Mongolia's Digital Trade Week:

25-28 March 2025, Ulaanbaatar

Briefing MFA's Young Diplomats:

Are You Ready for Digital Trade Policy and Negotiations?



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UN ESCAP Trade Policy Activities



- Asia-Pacific Trade and Investment Reports (APTIR)
  - Produced biennially on a different theme
  - 2024: digital trade for sustainable development
  - 2023: climate-smart trade and investment
  - 2021: Non-tariff measurs and SD
- Regional Digital Trade Integration Initiative (RDTII)
  - Collection and analysis of digital trade regulations
- Asia-Pacific Trade and Invesment Trends Reports (APTITs)
  - On trade in goods and services
  - On preferential trade agreements
  - On FDI

- Committee on trade, investment and innovation
- Asia-Pacific Trade Agreement:
  - the only trade agreement including both China and India

Legislative

Knowledge

Capacity Building

- Online courses on:
  - Negotiation of Trade Agreements
  - Methods for Trade analysis
  - Trade and Sustainable Development
  - APTIR based courses
- TINA: Trade Intelligence and Negotiation Advisor and Legal TINA
  - Advanced online interface to help countries do the quantitative analyses needed to prepare for bilateral/regional trade negotiations
  - Legal TINA: Extension of TINA to support drafting of agreements – now include over 500 texts of trade agreements with AI-enhanced search capabilities



UNITED NATIONS ESCAP

Online courses – Self-paced

Trade Facilitation

Business Process Analysis for Trade Facilitation

Enhancing Trade Information Portals

Next Generation Trade Facilitation

Flagship courses (APTIR)

Non-Tariff Measures and Sustainable Development

Unleashing Digital Trade and Investment for Sustainable Development

Climate-smart Trade and Investment for Sustainable Development

Trade Policy, Analysis and Negotiation

Using R for Trade Analysis

R for mapping provisions in trade agreements

Analysing Value Chains and Trade Flows

Sustainable Development Provisions in Free Trade Agreements

Machine Learning and Text Mining for Trade Policy Analysis with R

Electronic Commerce and Digital Provisions in Regional Trade Agreements

Cross-border e-commerce for SMEs' export

Prioritizing sustainability-related products and modelling NTMs cost reductions

Comprehensive Economic Partnership Agreements

Negotiating RTAs for trade in times of crisis and pandemic

Trade and Sustainable Development Goals

Trade Intelligence and Negotiation Advisor (TINA)

Mainstreaming Sustainable and Inclusive Development in Regional Trade Agreements

Optimizing trade agreement text analysis

Services trade and services provisions in RTAs

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**

Trade-Development Models

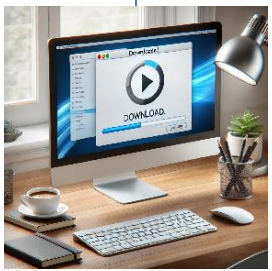
	Traditional model	Forward-looking model	Implications on new requirements
Driver of trade growth	Labor-intensive manufacturing, commodity exports	Data, digital services, AI, green technologies	Digital-driven manufacturing Green compliance Digital regulation compliance
Trade patterns	Final and Intermediate goods GVCs	Digital Trade: Digital services, ecommerce (goods and services) Digitally-enabled (Data/AI) GVCs	Reskilling Digital infrastructure Digital trade regulations (Data, AI, platforms, IP, ICT)
Trade challenges	Tariffs, SPS, TBT, ROOs Negotiating FTAs	Regulatory-based barriers: Data, platforms, IP, Online transaction etc. Negotiating Digital Trade Provisions in Trade Agreements	Align with digital trade agreements and modern regulatory frameworks

Digital trade policy

Laws, regulations, and frameworks that govern the trade of goods, services, and flows of data enabled by digital technologies



Access to Infrastructure and equipment



Digital services & Data



Cross-border E-commerce (goods and services)

Trade Policy vs Digital Trade Policy

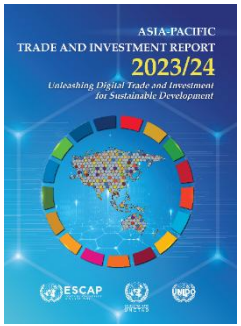
	Trade Policy	Digital Trade Policy
Scope	Regulations for cross-border movement of goods and services	Regulations for cross-border data flows, digital services, e-commerce
Negotiations	Tariffs, quotas, market entry conditions rules of origin	Cross-border data flows and digital service market access
Ex. Non-tariff barriers (NTBs)	Meat & dairy safety standards Import restrictions on coal	- Data localization rules prevent Mongolian firms from storing Chinese client data outside China - E-commerce taxes & digital payment restrictions make it harder to sell online to global markets
Trade facilitation	Customs modernization, Improves logistics, shipping, and trade documentation.	Mutual recognition of digital contract, digital IDs and e-signatures
FDI (Services trade mode 3)	FDI in infrastructure and services generally	FDI in data centers, cloud computing, digital platforms, digital services

What's negotiated: Traditional- vs. Digital Trade Agreement

Traditional trade agreement	Digital trade agreement
Tariff preferences	**Regulatory preferences**
Quota exemptions	Conditions for cross-border data flows
Customs streamlining	Mutual recognition of digital rules
Rules of origin benefits	Legal certainty for digital service delivery
Market access schedules	Inclusion in digital standards cooperation

When will digital trade work for sustainable development?

Growth	When digital trade allows businesses to expand domestically and internationally
Inclusivity	When digital trade provides opportunities to small businesses
Sustainability	When digital trade helps reduce carbon footprints and encourage eco-friendly practices



Digital trade can advance SDGs, but it is not guaranteed.

Source: APTIR 2023/24 available at https://www.unescap.org/kp/APTIR2023

What conditions are needed?

Seamless

Interoperability of systems

Harmonized regulations

Efficient infrastructure

Trust

Consumer protection

Robust data handling

Cybersecurity

Fair regulations for all sizes

Cost-benefit analysis of digital trade integration

	Potential benefits	Potential costs
Regulatory Alignment	**Harmonized digital standards** among signatories	Reduced policy space
Market Access	Lower compliance costs Less restrictions on data transfer	**Adjust domestic regulations** to meet agreement obligations Risks of fragmentation if rules diverse across agreements
Investment Attraction	Investor confidence	Upfront investment to improve legal certainty and enforcement capacity
Capacity building	Access to cooperation mechanisms – training, technical support	SMEs need additional support to comply with strengthened standards
Tax base	Encourages digital trade while preserving space for non-discriminatory taxation	Potential revenue leakage if dominant foreign platforms are not effectively taxed or regulated

Overall trends of digital trade policy

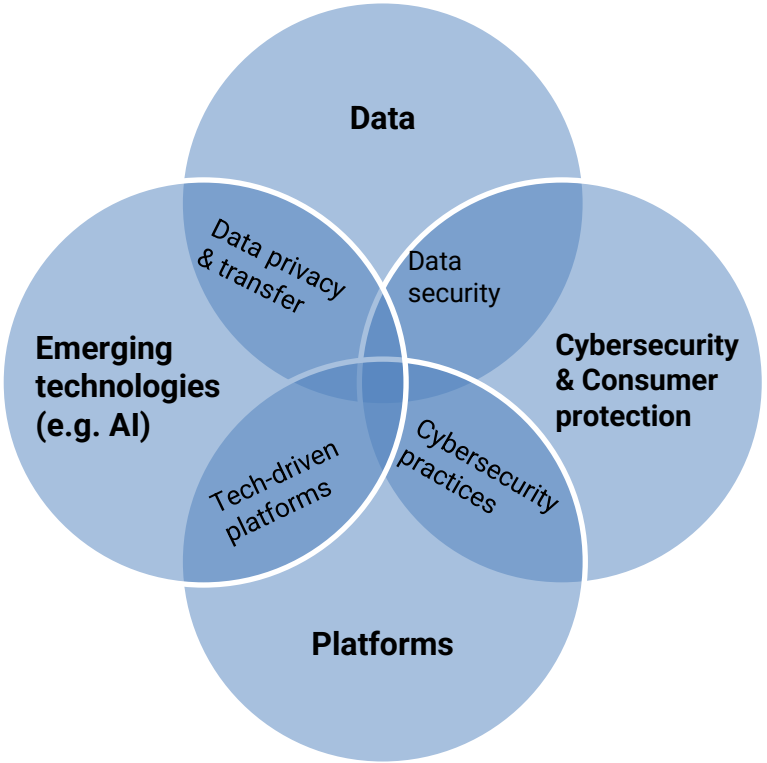
Key trends

- Tightening of regulations
- Regulatory fragmentation
- Digital trade agreements

Shared principles

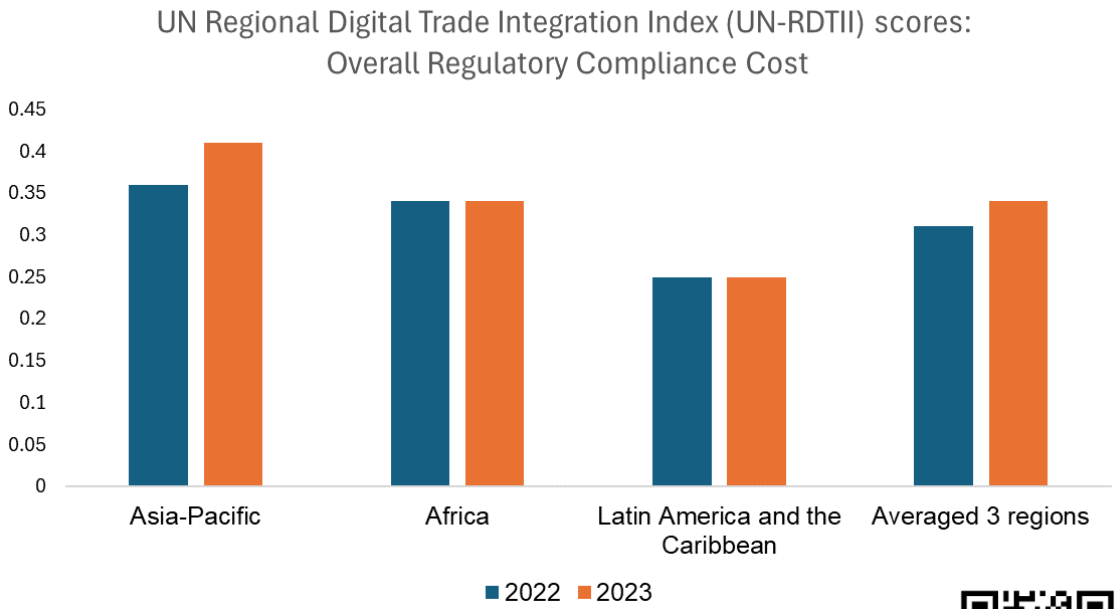
- Enhancing cybersecurity
- Protecting consumers
- Fair competition
- Interoperability
- SME inclusion

Focused areas



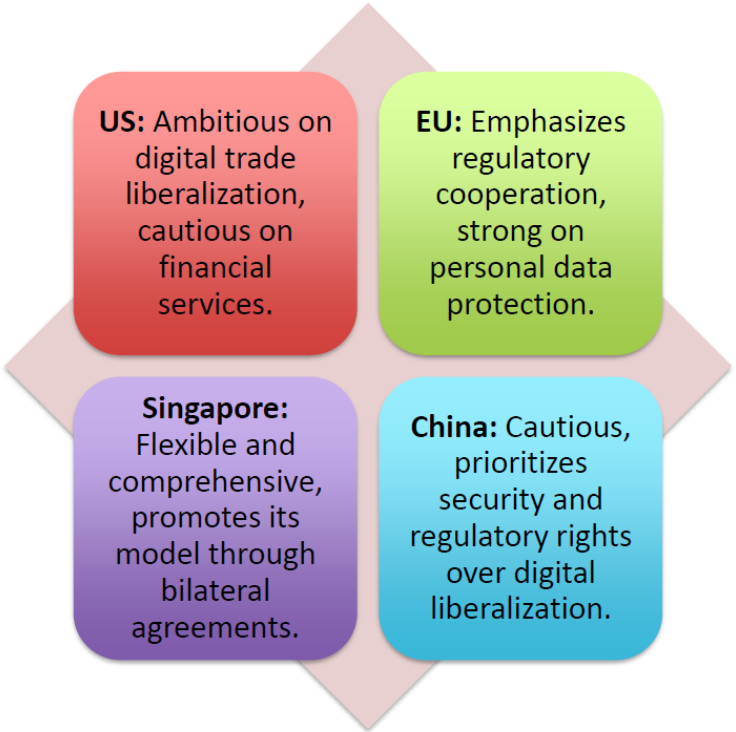
Tightening of regulations

- Stricter rules on privacy and data transfer
- Stringent cybersecurity laws
- Safeguard online consumers
- Digital service taxes
- REGTECH (e.g. AI, fintech, blockchain



Source: ESCAP-ECA-ECLAC. Digital Trade Regulatory Review 2024,

Global trend setters



Module 3: comparing approaches to e-commerce provisions using Legal TINA (min 1.20 – 5.10)

Navigating complex regulatory environment

Digital governance

- Digital trade barriers, IPRs
- Data protection and data flow
- Digital taxation

	Different focuses
EU	Safe and fair digital markets
US	Innovation and market access
China	Trade and national security

AI governance

- Safety, ethics, security
- Risk management
- Human oversight
- Transparency

	Different focuses
EU	Safety & Risk management
US	Innovation first
China	Control and security

International cooperation

- Provisions related to emerging technologies, data governance, cybersecurity, consumer protection

Ex. (USMCA, DEPA, CPTPP, Japan-EU EPA)

- Cooperation to set standards and norms

Ex. Global partnership on AI, OECD AI principles, UNESCO AI Ethics Recommendation

Digital trade integration: Mega-trends

WTO: The Joint Statement Initiative on E-commerce has made substantial progress in digital trade rules.

RTAs: Preferential regional trade agreements are now the main forum for comprehensive digital trade rule-making.

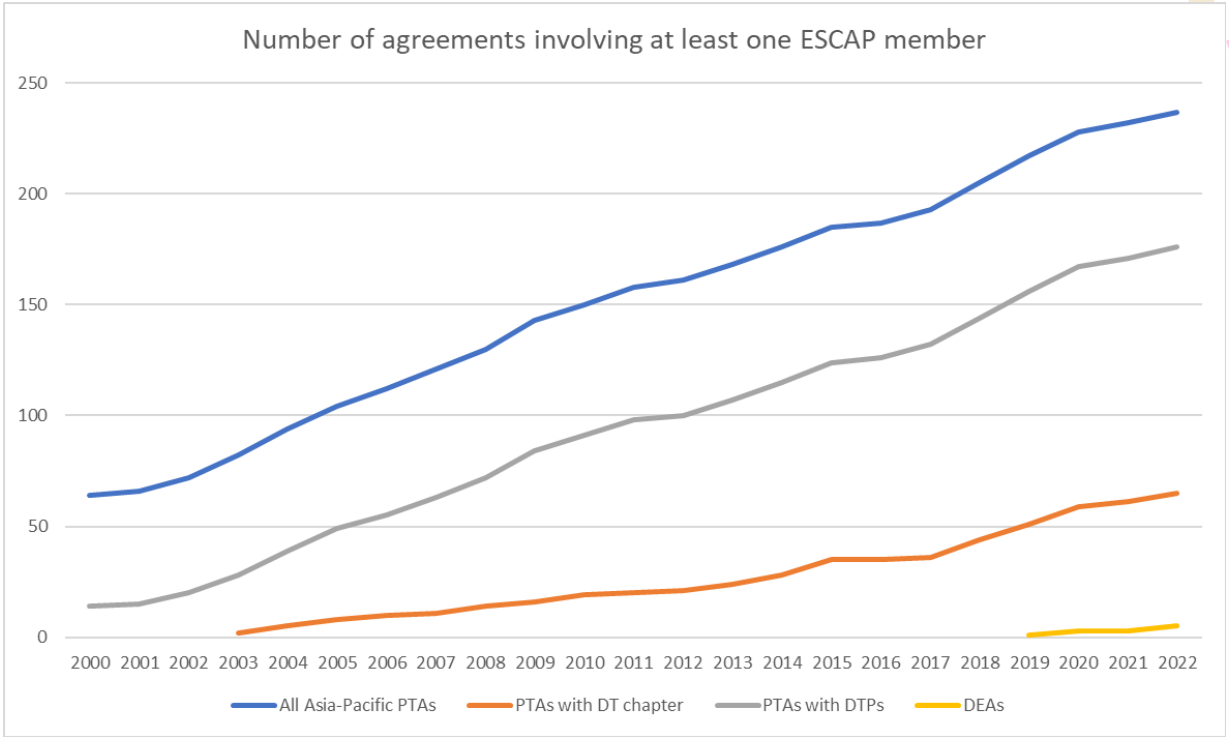
Emerging consistency in RTAs may help develop a multilateral consensus on digital trade rules.

- Businesses are driving demand for new rules that address emerging technologies and digital trade challenges.
- New stakeholders, including content creators and influencers, are influencing the evolution of digital trade regulations.
- The scope of DTAs and DEAs is likely to expand, incorporating issues like AI governance and digital identities.

Source: Sven Callebuat's presentation (2024)

Asia-Pacific trends

- 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



Managing digital trade rules through digital 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

Best Endeavor Provisions

- Best endeavor provisions allow flexibility in adopting digital trade principles, particularly for developing countries.
- These provisions guide domestic policy development, offering a pathway to align with international standards.
- Advanced economies often pursue these policies unilaterally but benefit from common principles established in DTAs and DEAs.
- Review mechanisms, like FTA Commissions, help monitor and enhance the implementation of these provisions.

Impacts of DTAs and DEAs



DTAs and DEAs promote trade in digitally deliverable services more effectively than traditional FTAs.



These agreements facilitate cross-border data flows, reduce trade costs, and enable modern business operations.



Firms value commitments to cybersecurity, free data flows, and consumer protection as key benefits of these agreements.

Thematic trends in digital trade policy discussions and negotiations

Growth of Digital Trade Standards Initiatives promoting policy coherence and harmonizing digital trading standards for the benefit of businesses, governments, and people everywhere

Digital-only trade agreements
E.g. DEPA, DEA, treaty that establishes digital trade rules and digital economy collaborations between two or more economies

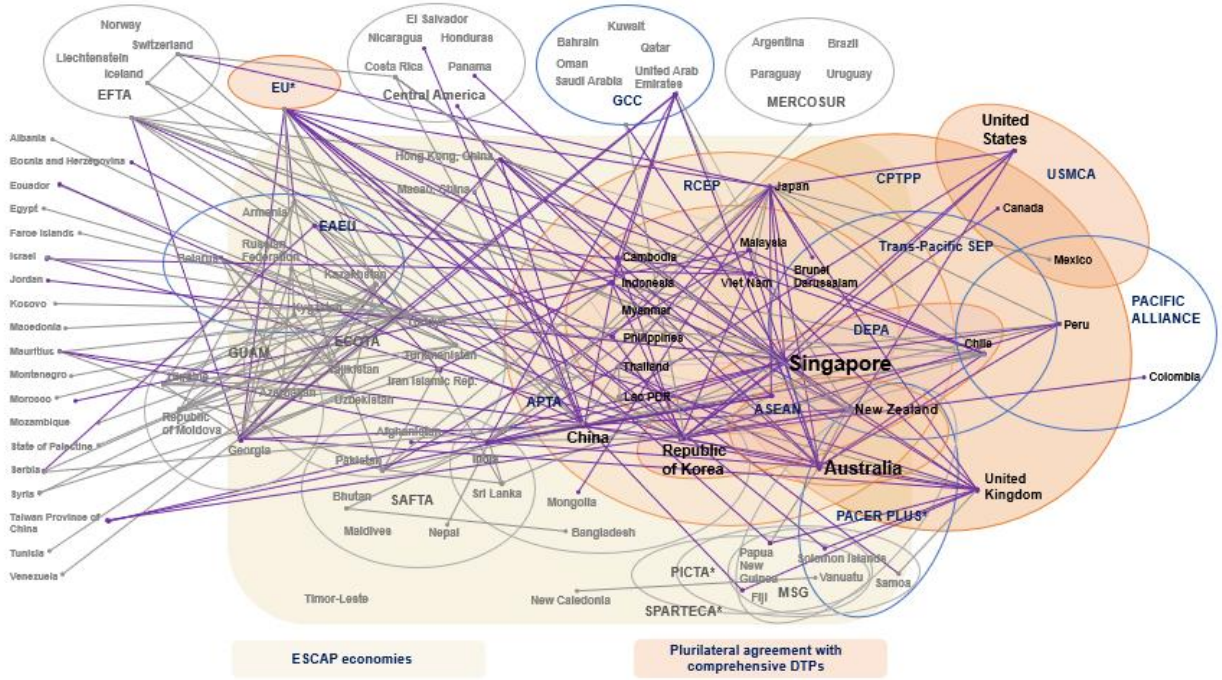
Democratization of AI
This involves using AI-based tools to spot and recognize trends, make decisions, forecast, learn, and improve

Digital Government Policy Standards for fully digital government that are Digital by design, with data-driven public sector, Government as a platform, open by default, user-driven

Building future-proof and sustainable digital infrastructure
The digital system need to be more integrated within our energy infrastructure and environment, digital to be better integrated into the energy infrastructure and spatial system, e.g. Lower Energy Acceleration Program

Source: Sven Callebuat's presentation (2024)

Asia-Pacific's noodle bowls of digital trade agreements



*Not all members shown. Plurilateral PTAs are not represented, i.e., D-8 PTA, GSTP, PTN and TPS/ OIC.

Signed and enforced agreements with DTPs

Signed and enforced agreements without DTPs

Blue circle: plurilateral agreement with DTPs; Grey circle: plurilateral agreement without DTPs.

Economy that have signed larger number trade agreements with DTPs is presented in a bigger font.

Source: APTIR 2025 (Forthcoming). Available at https://unescap.org/kp/APTIR2025

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Key Regional Agreements

Trade Agreement with EC or DT Provisions

- CPTPP: 11-member agreement including Australia, known for its comprehensive e-commerce chapter.
- RCEP: 15-member agreement including China, Japan, and ASEAN countries, with a focus on e-commerce.

Digital-only Agreements

- DEFA: Regional agreement among ASEAN Members
- DEPA: Digital Economy Partnership Agreement among Singapore, New Zealand, and Chile.

- Lots of possible ways to manage e-commerce and digital trade, but three big points usually locked into trade chapters:
  - Cross-border data flow language
  - Data localization details
  - Managing customs moratorium on customs duties for electronic transmissions

Digital trade provisions in trade agreements

Topics	ASEAN E-commerce Agreement	RCEP (Ch.12)	ASEAN-Australia-New Zealand FTA (Ch.10)	USMCA (Ch.19)	CPTPP (Ch.14)	DEPA	Austria-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)

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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		
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Open internet access				X	X	X		X		
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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	
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Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

- Significance: A key trade agreement among 11 Asia-Pacific nations that set high standards for digital trade and e-commerce.
- Scope: CPTPP includes comprehensive digital trade provisions, such as cross-border data flows, data localization ban, and protection of source code.
- Digital Provisions: The agreement promotes data privacy, consumer protection, and paperless trading, serving as a template for other agreements.
- Influence: CPTPP's digital trade rules have influenced subsequent trade agreements like RCEP, USMCA, and various DEAs in the region.

Regional Comprehensive Economic Partnership (RCEP)

- Significance: The largest trade agreement globally, covering 15 Asia-Pacific countries including China, Japan, and South Korea.
- Scope: RCEP includes an e-commerce chapter that addresses digital trade, though it is less comprehensive than CPTPP.
- Digital Provisions: Focuses on electronic signatures, paperless trading, and consumer protection, but excludes strong commitments on data localization.
- Challenges: RCEP's digital trade provisions are not subject to dispute settlement, reflecting a cautious approach by key members like China.

ASEAN Digital Economy Framework Agreement (DEFA)

Significance: DEFA is ASEAN's initiative to create a cohesive digital economy in the region, aimed at boosting digital trade and economic growth.

Scope: The agreement seeks to harmonize digital policies, facilitate cross-border data flows, and enhance cybersecurity across ASEAN member states.

Digital Provisions: Focuses on digital payments, data governance, e-commerce, and digital identity verification, promoting regional integration.

Challenges: Aligning the diverse digital regulatory frameworks of ASEAN countries and addressing varying levels of digital infrastructure development.

Digital Economy Partnership Agreement (DEPA)

Significance: DEPA, signed by Singapore, New Zealand, and Chile, is the world's first digital-only trade agreement, focusing exclusively on digital economy issues.

Scope: The agreement covers a wide range of digital economy aspects, including data flows, AI governance, fintech, and e-commerce.

Digital Provisions: DEPA includes innovative provisions on digital identity, data innovation, and MSME participation, setting a high standard for future digital agreements.

Flexibility: DEPA's modular structure allows other countries to join by committing to specific digital trade provisions that align with their own policies.

Digital Economy Agreement (DEA)

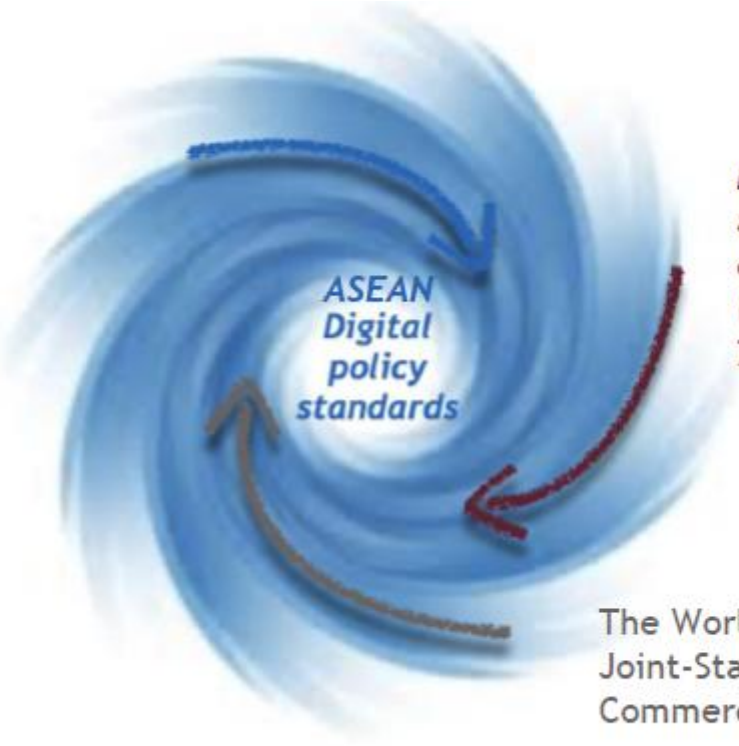
DEAs are dedicated 'digital-only' agreements with broad digital economy topics.

Include new approaches to data governance, emerging technologies, and inclusive digital economy.

DEAs offer flexibility with modular commitments and emphasize MSMEs and sustainable development.

ESCAP
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1 ASEAN's digital economy and free trade agreements; RCEP provisions on e-commerce, and digital economy and infrastructure development masterplans



Multilateral digital economy agreements (DEA) or digital economy partnership agreements (DEPA) with UK, Australia, New Zealand, Chile, South Korea

The World Trade Organization's Joint-Statement Initiative on E-Commerce

Source: Sven Callebuat's presentation (2024)

Recommendations for Mongolia

Diversify Trade Partnerships:

- Reduce reliance on traditional export markets
- Strengthen regional partnerships.
- Leverage existing (sub)regional platforms for economic integration and resilience.

Invest in Infrastructure and Trade Facilitation:

Enhance digital connectivity to lower trade costs.

Digitally implement the WTO Trade Facilitation Agreement, including through CPTA

Enhance Services Trade:

Develop capacity to engage in **digital trade and related services,** including through regulatory harmonization and cooperation.

Roles of development partners

- Enabling Mongolia's capacity to transition from traditional trade to digital trade models
  - Readiness for crafting policy and aligning regulations with international agreements
  - Participate in agreements and forums for digital trade disciplines
- Taking partnership approach: For example, EU-ESCAP-Government of Mongolia
  - via RDTII: Assess digital trade regulatory gaps to craft/implement national strategies for digital trade integration
  - Via Legal TINA: Supports preparations for negotiating digital trade provisions

Recommendations for Mongolia

Diversify Trade Partnerships:

- Reduce reliance on traditional export markets
- Strengthen regional partnerships.
- Leverage existing (sub)regional platforms for economic integration and resilience.

Invest in digitial trade Infrastructure :

- Enhance digital connectivity to lower trade costs.
- Legal reforms
- Digital trade facilitation

Enhance Services Trade:

- Develop capacity to engage in **digital trade and related services,** including through regulatory harmonization and cooperation.

THANK YOU!



Comparable regulatory data

12 Policy areas in 100+ economies in Asia-Pacific, Africa, LAC

ESCAP-ECA-ECLAC Portal



Economy profiles

Overviews of regulatory environments in various economies

ESCAP Initiative on Regional Digital Trade Integration



Regional Digital Trade Integration Index (RDTII) 2.0 dashboard

Visualization summarizing RDTII main findings

RDTII Dashboard

THANK YOU

For more information:

ESCAP-ECA-ECLAC Initiative on Digital Trade Regulatory Integration

Regional Digital Trade Integration Index 2.0: A Guide

Digital Trade Regulatory Review for Asia-Pacific, Africa, and LAC 2024

Asia-Pacific Trade and Investment Report 2023/24
Unleashing Digital Trade and Investment for Sustainable Development

Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (CPTA)

Trade Digitalization Index 2024

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