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National Action Plan for Digital Trade Integration of Mongolia

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National Action Plan for Digital Trade Integration of Mongolia

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National Action Plan for Digital Trade Integration of Mongolia

- Content of the draft report
  - Executive summary
  - Chapter 1. Overview
  - Chapter 2. Participation digital trade agreements: Exploration into regional comprehensive economic partnership (RCEP)
  - Chapter 3. Policy roadmap and recommendations
- Preparation process of the draft report
  - Review of digital trade situation in Mongolia
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  - Review of digital trade related laws and regulations of Mongolia
  - Comparative study of national vs RCEP digital trade related regulations

National Action Plan for Digital Trade Integration of Mongolia

Objective of the report

- 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.

Current situation

Country background

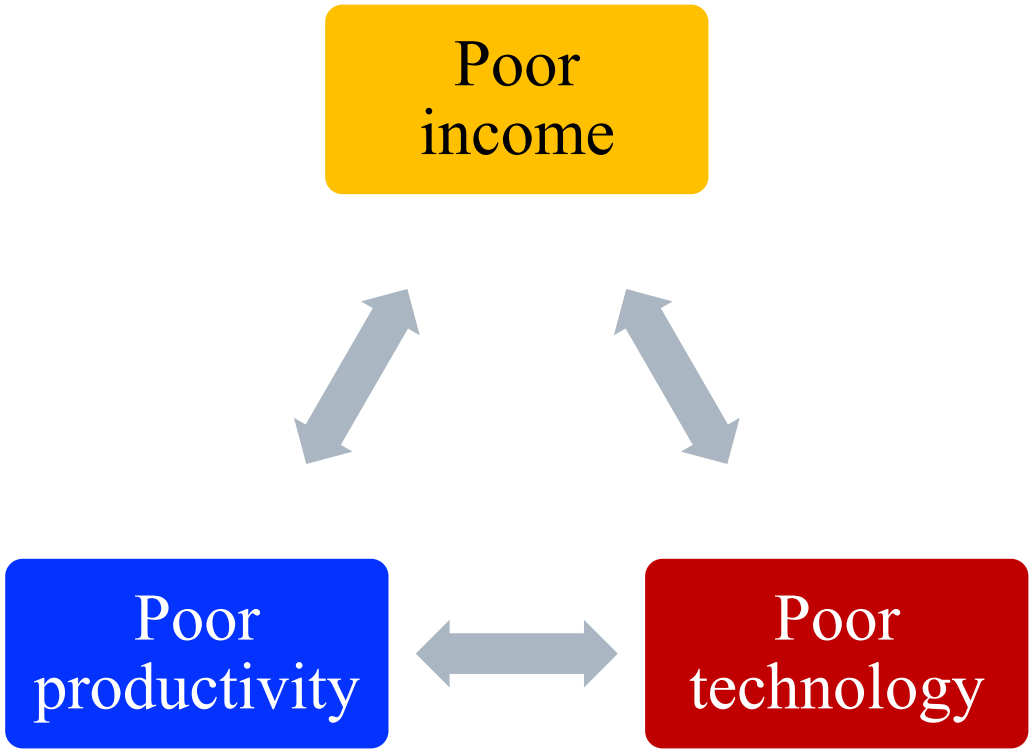
- Relatively open trade regime
- Weak economic competitiveness
  - Large share of imported part of intermediate goods and services
  - High transport cost
  - Economies of scale problem
  - Economic inefficiency
  - High production cost
- Economic dependence from mineral exports and foreign market fluctations

Reasons

- Landlockedness and isolation from world seas and main transport corridors
- Administrative organization and small rural markets
- Wast territory and high investment cost in infrastructure
- Large share of seasonal production in the country's economy
- Not diversified and dependent economic structure

Importance of digital trade for Mongolia

- Satanic circle in the economy



- Digital trade is a way (technology):
  - To reduce trade cost
  - To eliminate technical barriers to trade
  - To diversify economy
  - To sell goods, services, and intellectual property
  - To increase utilization of production capacity
  - To accelarate more inclusive growth
  - To increase quality of life

Focus areas

Strategic focus areas of national digital trade strategy

- Political commitment
- A coherent legal framework
- Digital infrastructure, data connectivity and skill development
- Regional vs global integration

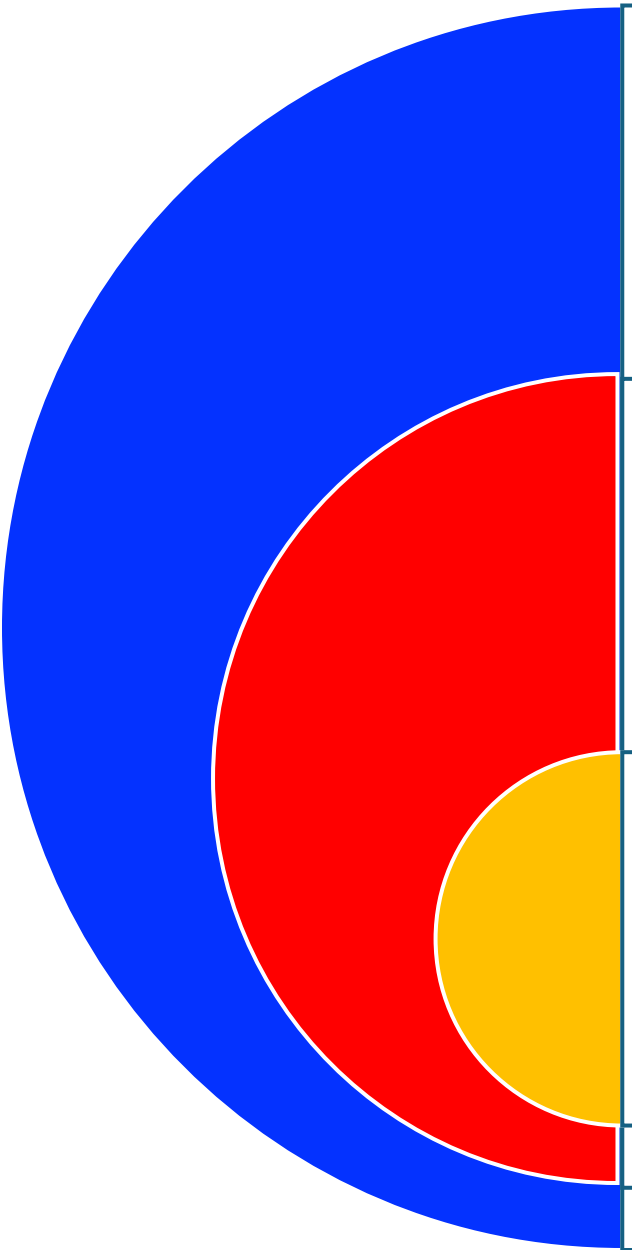
Key considerations

- Institutional development
- National capacity
- Budget constraints
- Country's existing trade and economic ties

Problems & recommendations

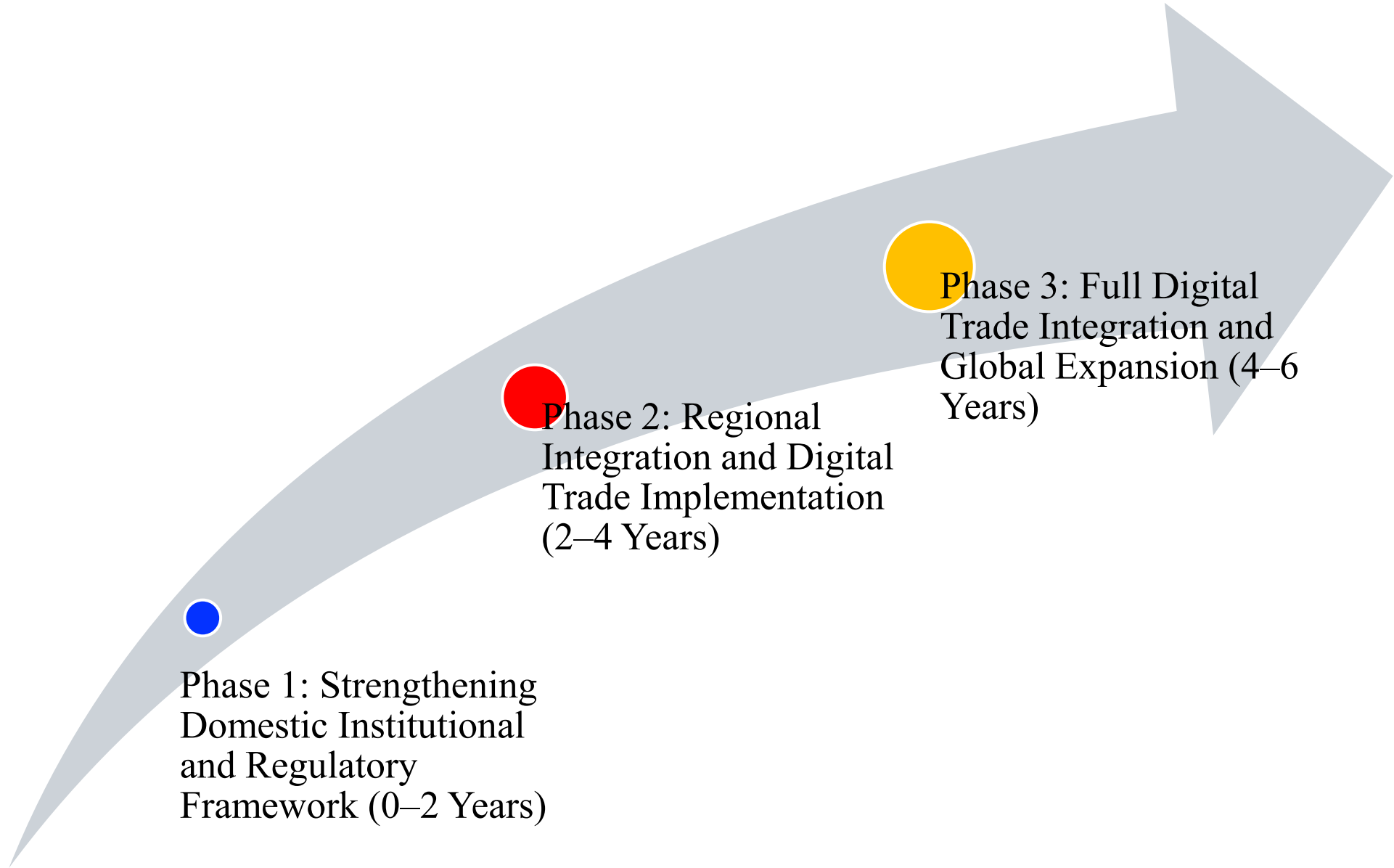
Problems	Recommendations
How Should Mongolia Strengthen Cross-Border Digital Trade Integration?	**A Phased Approach to Digital Trade Integration** To balance domestic digital infrastructure development with regional and global integration efforts, Mongolia should adopt a dual-track approach, ensuring parallel progress while prioritizing immediate and medium-term needs.
Integrated or Standalone Strategy?	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.
New Committee vs. Task Force?	**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.
Sector-specific Reforms vs. Comprehensive Digital Trade Regulatory Framework?	**Recommendation:** A **phased regulatory alignment strategy** with a cross-cutting foundation is the most realistic approach for Mongolia. Instead of pursuing isolated sectoral reforms that may overlap and create inconsistencies, Mongolia should follow a three-phase approach:
Participate in digital trade agreements vs. Focus on domestic digital trade regulations first?	**Recommendation:** A **phased regulatory alignment strategy** with a cross-cutting foundation is the most realistic approach for Mongolia. Instead of pursuing isolated sectoral reforms that may overlap and create

Vision roadmap

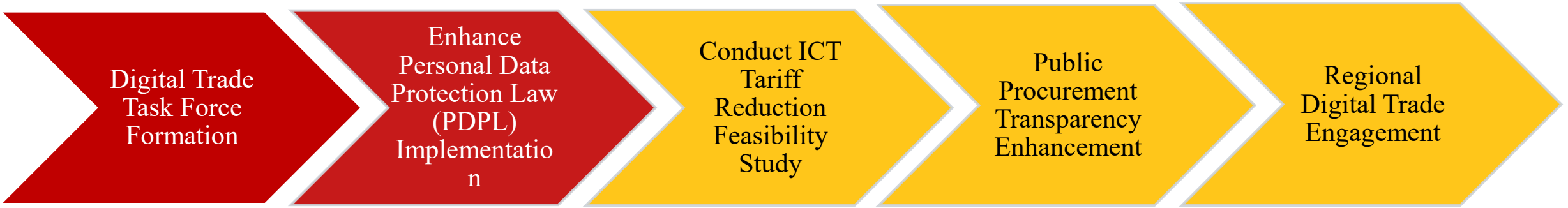


Phase 1: Strengthening Domestic Institutional and Regulatory Framework (0–2 Years) Leading organization: MDDC	• Form Digital Trade Task Force • Implement data protection and cross-border data flow policies • Align e-commerce regulations with global standards • Develop national cybersecurity framework • Begin ICT tariff reduction discussions • Engage in regional digital trade dialogue
Phase 2: Regional Integration and Digital Trade Implementation (2–4 Years) Leading organization: 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 via PPPs
Phase 3: Full Digital Trade Integration and Global Expansion (4–6 Years) Leading organization: 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



Strengthening Domestic Institutional and Regulatory Framework (0–2 Years



MDDC MED	MED NHRCommission	MF MED	SPA	MFA MED

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
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	Technical capacity-building grants from regional organizations and dialogue partners

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



MDDC MFA	GCA MED	CITA Private sector	Bank of Mongolia Private sector

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
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)



MDDC Parliament	MDDC MED	MDDC MNCCI	MFA MED

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

Thank you for attention

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