Mongolia's Digital Trade Week:

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Session 1 Putting Perspectives on Digital Trade and Regional Integration



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Persistent challenges in Mongolia

- ❑ Commodity dependence
- ❑ Regulatory gaps
- ❑ Hight trade costs, transit dependency

Upcoming challenges

The new growth driver (digital trade/e-commerce) requires new aspects of readiness

- Digital trade facilitation
- Digital trade regulatory frameworks
- Digital trade integration

Areas	VPoA (2014-2024)	New (2024-2034)
Trade	Trade growth	Export diversification and **digital trade**
Trade facilitation	Physical infrastructure	**Digital trade** facilitation
Regional Integration	Connectivity	Intraregional trade, **Digital economy**

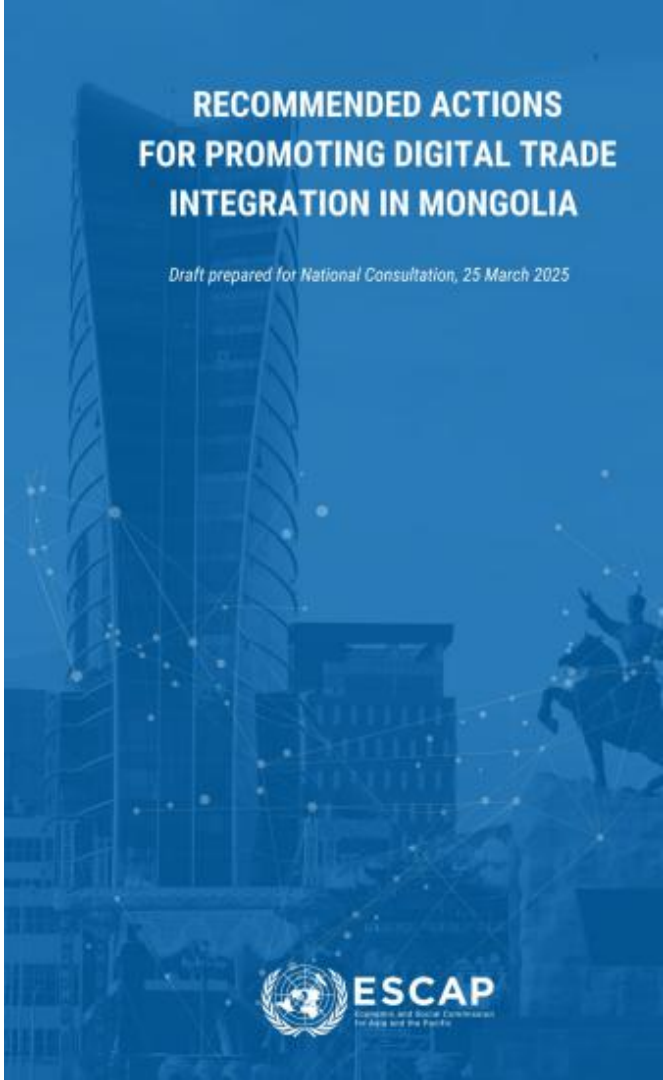
Agenda of this session

- National consultation for Mongolia’s digital trade integration roadmap
- Why does digital trade integration matter for Mongolia?
- What are our recommendations for Mongolia’s digital trade policy strategy?

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

Chapter 2: Assesses Mongolia's potential engagement with RCEP as a benchmark for regulatory alignment

Chapter 3: Presents an actionable policy roadmap with vision, programmatic, and operational roadmaps



First, what are the differences:

- Digital economy
- Digital transformation
- Ecommerce
- Paperless trade (trade digitalization)
- **Digital trade**
- **Digital trade policy**
- **Digital trade integration**

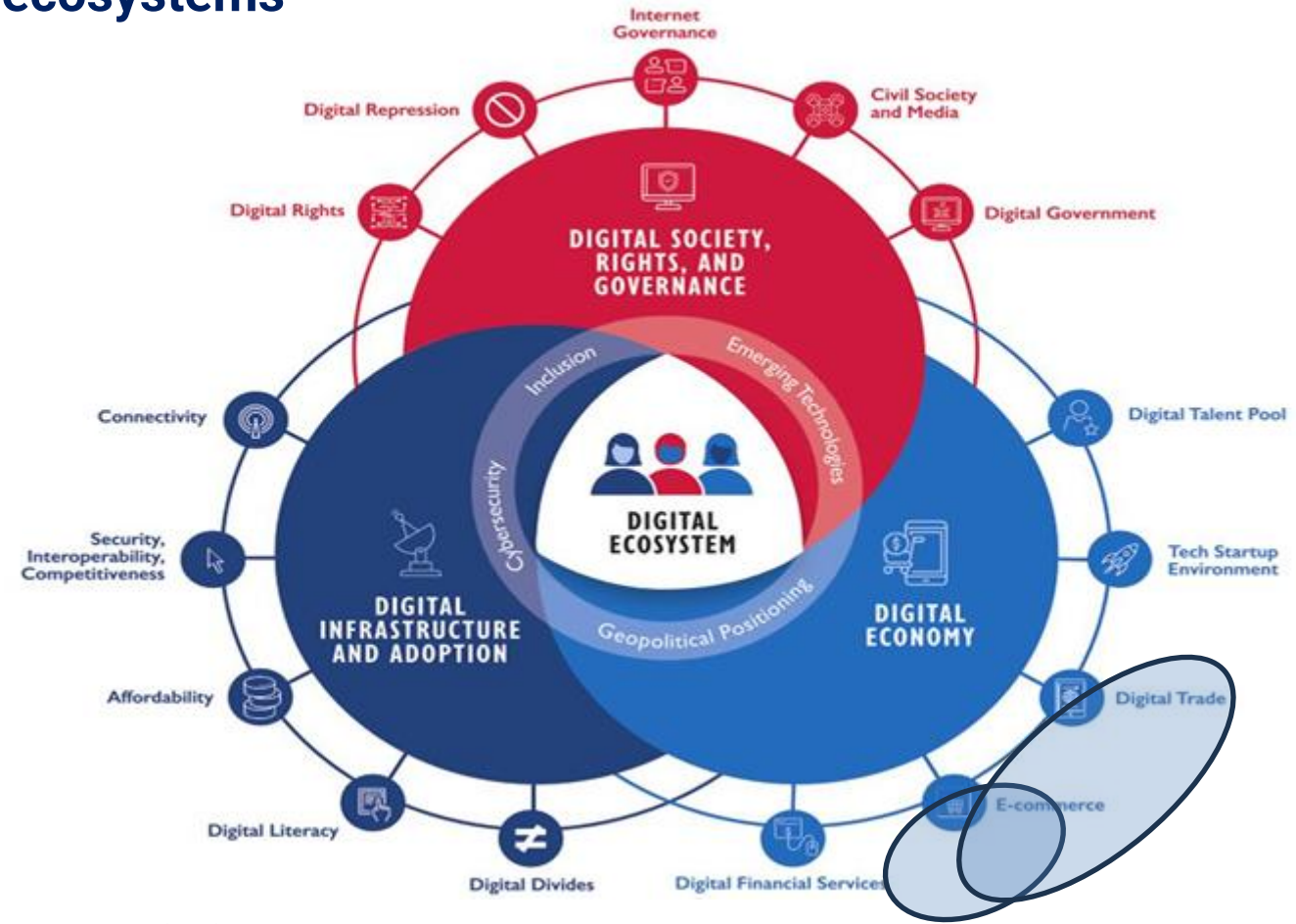
Second, where does Mongolia stand?

- Digital Trade Performance
- Policy gaps

Third, why does digital trade integration matter for Mongolia?

Finally, what are our recommendations (roadmap)

Today's ecosystems



Source: Sven Callebuat's presentation (2024)

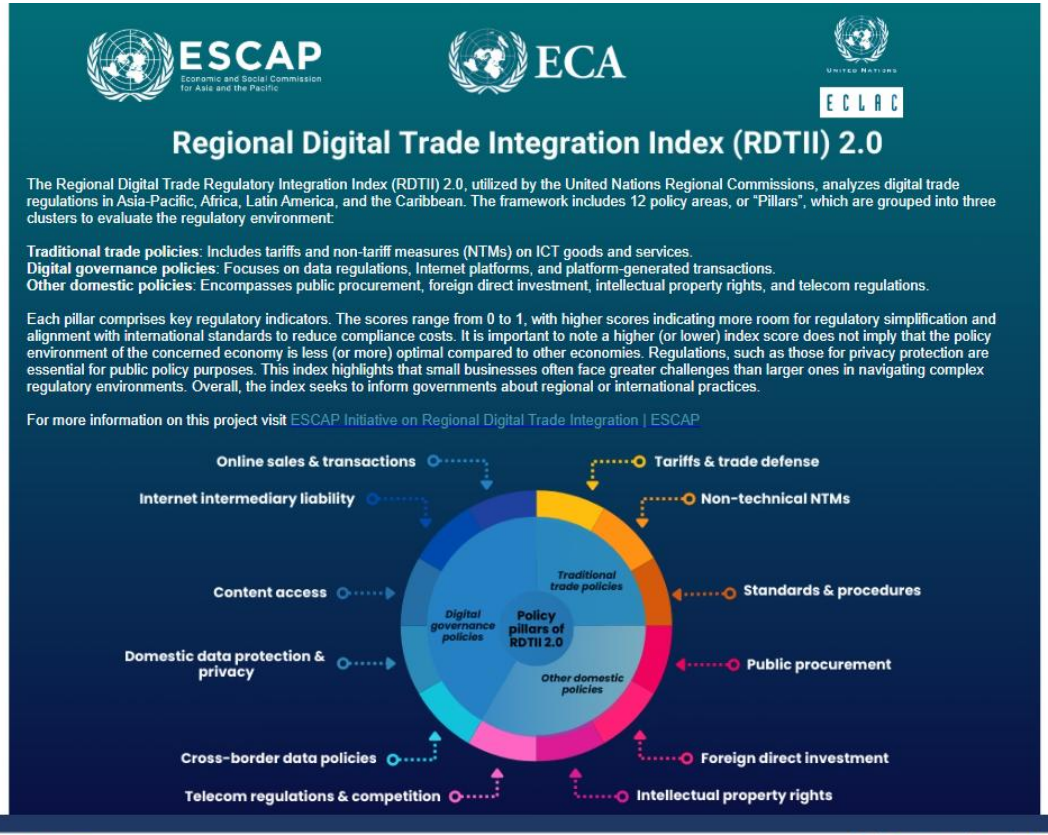
Digital Economy, Digital Trade, E-commerce, Digital Trade Integration

Digital economy	Network of economic activities enabled by digital technology
Digital trade	Trade in goods and services that are digitally enabled (ordered or delivered), including cross-broader ecommerce and online services
Ecommerce	Ordering goods and services over the internet (A subset of digital trade)
Digital trade integration	Aligning digital trade policies, -infrastructure, and -regulatory frameworks across borders to support regional and economic integration





Components of digital trade policy



https://www.unescap.org/projects/rcdtra/databases-kp

Policy: Digital transformation, E-commerce, Digital trade

	Digital transformation	E-commerce	Digital trade
Scope	Adoption of digital tech	Online buying and selling	All trade that enabled by digital platforms, data flows, and digital tech
Objectives	Improve gov services, Enhance competitiveness	Market reach, improve customer experience	Robust international trade
(Focused) Challenges	Digital divides	Trust and cybersecurity, High logistics costs	Misalignment of policies, international market access, digital trade agreements
Policy Focus	Foundational infrastructure	Online marketplaces, consumer protection, data security 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
Existing frameworks	Vision 2050 Digital Nation Strategy E-Mongolia	No integrated framework e-readiness assessment	No integrated framework WTO JSI on E-commerce MNG-Japan EPA

How Digital Trade Regulations Enable E-Commerce Trade Facilitation

E-commerce facilitation	Digital trade regulations	Impact
Customs & Border Procedures	✅ Data Governance ✅ E-Transactions & Contracts ✅ Cybersecurity ✅ Taxation	Faster clearance, secure data sharing, automated customs compliance
Paperless Trade	✅ E-Transactions & Contracts ✅ Data Governance ✅ Cybersecurity	Seamless trade documentation, reduced fraud, and efficient cross-border transactions
Digital Payments	✅ Data Governance ✅ Consumer Protection & Cybersecurity ✅ E-Transactions & Contracts ✅ Taxation	Secure, seamless cross-border transactions, reduced fraud risks
Logistics & Last-Mile Delivery	✅ Platform Governance & Competition ✅ Data Governance ✅ E-Transactions & Contracts ✅ Consumer Protection & Cybersecurity	More reliable logistics, better tracking, fair competition, and supply chain efficiency

Where Does Mongolia Stand?

Mongolia’s digital ecosystem as a glance



E-Mongolia platform makes government services available online.

By 2022, over **75%** of the population had already engaged with the platform (Fintech Times, 2024)



Internet penetration is **98%** in Mongolia (2024 data from Statista market insights)



Cheapest plan providing at least 5 GB internet costs **3%** of GNI per capita in Mongolia versus **6%** in AP region & **5%** in landlocked developing countries in AP (2023 data from ITU data)



100% of Mongolia’s population is within range of at least 3G internet services (2023 data from ITU data)



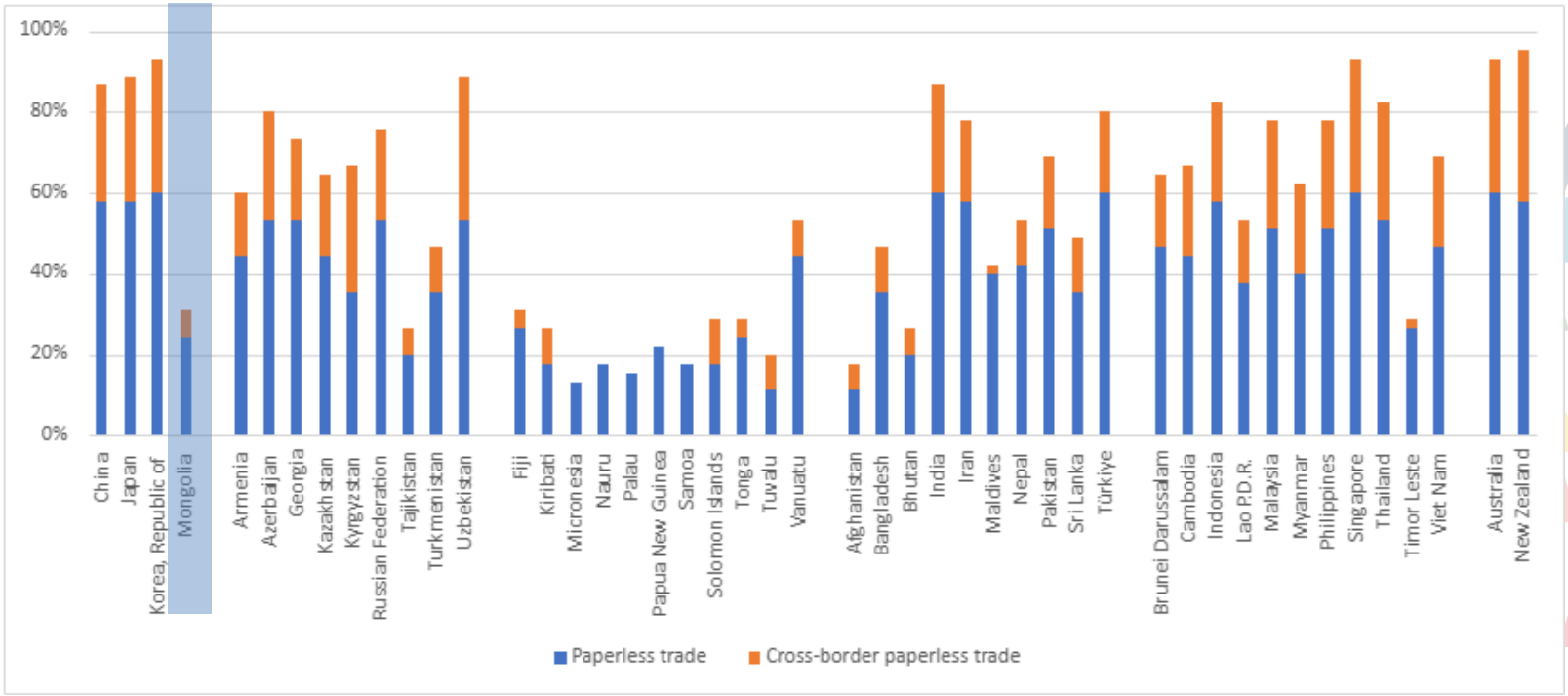
0.52 billion USD worth of consumer purchases were made via the Internet expected to increase to **0.65** billion USD in 2025 (+25%) (2024-2025 data from Statista market insights)

Observations

- Urban-Rural Digital Divide
- Internet speed and stability remain relatively low
- Internet costs are perceived as high, particularly in rural and remote areas

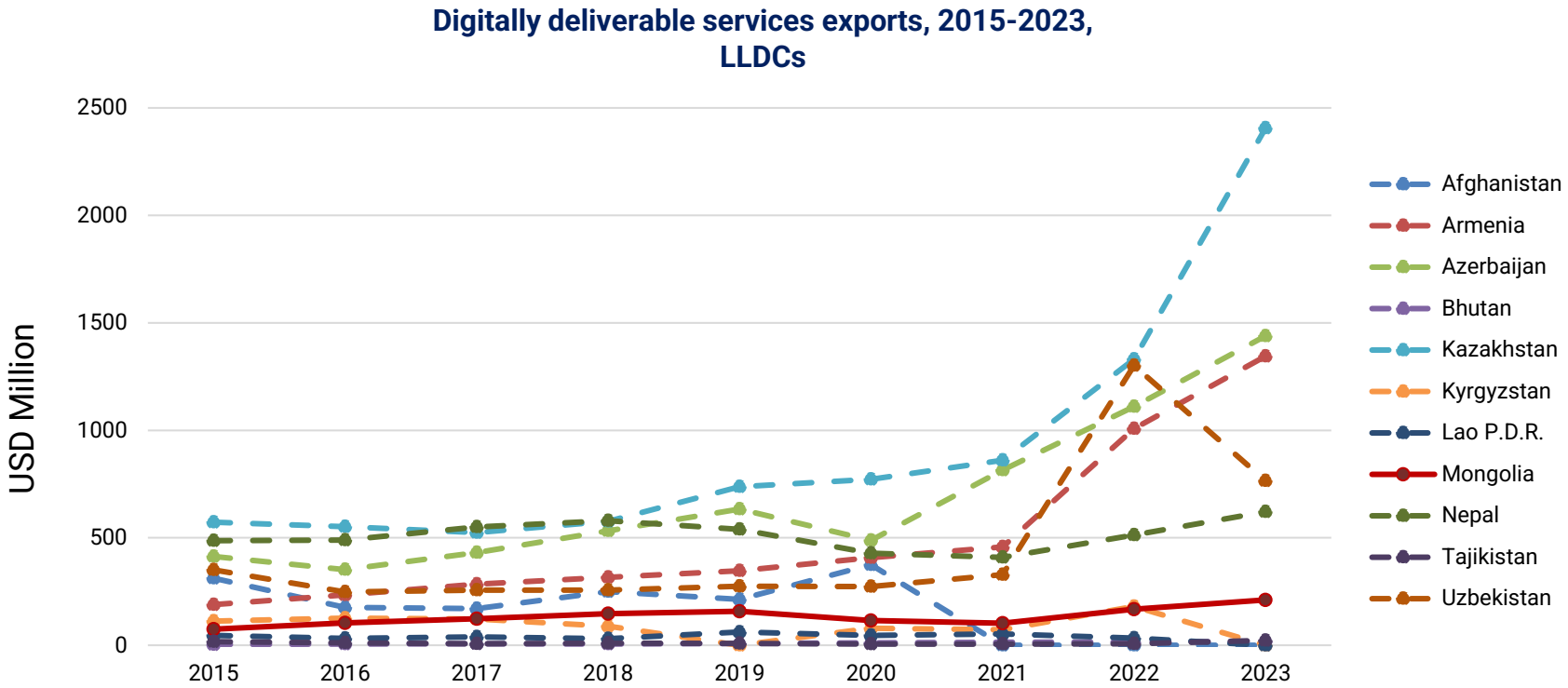
Source: ITU and UNCTADA

Trade digitalization implementation rates, 2023/24



Source: tdi.digitalizetrade.org

Digital Service Exports



Source: ESCAP calculations using UNCTAD accessible at https://unctadstat.unctad.org/

Observations

- Shortages of skilled professionals in digital services
- No strong and targeted supports for digital services export and investment
- No access to regulatory cooperation mechanisms to reduce compliance costs from digital services exporters

Source: ITU and UNCTADA

Core regultory frameworks in Mongolia

Horizontal

- Constitution of Mongolia
- Civil Code of Mongolia

Traditional trade policies

- Law of Mongolia on Customs Tariffs and Customs Duties
- Customs Law of Mongolia
- Law on Standardization, Technical Regulation, and Accreditation of Conformity Assessment

Digital governance policies

- Law on Personal Data Protection
- Law on Cybersecurity
- Law on Electronic Signatures

Intellectual property rights

- Law of Mongolia on Intellectual Property

Public procurement

- Law on the Procurement of Goods, Works, and Services by State and Local Property Assets

Foreign direct investment and business

- Law on Investment
- Company Law of Mongolia
- Law on State Registration of Legal Entities
- Law on Permit/ Law on Enterprise Licensing

Telecommunication and media

- Law of Mongolia on Communications
- Law on Advertisement
- Law on Freedom of Media

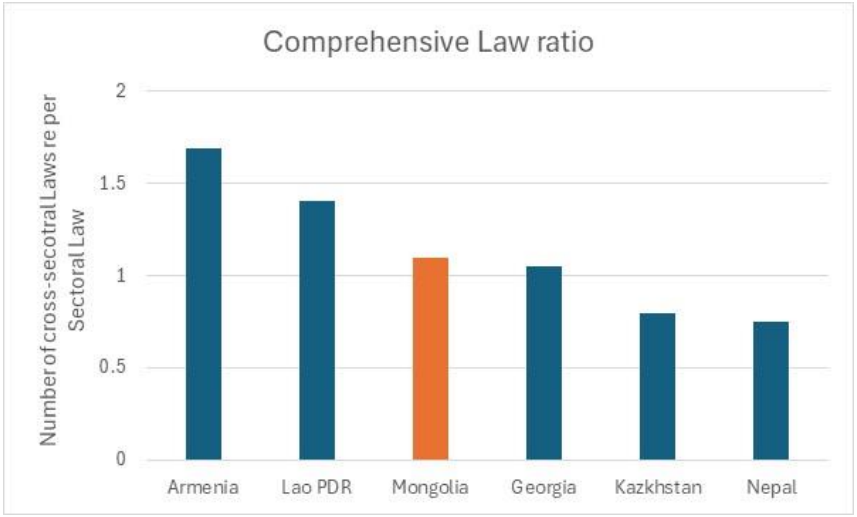
Financial services

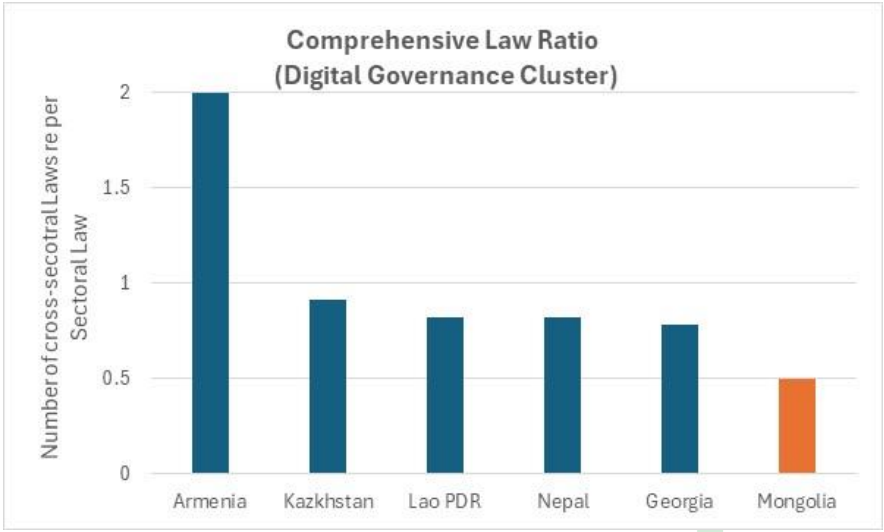
- Law of Mongolia on National Payment System
- Law of Mongolia on Currency Regulation
- Banking Law of Mongolia

Others

- Law of Mongolia on Consumer Protection
- Law of Mongolia on Information Transparency and Right to Information

Digital trade regulatory comprehensiveness





Source: Author's calculation using information from ESCAP RDTII database dashboard

Fragmented Policy framework

- Several ad hoc coordination bodies (taskforces, committees, working groups)
    - Mandates currently focuses on trade facilitation and (some) e-commerce issues
    - Data governance, digital services, platform regulations etc. ?
- Lack of data to coordinate between agencies and benchmark against practices of trade partners
- No frameworks that consolidate various rules and address cross-cutting issues
- Absence of implementation mechanisms in the laws

	Examples of missing elements
Cross-Border Data Flows and Data Localization	No unified legal instrument that regulates how data can be transferred
Cybersecurity and Digital Infrastructure Protection	No critical infrastructure protection
E-commerce and Consumer Protection	Not cover cross-border rights, dispute resolution, or digital payment security
Intellectual Property (IP) and Digital Trade	Not clearly cover digital content or online copyright enforcement
Competition Policy and Digital Platforms	No competition rules for digital platforms

UN Regional Digital Trade Integration index (RDTII) Framework

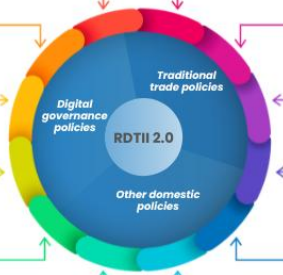
ESCAP
Economic and Social Commission for Asia and the Pacific

Traditional trade policies

Other domestic policies

Digital governance

ESCAP-ECA-ECLAC framework



Pillar 12 Online sales & transactions
- 12.1 Foreign equity limits in e-commerce sector
- 12.2 Online purchases & delivery limitations
- 12.3 Licensing requirements in e-commerce sector
- 12.4 Online payment limitations
- 12.5 Low De Minimis threshold
- 12.6 Domain name requirements

Pillar 9 Content access
- 9.1 Blocking or filtering
- 9.2 Internet shutdowns
- 9.3 Online advertising requirements
- 9.4 Licensing requirements

Pillar 8 Internet intermediary liability
- 8.1 Lack of safe harbour for copyright infringements
- 8.2 Lack of safe harbour for other illegal activities
- 8.3 User identity requirements
- 8.4 Monitoring requirements

Pillar 7 Domestic data protection
- 7.1 Lack of comprehensive legal framework for data protection
- 7.2 Minimum period of data retention requirements
- 7.3 DPIA or DPO requirements
- 7.4 Requirements to allow government access to personal data

Pillar 6 Cross-border data policies
- 6.1 Ban & local processing requirements
- 6.2 Local storage requirements
- 6.3 Infrastructure requirements
- 6.4 Conditional flow regimes
- 6.5 Not participate in agreement with data transfer commitments

Pillar 5 Telecom regulations & competition
- 5.1 Lack of passive infrastructure sharing
- 5.2 Foreign equity limits in telecom sector
- 5.3 Shares owned by the government
- 5.4 Lack of functional/accounting separation
- 5.5 Licensing requirements in telecom sector
- 5.6 Not in WTO Telecom Reference Paper
- 5.7 Lack of independent telecom authority

Pillar 4 Intellectual property rights
- 4.1 Patent application issues
- 4.2 International patents enforcement issues
- 4.3 Not in WIPO Patent Cooperation Treaty
- 4.4 Lack of copyright framework & exceptions
- 4.5 Online copyright enforcement issues
- 4.6 Not in WIPO Copyright Treaty
- 4.7 Not in WIPO Performances and Phonograms Treaty
- 4.8 Mandatory disclosure of trade secrets
- 4.9 Lack of trade secrets legal framework

Pillar 3 FDI in sectors relevant to digital trade
- 3.1 Foreign equity limits
- 3.2 Joint venture requirements
- 3.3 Nationality or residency requirements
- 3.4 Investment screenings
- 3.5 Commercial presence requirements

Pillar 2 Public procurement of ICT products/ online services
- 2.1 Foreign exclusions
- 2.2 Specific requirements
- 2.3 Limitations in procurement bidding
- 2.4 Not in WTO Government Procurement Agreement

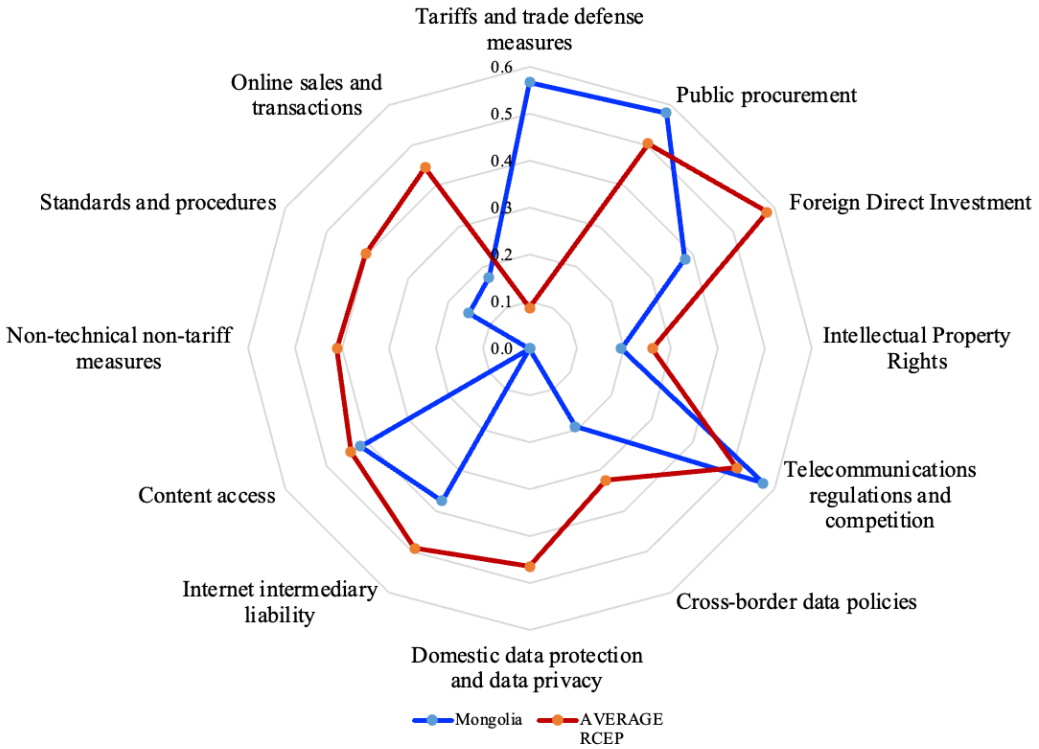
Pillar 11 Standards & procedures on ICT products/ online service
- 11.1 Non-transparent technical standards
- 11.2 Self-certification limitations
- 11.3 Product screening & testing requirements
- 11.4 Deviation from international encryption standards

Pillar 10 Non-technical NTMs on ICT products/ online services
- 10.1 Import bans
- 10.2 Other import restrictions
- 10.3 Local content requirements
- 10.4 Export restrictions

Pillar 1 Tariffs on ICT products
- 1.1 Effective tariff rates
- 1.2 No duty free-tariff lines
- 1.3 Not in WTO Information Technology Agreement
- 1.4 Trade defence measures

- 12.7 Local presence requirements
- 12.8 Lack of legal framework for online consumer protection
- 12.9 Not in UN Convention of Electronic Communications
- 12.10 Not in UNCITRAL Model Law on Electronic Commerce
- 12.11 Not in UNCITRAL Model Law on Electronic Signatures

Digital trade policy compliance cost of Mongolia with RCEP



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

Limited participation in digital trade integration initiatives

- Co-sponsored WTO JSI (Ecommerce)
- Mongolia-Japan EPA – Chapter 9 (Ecommerce) establishes key principles for cross-border data flows, paperless trade, and ecommerce
- Isolate from regional digital trade agreements, increasingly deepening digital trade cooperation

What it means for Mongolia

Opportunities exist

- How to leverage digital trade for economic development
  - E.g., starting with sectors like tourism and e-commerce.
- Challenges in integrating into global digital trade
  - Distribution of digital infrastructure , low levels of digital literacy, and fragmented regulatory frameworks.
- Enhance policy and regulatory environment particularly to support small-scale innovations
- Regional cooperation and alignment with global digital trade standards are crucial for maximizing the benefits of digital trade.

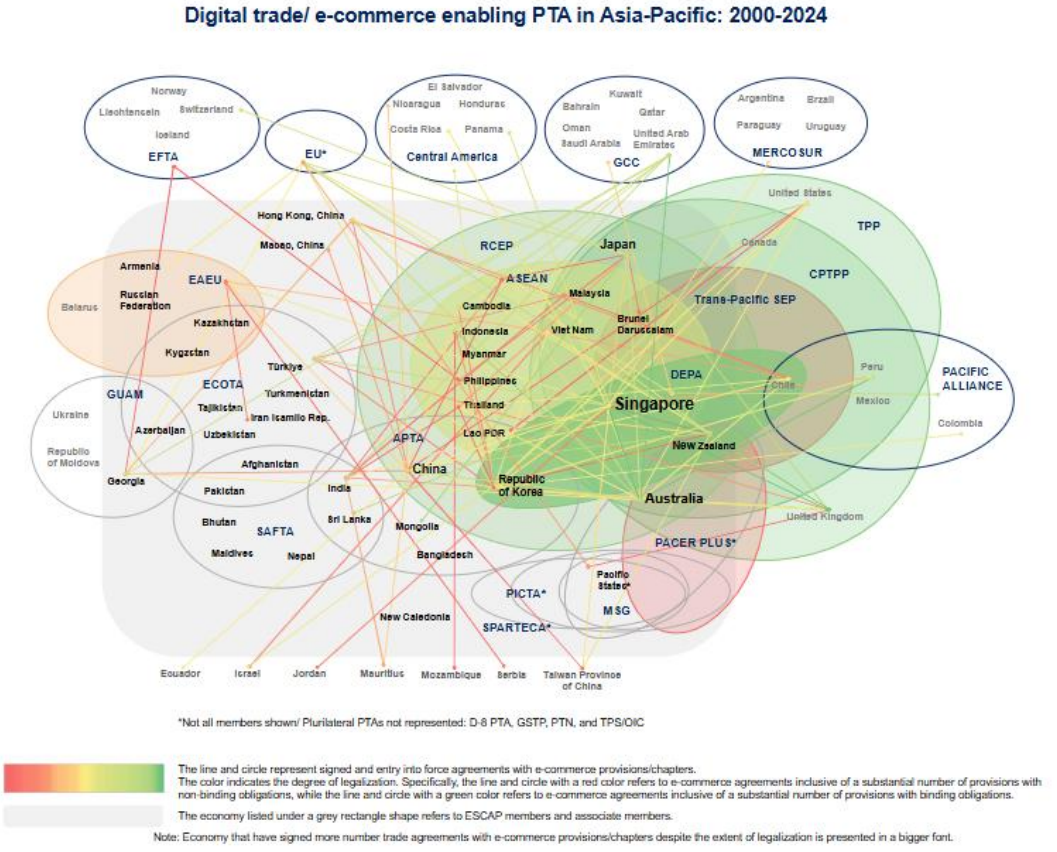
How to get ready

- Prioritize **capacity building**
- Develop **robust legal frameworks**
- Investing in **digital infrastructure**
- Regional **cooperation** and **public-private partnerships**
- Find **practical approaches**



Managing digital trade rules through trade agreements

- To embed coverage in bilateral free trade agreements (FTAs)
- To include digital services more explicitly in regional FTAs
- To create a "stand-alone" digital trade arrangement
- To create a deeper set of rules for digital trade attached to an existing FTA



Source: ESCAP (2024) https://www.unescap.org/kp/2024/preferential-trade-agreements-trends-and-developments-asia-and-pacific-20242025

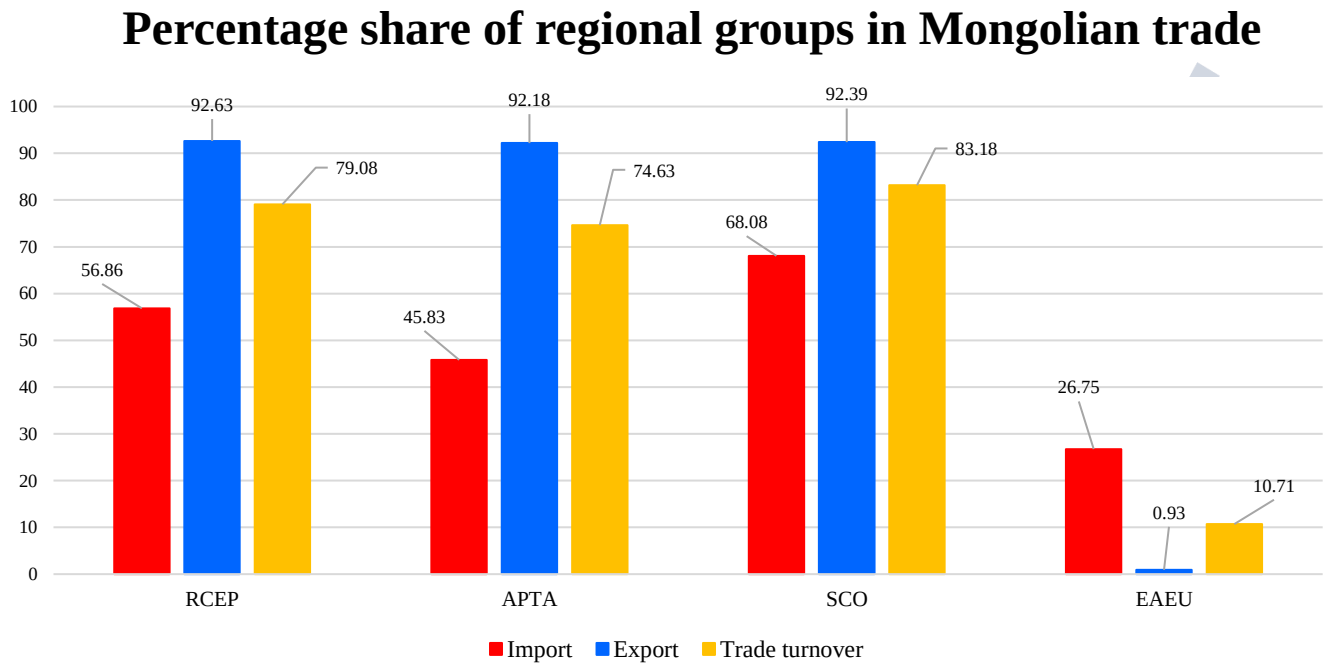
Managing digital trade integration through digital trade agreements

Topics	ASEAN E-commerce Agreement	RCEP (Ch.12)	ASEAN-Australia-New Zealand FTA (Ch.10)	USMCA (Ch.19)	CPTPP (Ch.14)	DEPA	Austrlia-Singapore DEA	WTO JSI on e-commerce (2024)	Mongolia-Japan EPA (Ch.9)	APTA
E-commerce	x	x	x	x	x	x	x	x	x	
E-commerce chapter	x	x		x	x	x	x	x	x	
Artificial intelligence							x			
Competition							x	x		
Cooperation	x	x	x	x	x	x	x	x	x	
Cross-border transfer of information by electronic means	x	x		x	x	x	x		x	
Customs duties		x		x	x	x	x	x	x	
Cybersecurity	x	x		x	x	x	x	x	x	
Data innovation							x			
Digital identities						x	x			
Digital inclusion						x				
Digital products				x	x	x	x		x	
E-trade facilitation (other, varied)								x		
Electronic authentication	x	x	x	x	x		x	x		
Electronic contracts		x						x		
Electronic invoicing						x	x	x		
Electronic payments	x					x	x	x		
Electronic signatures	x	x	x	x	x		x	x	x	
Electronic transactions	x	x	x	x	x	x	x	x		
Express shipments						x	x			
Fintech						x	x			
Government procurement							x			
ICT Products and use of cryptography						x	x	x		
Interactive computer services				x						
Internet interconnection charge sharing					x		x			
Location of computing facilities	x	x		x	x	x	x		x	
Location of financial computing facilities							x			
Online consumer protection	x	x	x	x	x	x	x	x	x	
Online safety and security						x	x			
Open governmental data				x		x	x	x		
Open internet access				x	x	x		x		
Paperless trading	x	x	x	x	x	x	x	x	x	
Personal data protection	x	x	x	x	x	x	x	x	x	
Regtech							x			
SMEs, MSMEs		x				x	x	x	x	
Source code		x		x	x		x		x	
Spam		x		x	x	x	x	x	x	
Stakeholder engagement	x	x				x	x	x		
Standards for digital trade							x			
Submarine cable systems							x			
Telecommunications								x		
Transparency	x	x	x	x	x	x	x	x		

Blue = common e-commerce provisions (e.g., cybersecurity, e-signatures, paperless trade),
Orange = moderately common provisions (e.g., open gov data, source codes),
Green = Less common promvisions (e.g., AI, digital identities, digital inclusion)

Mongolia-RCEP

- Market potential
- Built-in flexibility
  - Transition period
  - Technical assistance
  - Exception
- WTO-ECA compatible



Building digital trade integration strategy

