agency task force with mandates for digital trade policy coordination and regulatory reforms.
    - Timeline: Year 1.
    - KPIs: Task force established and operational by Year 1.
    - Risks & Mitigation: Bureaucratic delays → Fast-track approvals via executive order.

- Resource Consideration: Government budget allocation for policy coordination.

- **Enhance Personal Data Protection Law (PDPL) Implementation (High Priority)**
  - Responsible Agencies: MDDC, National Data Protection Authority.
  - Expected Outcome: Clarified cross-border data transfer rules, sector-specific guidelines, and improved enforcement mechanisms.
  - Timeline: Year 1–2.
    - Year 1: Conduct a review of current PDPL enforcement gaps.
    - Year 2: Issue updated compliance guidelines.
  - KPIs: Updated guidelines issued by Year 2; increased compliance rate among businesses.
  - Resource Consideration: International donor support for capacity-building and technical expertise.

- **Conduct ICT Tariff Reduction Feasibility Study (Medium Priority)**
  - Responsible Agencies: Ministry of Finance, MED.
  - Expected Outcome: Policy recommendations for phased ICT tariff reductions to enhance digital trade competitiveness.
  - Timeline: Year 2.
  - KPIs: Feasibility study completed by Year 2.
  - Risks & Mitigation: Potential revenue losses → Identify offsetting tax mechanisms.
  - Resource Consideration: Possible technical support from international donors (e.g., using UNESCAP's TINA); secondment of researchers from local academic institutions.

- **Public Procurement Transparency Enhancement (Medium Priority)**
  - Responsible Agencies: State Procurement Agency.
  - Expected Outcome: Increased transparency; greater efficiency in government procurement processes, reducing corruption risks.
  - Timeline: Year 1–2.
    - Year 1: Conduct an assessment of existing procurement transparency measures.
    - Year 2: Implement capacity-building programs for procurement officials and vendors.
    - Year 2: Integrate digital reporting and monitoring tools to enhance procurement visibility.
  - Risks & Mitigation:
    - Insufficient funding for digital tools →Seek donor funding (e.g., WTO e-Government initiatives).
  - Resource Considerations: In-kind knowledge-sharing support, technical capacity-building grants.

- **Regional Digital Trade Engagement (Medium Priority)**
  - Lead Agency: MFA.
  - Timeline: Year 2–4.

        - Year 2: Participate in initial RCEP and WTO e-commerce discussions for knowledge-sharing.
        - Year 4: Leverage regional partnerships for technical guidance and policy benchmarking.
        - Year 4: Implement a progressive engagement strategy.
    - Risks & Mitigation:
        - Limited technical expertise in digital trade negotiations → Establish partnerships with experienced RCEP/WTO members for training and mentorship.
        - Low prioritization of digital trade in national policy discussions → Advocate for digital trade as a key economic driver through high-level policy dialogues.
        - Unclear regulatory alignment with RCEP and WTO rules → Use UNESCAP's RDTII for benchmarking to align national policies accordingly.
    - Resource Consideration: Technical capacity-building grants from regional organizations (e.g., UNESCAP's APTA, SCO) and dialogue partners (e.g., countries in RCEP, EAEU).

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

Objective: Strengthen Mongolia's position within regional digital trade frameworks while enhancing domestic digital trade capacity.

Key Activities:

- **Develop Bilateral Data-Sharing Agreements with Trade Partners (Medium Priority)**
    - Responsible Agencies: MDDC, MFA.
    - Expected Outcome: Agreements facilitating secure and legally compliant cross-border data flows.
    - Timeline: Year 3–4.
        - Year 3: Conduct feasibility assessment.
        - Year 4: Sign one pilot agreement.
    - KPIs: Feasibility assessment completed by Year 4, followed by one pilot agreement
    - Risks & Mitigation: Regulatory misalignment → Leverage technical assistance from regional partners.
    - Resource Consideration: International technical assistance for compliance framework development; use UNESCAP's Regional Digital Trade Integration Index (RDTII) to assess Mongolia's digital trade readiness and guide policy adjustments; establish knowledge-sharing partnerships with RCEP countries.

- **Implement Paperless Trade and Digital Customs Procedures (Medium Priority)**
    - Responsible Agencies: General Customs Authority, MED.
    - Expected Outcome: Legal and technical adoption of electronic trade documentation, digital signatures, and customs interoperability.
    - Timeline: Year 3–4.
        - Year 3: Implement digital trade documentation.
        - Year 4: Adopt digital customs clearance.

- KPIs: Electronic customs clearance adoption rate.
- Resource Consideration: Blended resource models (private sector and development partners, such as using UNESCAP's CPTA technical assistance programme) for government-led pilot projects with private sector support.

- **Expand Digital Infrastructure through Public-Private Partnerships (PPPs) (Medium Priority)**
  - Responsible Agencies: CITA, Private Sector Investors.
  - Expected Outcome: Improved broadband access in trade corridors and digital trade hubs.
  - Timeline: Year 3–4.
    - Year 3: Begin broadband expansion projects.
    - Year 4: Increase broadband penetration in trade corridors.
  - KPIs: Increase in broadband penetration in targeted regions.
  - Risks & Mitigation: High costs → Explore blended finance models.
  - Resource Consideration: Private sector investment, infrastructure development funds (World Bank, ADB, AIIB); leveraging state-owned infrastructure in the initial deployment.

- **Digital Payment System Interoperability (Medium Priority)**
  - Responsible Agencies: Bank of Mongolia, Private Sector Fintech Firms.
  - Milestones: Year 3–4.
    - Year 3: Conduct a feasibility study on cross-border digital payment integration.
    - Year 4: Launch pilot projects for cross-border digital payment systems.
  - Expected Outcome:
    - Increased interoperability between Mongolian and regional digital payment systems.
    - Enhanced cross-border transactions for businesses and consumers.
  - KPIs:
    - Completion of feasibility study by Year 3.
    - Successful pilot implementation by Year 4, with major financial institutions participating.
  - Risks & Mitigation:
    - Regulatory misalignment with regional partners → Establish regulatory working groups with trade partners.
    - Limited private sector engagement → Provide incentives and policy support for fintech firms.
    - Cybersecurity risks → Implement security standards and risk mitigation frameworks.
  - Resource Consideration:
    - Government and central bank funding for regulatory adjustments.
    - Private sector investment in payment infrastructure.
    - Technical support from international organizations (e.g., World Bank, ADB).

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

Objective: Fully integrate Mongolia into global digital trade ecosystems and position it as a competitive digital trade hub.

Key Activities:

- **Achieve Full Legal and Regulatory Harmonization (Medium Priority)**
    - Responsible Agencies: MDDC, Parliament of Mongolia.
    - Expected Outcome: Complete regulatory alignment with RCEP, WTO, and international digital trade standards.
    - Timeline: Year 5–6.
        - Year 5: Initiate progressive regulatory alignment.
        - Year 6: Achieve full alignment with RCEP/WTO.
    - KPIs: Gradual regulatory alignment with RCEP/WTO, prioritizing key provisions by Year 6.
    - Risks & Mitigation: Resistance from industries → Stakeholder engagement campaigns.
    - Resource Consideration: National policy reform budget, technical assistance from international regulatory bodies and agreement partners (e.g., WTO, ITU, UNCITRAL, ISO, WIPO, OECD); benchmarking progress using UNESCAP's RDTII for targeted policy improvements; in-kind legal support from domestic regulatory bodies and law schools; expertise-sharing agreements with digital trade agencies in RCEP countries.

- **Evaluate and Establish a Permanent Digital Trade Coordination Unit (DTCU) (Medium Priority)**
    - Responsible Agencies: MED, MDDC.
    - Expected Outcome: Transition from a task force to a fully functional digital trade oversight body (if necessary).
    - Timeline: Year 5.
    - KPIs: DTCU operational by Year 5.
    - Funding Consideration: National budget allocation for institutionalization; leveraging UNESCAP's RDTII as a tool for regional trade policy benchmarking; establishing expertise-sharing agreements with digital trade agencies in RCEP countries.

- **Promote Digital Services Sector Growth (Low Priority)**
    - Responsible Agencies: MNCCI, Private Sector Associations.
    - Expected Outcome: Incentives for IT outsourcing, fintech, and digital entrepreneurship; along with the expansion of digital trade.
    - Timeline: Year 5–6.
    - KPIs: Increase in digital service exports by Year 6.
    - Risks & Mitigation: Limited private sector readiness → Offer targeted support programs.
    - Resource Consideration: Startup grants, venture capital incentives, donor-supported training programs; mentorship networks between established and emerging digital firms.

- **Global Digital Trade Integration and Market Access (Medium Priority)**
    - Responsible Agencies**:** MFA, MED.
    - Timeline: Year 5–6.
    - KPIs: New digital economy agreement signed; increased trade and foreign direct investment (FDI) in digital sectors.
    - Risks & Mitigation:
        - Limited negotiation capacity → Provide specialized training for trade officials.
        - Regulatory misalignment with global standards → Leverage UNESCAP's RDTII for benchmarking and policy adjustments.
        - Limited private sector readiness → Establish public-private working groups to align business needs with policy frameworks.
    - Resource Consideration:
        - Government funding for negotiation teams and trade missions.
        - Technical assistance from development partners.

III.V Summary

Mongolia's digital trade integration requires a structured, phased approach that aligns its domestic regulatory framework, infrastructure development, and institutional mechanisms with international trade agreements, while also ensuring that national economic priorities are met. This chapter outlines a comprehensive policy roadmap that balances regulatory preparedness with regional and global integration, ensuring that Mongolia maximizes the benefits of digital trade while addressing key challenges such as data governance, market access, and institutional coordination.

The roadmap is designed around a three-phase strategy: (1) strengthening domestic institutional and regulatory frameworks, (2) integrating into regional digital trade initiatives, and (3) achieving full-scale digital trade participation at the global level. Each phase includes targeted interventions, ranging from policy adjustments and regulatory reforms to infrastructure enhancements and investment incentives, ensuring a gradual and sustainable transition toward a competitive digital economy.

To operationalize this roadmap, the chapter provides a programmatic and operational framework, detailing priority initiatives, responsible agencies, key milestones, and expected outcomes. This structured implementation plan ensures that Mongolia can effectively sequence reforms, leverage regional trade opportunities, and foster digital innovation, ultimately strengthening its position in the evolving global digital trade ecosystem.

Vision Roadmap

Phase	Lead	Focus
Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years). Objective: Establish legal and institutional foundations for digital trade.	MDDC	- Form **Digital Trade Task Force.** - Implement **data protection and cross-border data flow policies**. - Align **e-commerce regulations** with global standards - Develop **national cybersecurity framework**. - Initiate **ICT tariff reduction** discussions. - Engage in **regional digital trade dialogues.**
Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years). Objective: Strengthen regional digital trade participation and infrastructure.	MED	- Implement **cross-border data governance.** - Strengthen **paperless trade legal framework.** - Develop **digital trade regulatory roadmap.** - Implement **e-customs and e-payment systems.** - Expand **digital infrastructure through PPPs.**
Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years). Objective: Align Mongolia with global digital trade standards and enhance competitiveness.	MED	- Fully harmonize **data governance, e-commerce, and ICT regulations.** - Strengthen **intellectual property and digital services policies.** - Establish a **Digital Trade Coordination Unit (DTCU).** - Foster **public-private cooperation.** - Promote **digital service exports**. - Explore **participation in digital trade agreements.**

Programmatic and Operational Roadmap

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Digital Trade Task Force Formation	High	MDDC, MED	Task Force established in Year 1	National coordination body operational	Task Force operational by Year 1	Bureaucratic delays → Fast-track approvals via executive order	Government budget
Enhance Personal Data Protection Law (PDPL) Implementation	High	MDDC, National Human Rights Commission	Year 1: Conduct review of enforcement gaps Year 2: Issue updated compliance guidelines	Clear data transfer rules; improved enforcement	Increased compliance rate among businesses	Limited enforcement capacity → International donor support for capacity-building	Technical assistance from UNESCAP, Government support
Conduct ICT Tariff Reduction Feasibility Study	Medium	Ministry of Finance, MED	Year 2: Feasibility study completed	Policy recommendations for tariff reductions	Feasibility study completed by Year 2	Potential revenue loss → Identify the offsetting mechanisms	Government research funding, potential UNESCAP TINA support
Public Procurement Transparency Enhancement	Medium	State Procurement Agency	Year 1: Conduct transparency assessment Year 2: Implement training and digital reporting	Increased efficiency, reduced corruption	Number of officials trained; improvement in transparency scores	Insufficient funding for digital tools →Seek donor funding	WTO e-Government initiatives, in-kind tech support

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Regional Digital Trade Engagement	Medium	MFA, MED	Year 2: Initial RCEP/WTO discussions Year 4: Policy benchmarking and phased engagement (Ongoing)	Stronger negotiation capacity and policy alignment	Number of discussions and capacity-building sessions	Limited expertise in digital trade → Partner with RCEP/WTO members for training. Low policy prioritization → Advocate for digital trade in high-level dialogues. Regulatory misalignment → Use UNESCAP's RDTII for benchmarking.	Technical capacity-building grants from regional organizations and dialogue partners

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Develop Bilateral Data-Sharing Agreements	Medium	MDDC, MFA	Year 3: Conduct a feasibility study Year 4: Sign pilot agreement	Secure and compliant cross-border data flows	Number of agreements signed by Year 4	Regulatory misalignment → Use RDTII for benchmarking	International assistance for compliance framework

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Implement Paperless Trade and Digital Customs	Medium	General Customs Authority, MED	Year 3: Implement digital trade documentation Year 4: Adopt an e-customs	More efficient trade processing	Percent of firms using e-customs by Year 4	Complex transition → Gradual adoption, phased rollout	Technical assistance from UNESCAP, WTO, ADB
Expand Digital Infrastructure via PPPs	Medium	CITA, Private Sector	Year 3: Launch broadband projects Year 4: Expand connectivity	Improved digital access for trade	Broadband penetration rate in targeted areas		Private investment, AIIB, ADB funding
Enhance Digital Payment System Interoperability	Medium	Bank of Mongolia, Private Sector	Year 4: Pilot cross-border payment system	Stronger financial integration	Successful pilot project by Year 4	Banking sector reluctance → Address through early industry engagement	Fintech partnerships, regulatory capacity-building

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

Programme	Priority	Lead	Milestones	Expected Outcome	KPIs	Risks & Mitigation	Resource Consideration
Full Legal & Regulatory Harmonization	High	MDDC, Parliament	Year 5: Initiate regulatory alignment Year 6: Achieve full RCEP/WTO compliance	Fully harmonized trade regulations	Compliance milestones met by Year 6	Resistance from industries → Stakeholder engagement	National policy reform funding, UNESCAP RDTII benchmarking
Evaluate & Establish Permanent Digital Trade Coordination Unit (DTCU)	Medium	MDDC, MED	Year 5: DTCU operational if necessary	Coordinated governance for digital trade	The DTCU operational by Year 5	Complex transition → Gradual adoption, phased rollout	Government funding, expertise-sharing with RCEP members
Promote Digital Services Sector Growth	Medium	MDDC MNCCI,	Year 5–6: Provide incentives for startups, expand digital service exports	Improved competitiveness of digital service sector	Increase in digital service exports by Year 6	Limited private sector readiness → Targeted support programs	Venture capital, donor-funded training programs
Global Digital Trade Integration & Market Access	Medium	MFA, MED	Year 5–6: Negotiate new digital trade and investment agreements	Enhanced global trade participation	New trade agreement by Year 6	Banking sector reluctance → Early industry engagement	Government funding, technical assistance from development partners

Annex I. Priority Assignments in the Programmatic Roadmap

This annex provides justifications for the assigned priority levels in the Programmatic Roadmap for Mongolia's Digital Trade Integration. The priorities in the roadmap were determined based on Mongolia's current institutional capacity, economic conditions, feasibility, and alignment with RCEP commitments.

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

- Digital Trade Task Force Formation (High Priority)

A centralized task force is essential for coordinating digital trade policies and regulatory alignment efforts. It is a low-cost, high-impact initiative that facilitates inter-agency coordination and prepares for future institutional development.

- Legislative Reform on Digital Trade (High Priority)

Mongolia has an existing Personal Data Protection Law (PDPL), but enforcement mechanisms and cross-border data transfer rules need refinement to comply with RCEP commitments. Strengthening e-commerce regulations is crucial for market access and legal predictability.

- ICT Tariff and Trade Policy Review (High Priority)

Mongolia has higher ICT tariffs than RCEP countries, which creates a competitive disadvantage. Phased reductions will improve digital infrastructure accessibility and cross-border trade efficiency. However, reducing tariffs will have fiscal implications. Conducting an impact assessment before implementation is recommended.

- Public Procurement Transparency Enhancement (Medium Priority)

While Mongolia's procurement policies favor domestic firms, immediate full-scale digital procurement is not feasible. Instead, focusing on transparency aligns with RCEP principles without disrupting local industry.

- Regional Digital Trade Engagement (Medium Priority)

Progressive participation in digital trade agreements will help Mongolia gradually align its policies with international trade standards. However, Mongolia must first strengthen domestic regulatory and trade capacities before making commitments. Initial engagement should focus on capacity-building, leveraging regional partnerships for technical guidance, and phased participation in discussions.

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

- Cross-Border Data Governance Enhancement (High Priority)

PDPL implementation needs clearer enforcement mechanisms and cross-border data transfer rules to ensure compliance with RCEP Article 12.15 on digital trade and data flows.

- Paperless Trade and Digital Customs (Medium Priority)

Digitalizing customs and trade documentation aligns with RCEP Article 12.5 but requires technical and legal infrastructure upgrades. A gradual transition is more feasible than immediate full-scale implementation.

- ICT Infrastructure Expansion for Trade Facilitation (Low Priority)

While infrastructure expansion is beneficial, it is capital-intensive and requires foreign investment. Immediate efforts should focus on policy and regulatory readiness before infrastructure development.

- Digital Payment System Interoperability (Medium Priority)

Digital payment interoperability is important for e-commerce and financial inclusion, but banking sector readiness and regulatory alignment need to be addressed first.

- Trade Agreements Compliance (Medium Priority**)**

Mongolia should focus on domestic regulatory alignment and capacity-building before full-scale commitment. A phased approach will allow for smoother adoption and better compliance with regional trade requirements.

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

- Legal and Regulatory Harmonization with Global Standards (High Priority)

Full legal compliance with RCEP and WTO digital trade rules is essential for long-term trade predictability and integration.

- Institutional Strengthening for Digital Trade Governance (Medium Priority)

The Digital Trade Task Force should be evaluated first before transitioning into a permanent Digital Trade Coordination Unit (DTCU) to avoid premature bureaucratic expansion.

- Developing Mongolia's Digital Services Sector (Medium Priority)

IT and fintech services have growth potential, but domestic capacity-building is needed first before scaling exports.

- Global, Regional and Digital Trade Integration and Market Access (Medium Priority)

Expanding participation in digital economy agreements is beneficial but requires stronger institutional frameworks and readiness before making commitment.

Annex 2 Priority Assignments in the Operational Roadmap

This annex provides justifications for the assigned priority levels in the Operational Roadmap for Mongolia's Digital Trade Integration. Priorities were determined based on Mongolia's current institutional capacity, economic constraints, feasibility, and strategic importance in aligning with RCEP and WTO digital trade commitments.

Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years)

- Establish a Digital Trade Task Force (High Priority)

A centralized task force is low-cost but high-impact, ensuring policy coordination and preparing for long-term governance structures. Immediate implementation is feasible and necessary.

- Enhance Personal Data Protection Law (PDPL) Implementation (High Priority)

Mongolia already has a PDPL, but enforcement and cross-border data transfer rules need refinement to comply with RCEP and WTO frameworks. Strengthening enforcement now prevents future compliance gaps.

- Conduct an ICT Tariff Reduction Feasibility Study (Medium Priority)

While reducing ICT tariffs can boost competitiveness, it has fiscal implications that require careful assessment. A study is needed first to evaluate economic trade-offs before making commitment.

- Improve Public Procurement Transparency (Medium Priority)

Full digital procurement is not immediately feasible, but enhancing transparency aligns with RCEP and WTO principles while ensuring minimal disruption to local firms.

- Engage in Regional Digital Trade Negotiations (Medium Priority)

Immediate full participation is not feasible, but phased engagement allows capacity-building and technical alignment before full commitments to RCEP e-commerce and WTO negotiations.

Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years)

- Develop Bilateral Data-Sharing Agreements with Trade Partners (Medium Priority)

Data-sharing agreements are essential for regional integration, but Mongolia must first assess regulatory alignment and build technical infrastructure before large-scale implementation.

- Implement Paperless Trade and Digital Customs Procedures (Medium Priority)

Digital customs processes align with RCEP Article 12.5 but require technical and legal readiness. A gradual approach ensures smooth adoption without disrupting trade operations.

- Expand Digital Trade Infrastructure through Public-Private Partnerships (PPPs) (Medium Priority)

While digital infrastructure expansion is critical, high costs require PPP models and phased investment rather than immediate government-funded rollout.

- Enhance Digital Payment System Interoperability (Medium Priority)

Cross-border digital payments facilitate e-commerce, but Mongolia's banking sector readiness and regulations need further alignment before full-scale adoption.

Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years)

- Achieve Full Legal and Regulatory Harmonization (Medium Priority)

Complete harmonization with RCEP and WTO standards is a long-term goal that requires gradual policy adjustments rather than immediate, large-scale reforms.

- Evaluate and Establish a Permanent Digital Trade Coordination Unit (DTCU) (Medium Priority)

Before establishing a permanent body, Mongolia must first assess the effectiveness of its Digital Trade Task Force and ensure long-term sustainability.

- Promote Digital Services Sector Growth (Low Priority)

Developing Mongolia's digital services industry is beneficial but requires significant capacity-building before focusing on international market expansion.

- Expand Mongolia's Participation in Global Digital Economy Agreements (Medium Priority)

While expanding global trade participation is strategic, Mongolia must first strengthen its domestic regulatory and trade capacities before making further commitments.

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