



Division for Africa, Least Developed Countries and
Special Programmes (ALDC)
UNCTAD



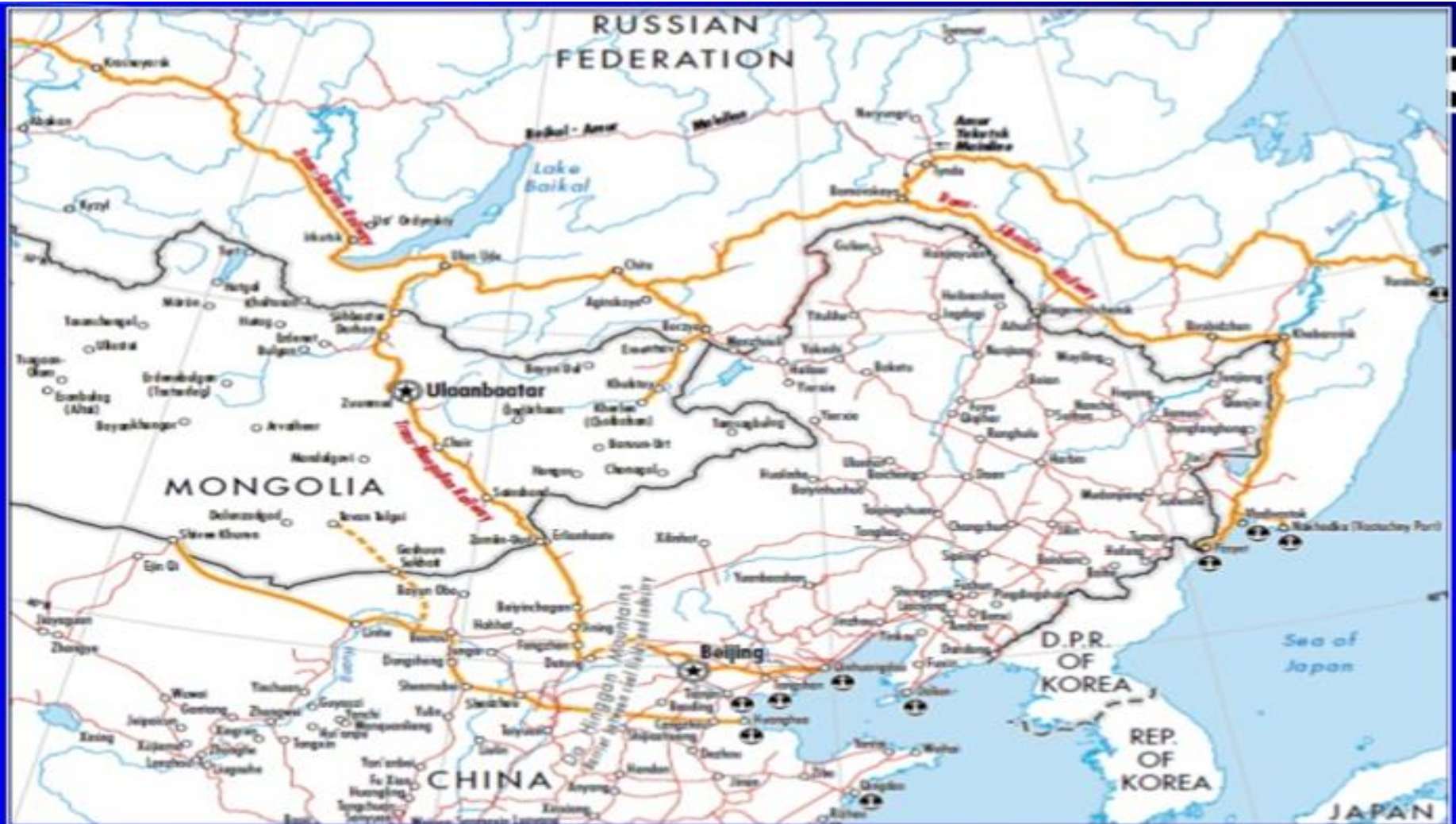
National Workshop on mainstreaming the Vienna Programme of Action for LLDCs for the Decade 2014-2024

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Mainstreaming trade and trade facilitation: policy options, challenges and opportunities for Mongolia



This presentation briefly covers...

I. Mongolia's trade structure

II. Trade facilitation and performance

III. Key challenges and opportunities

IV. UNCTAD's work on trade facilitation

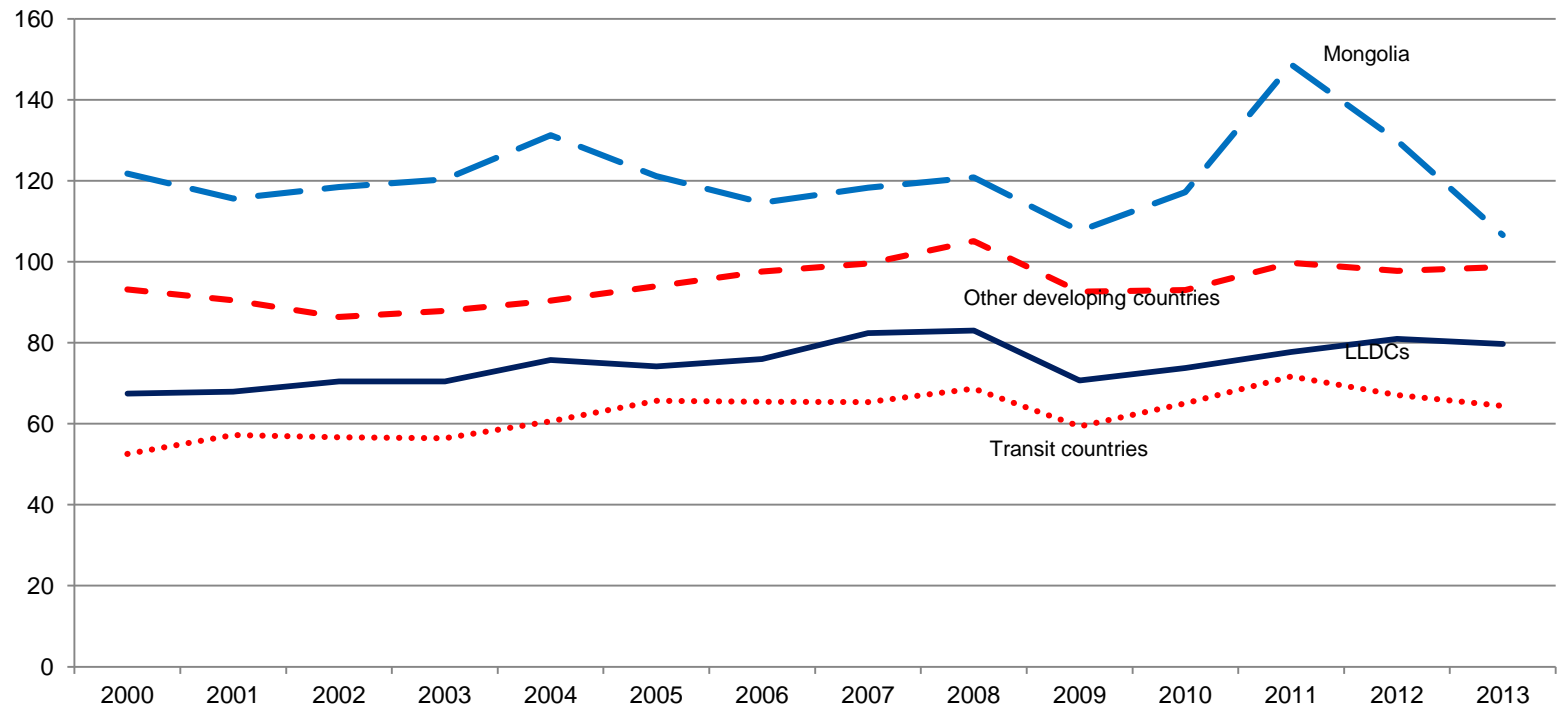
V. Policy conclusions and recommendations

I. Mongolia's trade structure or composition

- Trade is crucial for Mongolia where the trade intensity of the economy is very high
- Exports are predominantly natural resources based or commodities;
- There is heavy export concentration;
 - 3 export items account for about 70% export earnings
 - 1 export item contributes to nearly 50% of export earnings
- With the exception of PRC, Mongolia's trade balance is negative (both in goods and services)

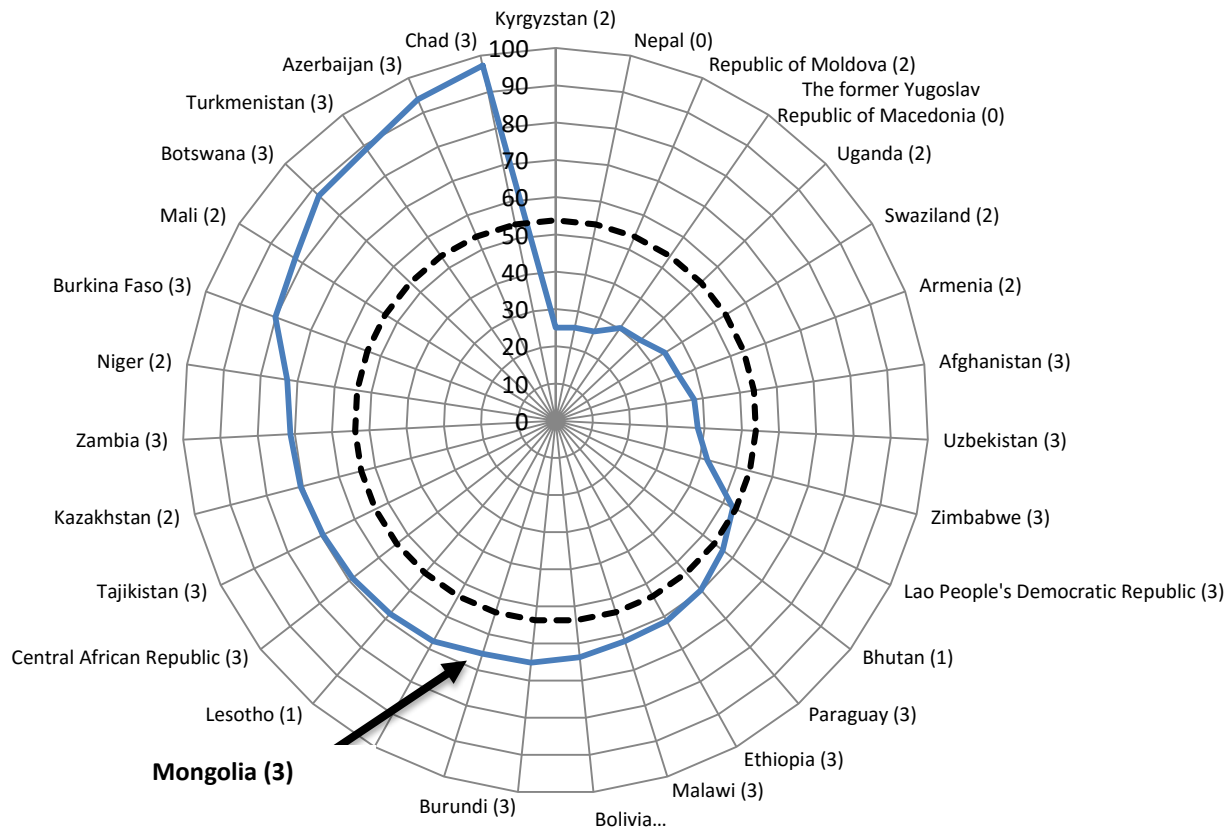
Trade openness: Mongolia and other country groups (trade as % of GDP 2000-2013)

Percent



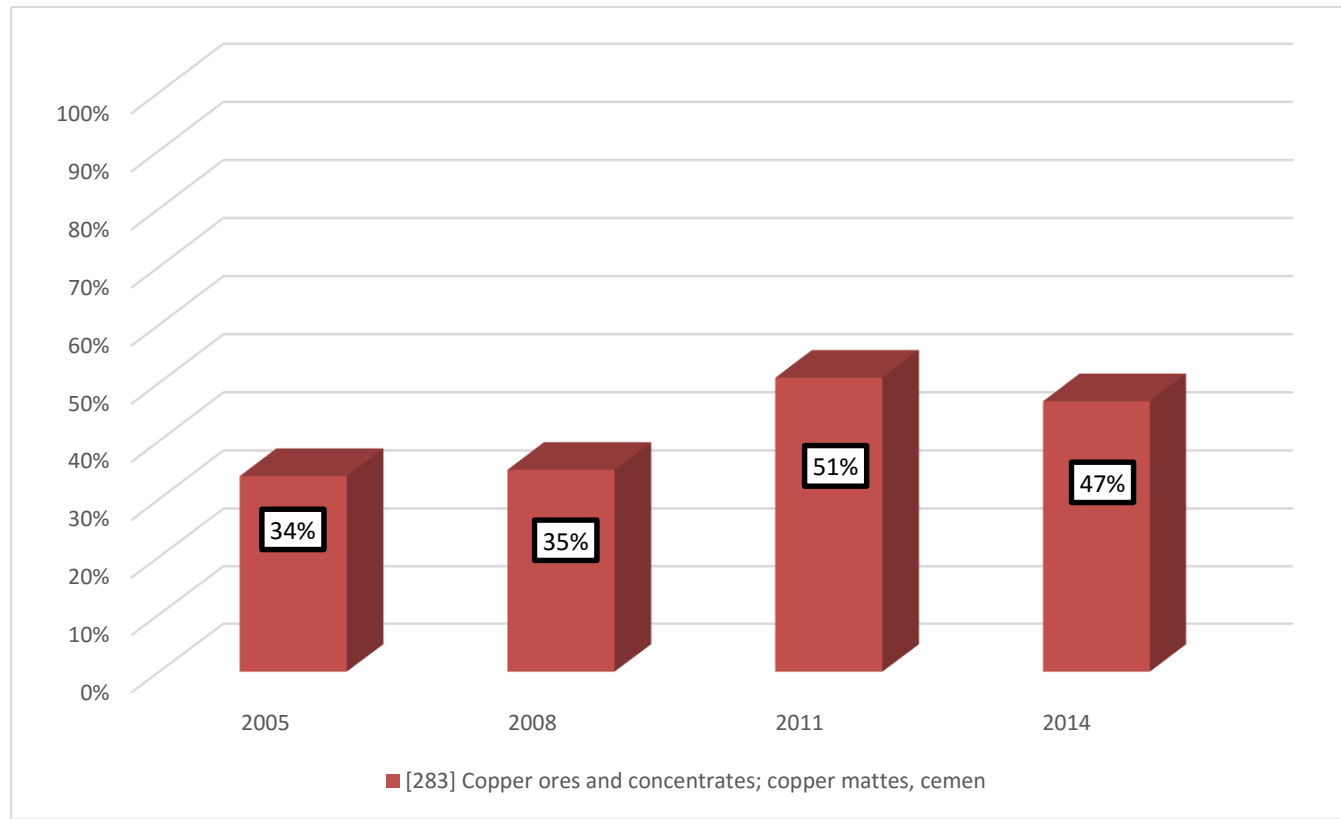
Commodity exports (2011-2015)

Mongolia Vs other LLDCs



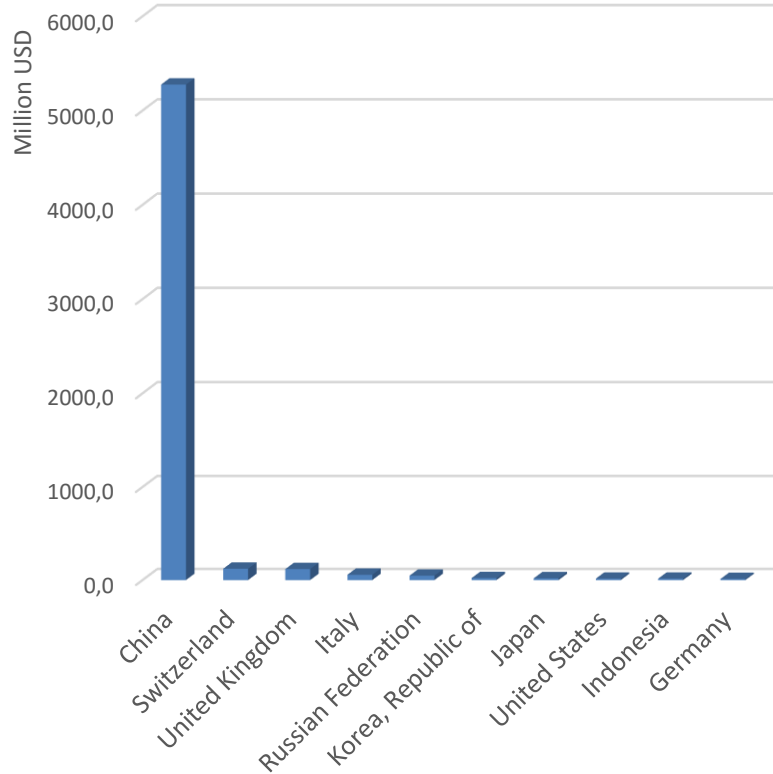
Share of one commodity in total merchandize exports (2005-2014)

Copper ores, concentrates and mattes.....

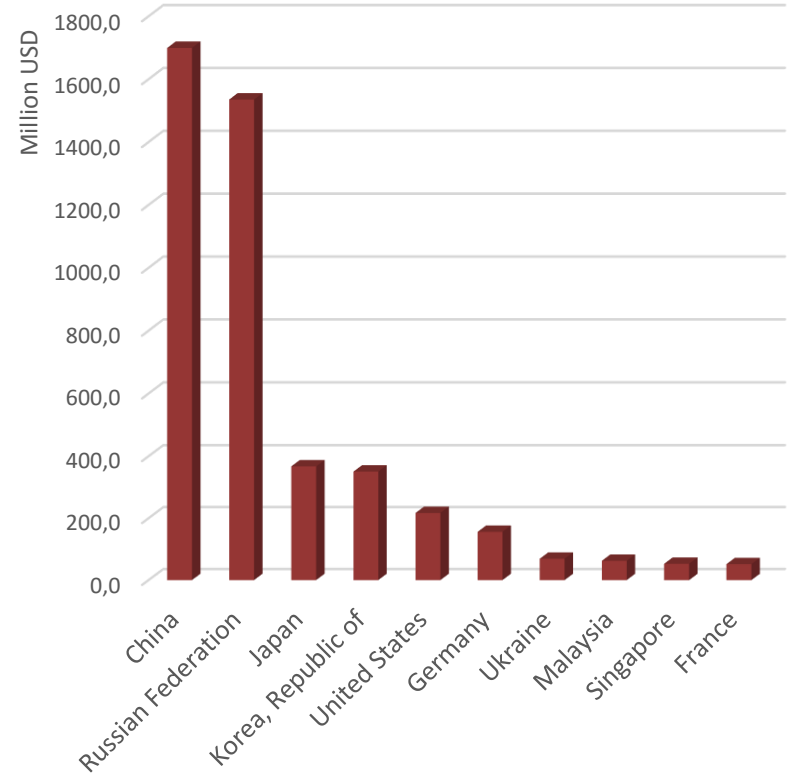


Trade by top ten partners (2014)

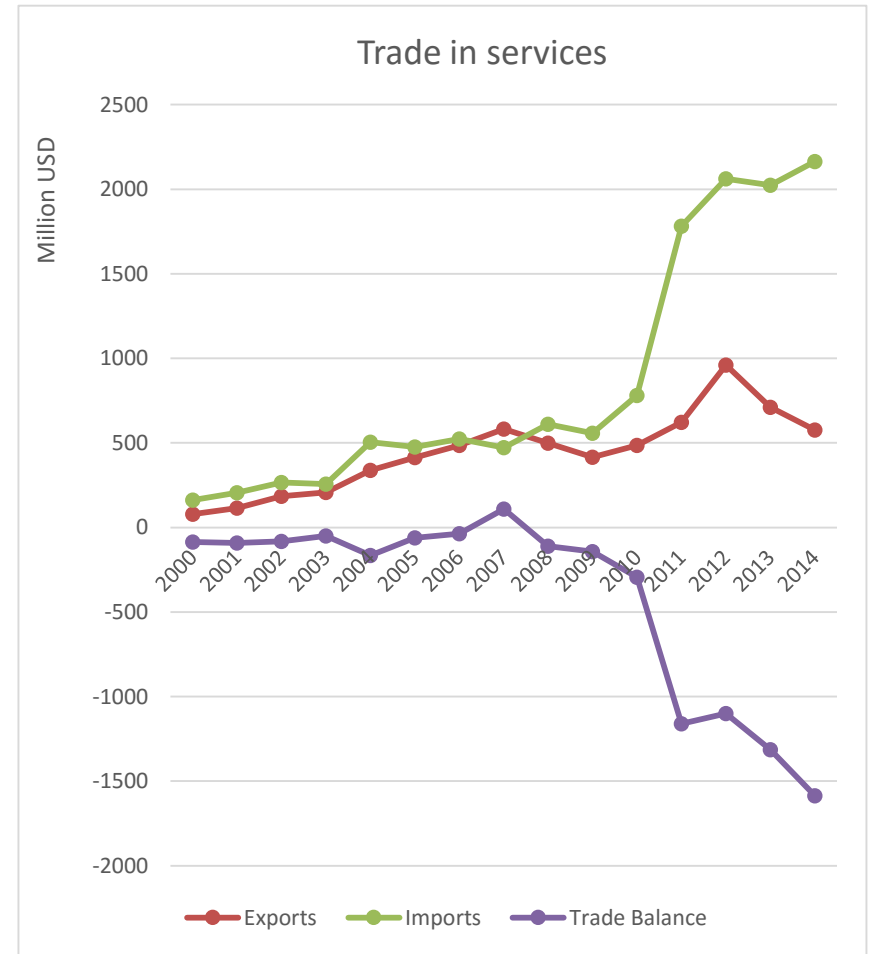
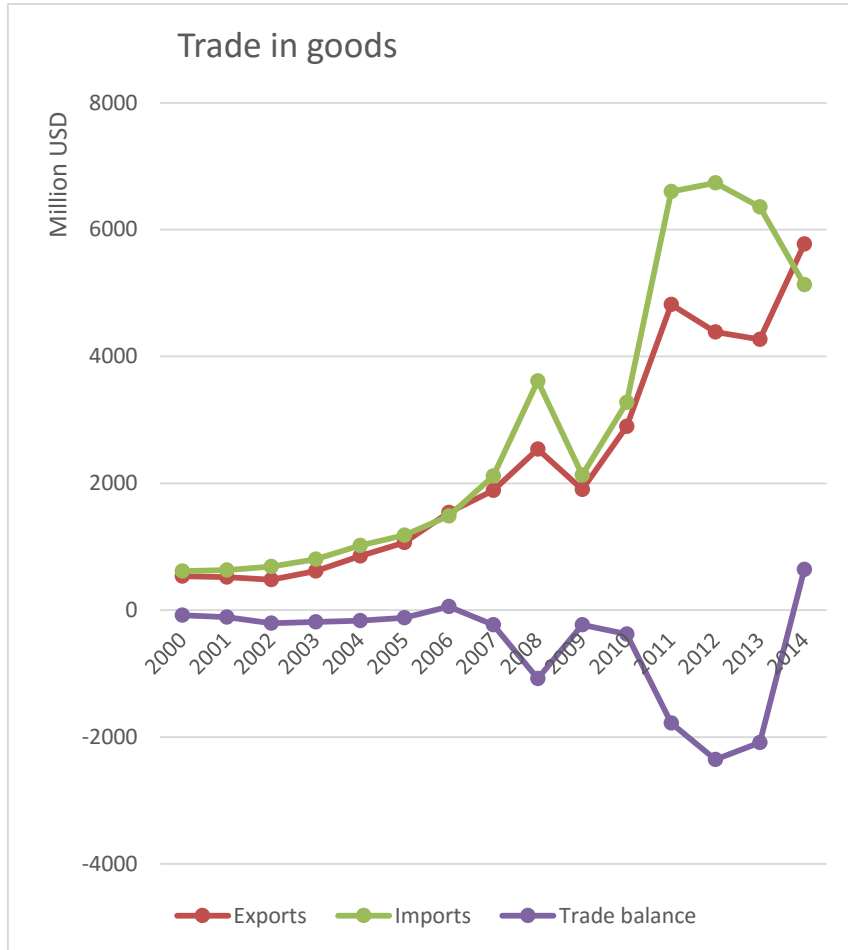
Top ten Export partners - 2014



Top ten Import partners - 2014



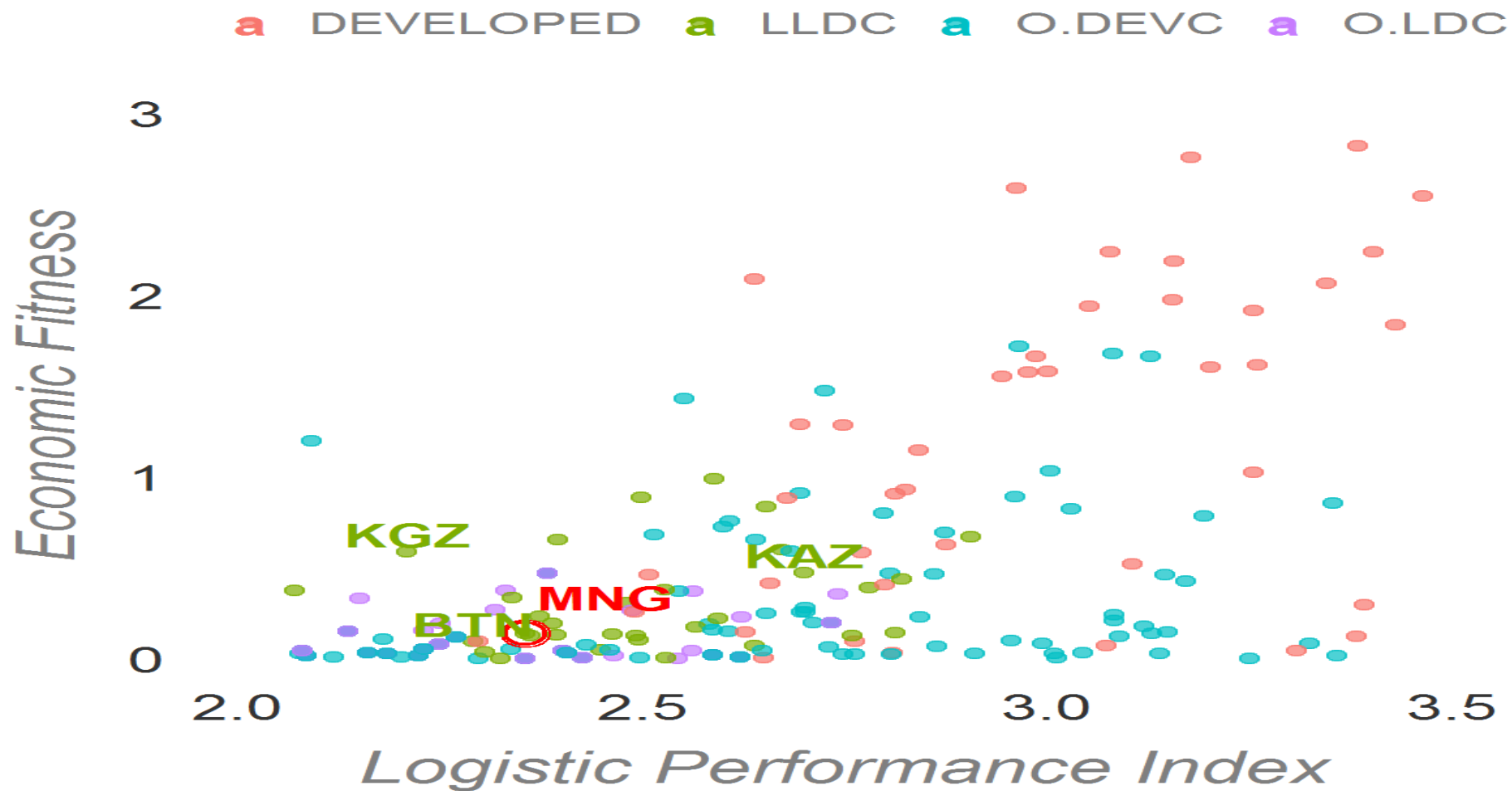
Evolution of trade in goods and service (2000-2014)



Key questions from the export structure of Mongolia

- Are natural resources wealth and being landlocked contribute to commodity dependence?
- Are assumptions that LLDCs are uncompetitive in exports of manufactures true?
- Are exports of high volume, low value primary commodities destiny for LLDCs?
- How can Mongolia improve its export competitions and trade facilitation challenges?
- ❖ **UNCTAD's perspective: Diversification and value addition remains persuasive and critical for competitiveness**

Economic Complexity Vs trade logistics



II. Trade Facilitation and performance

- Trade facilitation is critical for:
 - Enhancing export competitiveness (reduces time and cost);
 - Formalizing informal trade;
 - Reducing or regulating unofficial trade;
 - Avoiding trade distortions;
 - Enhancing regional trade and economic integration;
 - Modernizing trade, public finance (revenue) and improving security and overall governance;

Trade facilitation and ...Continued)

- Trade facilitation involves measures:
- ✓ Behind- the-border (factor productivity and changes, value addition, quality and efficiency of internal infrastructure)
- ✓ On- the-border (tariffs, non tariffs, inspection, controls)
- ✓ After- the- border (quality of infrastructure in transit and ports, inspections, regional integration)
- ✓ ICTs uses and policies
- ✓ Easing administrative burden and hindrances

WTO TFA: key provisions and significance

- **Section 1:** expeditious movement of, release and clearance of goods, including goods in transit
- **Section 2:** Special and Differential treatment
- **Section 3:** Establishment of permanent committee on trade facilitation
- ❖ Section 2: is an important component of the TFA for developing countries such as Mongolia

Section 2 of the TFA

Contains provisions that allow developing countries to self-determine

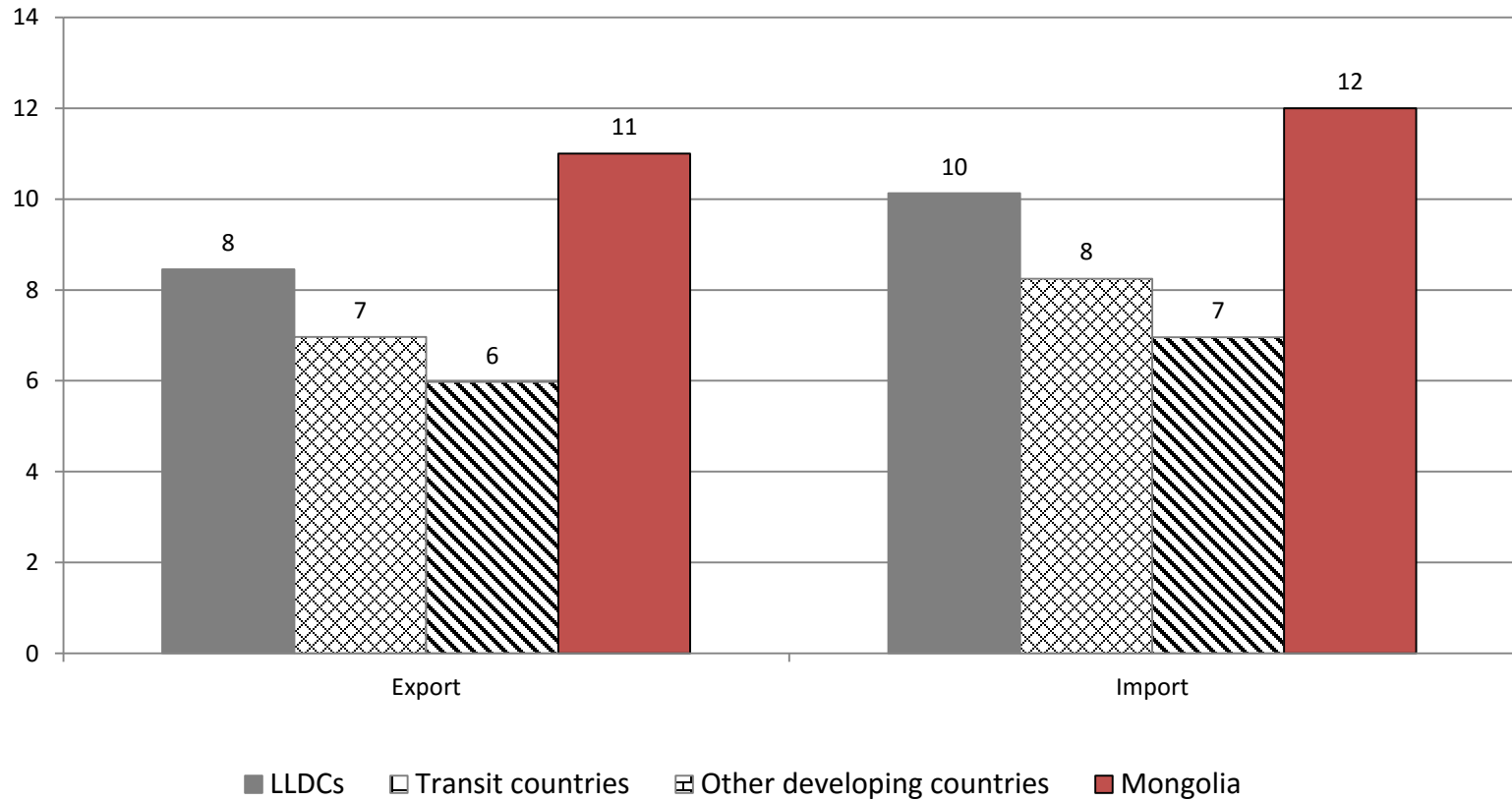
- when to implement provisions
- What can they do by themselves
- Areas where they need technical assistance

Notifications of **implementation** by member states based on categories

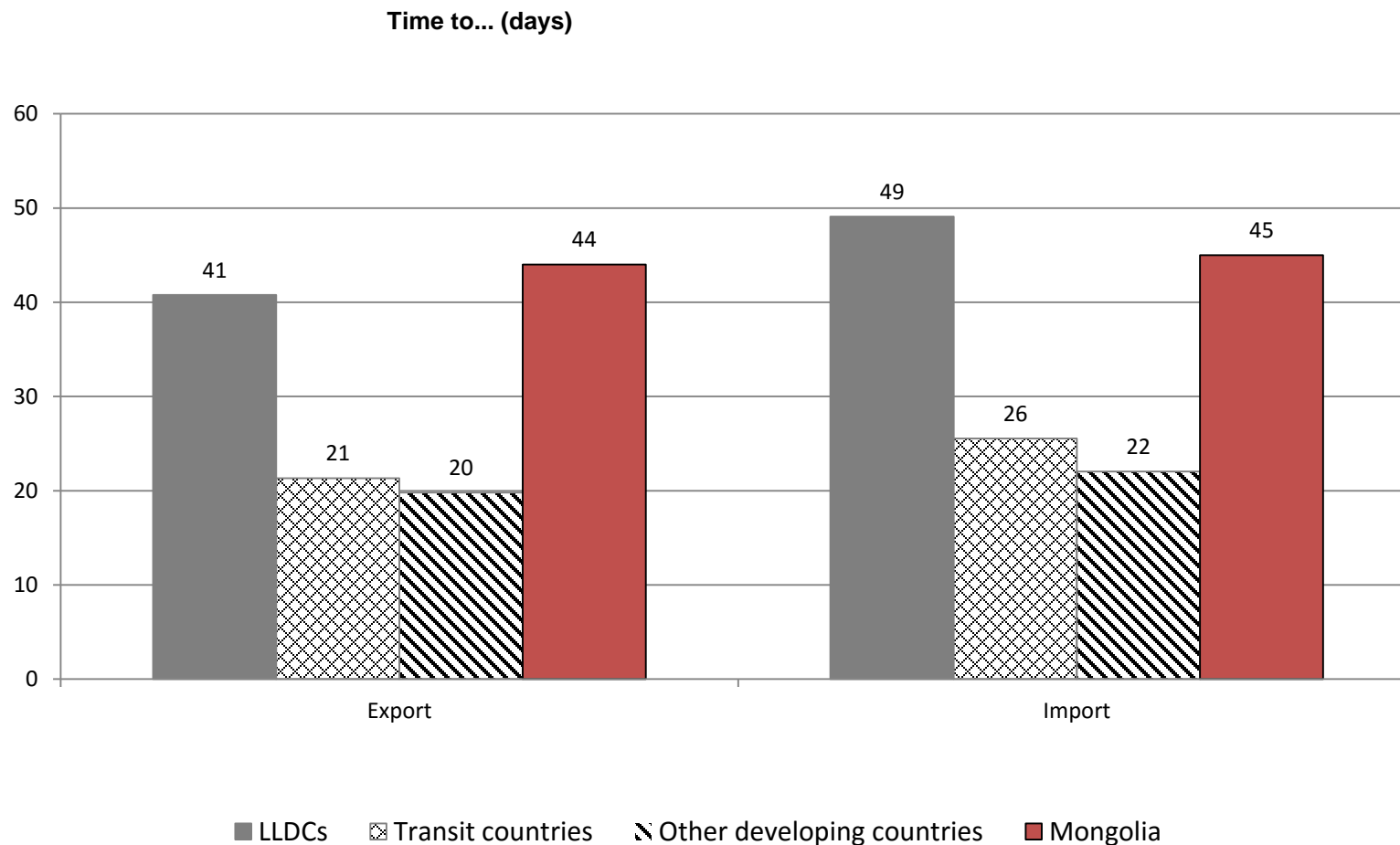
- ✓ Category A: Upon TFA enters into force
- ✓ Category B: After transition period, following entry into force
- ✓ Category C: After transition period

Comparative number of documents needed to Export-Import

Number of documents to...

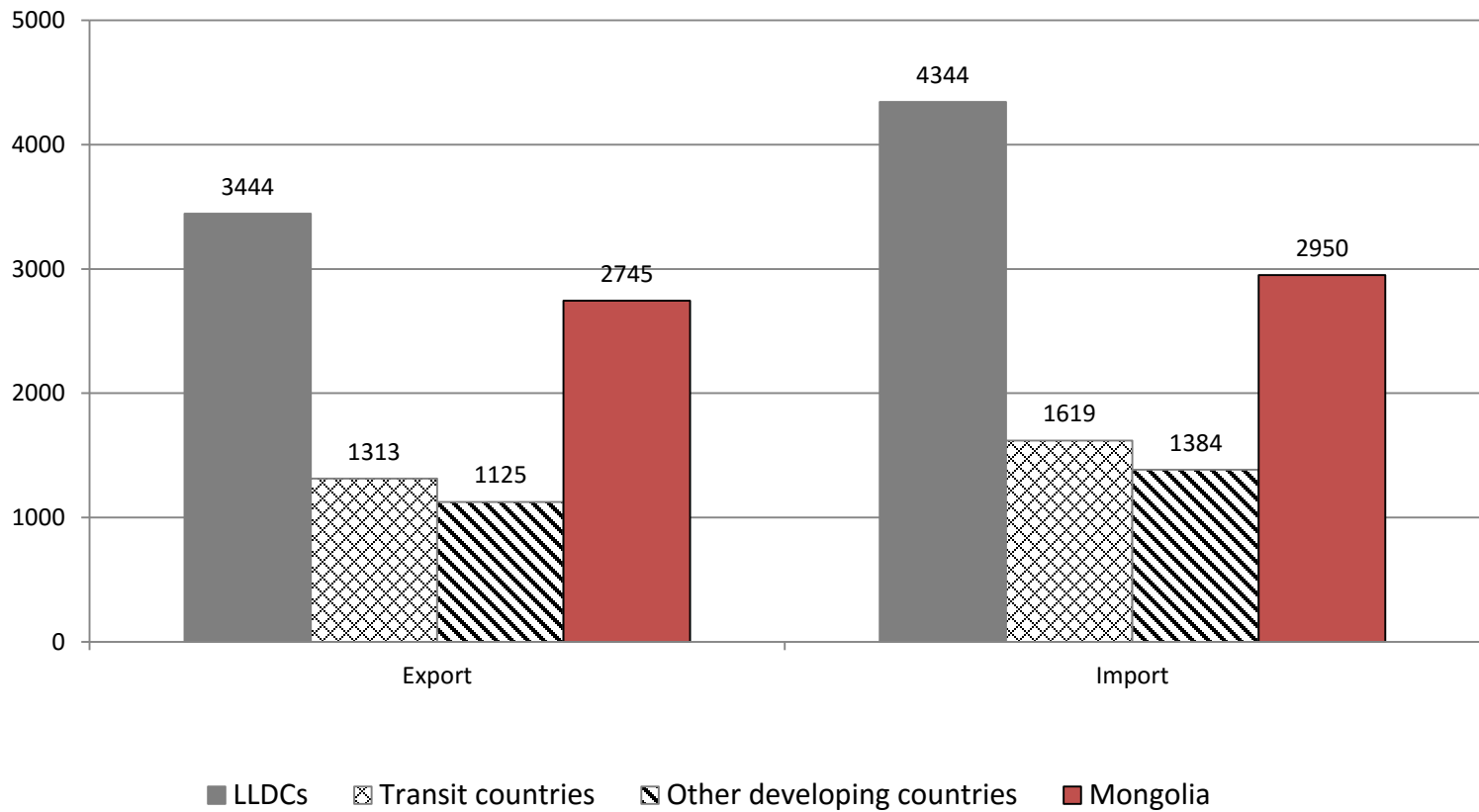


Comparative time to Export-Import (days)



Comparative cost to Export-Import (US\$ per container)

Cost to... (US\$ per container)



IV. Six areas of UNCTAD's work on TF

- i. Support to trade facilitation reforms
 - Compliance with international TF standards, rules and procedures);
 - Assist with WTO Trade facilitation Agreement
- ii. Facilitation of coordination: National TF committees; stakeholders
- iii. Customs modernization/automation: ASYCUDA
- iv. Online portals and modules on foreign trade procedures (e-regulations to help governments make TF rules, procedures, etc)
- v. TrainForTrade (to build trade efficiency and competitiveness)
- vi. Structural economic transformation

V. Key Policy messages: Short term

- ❑ Trade facilitation is crucial even more so for countries such as Mongolia.

Short-term efforts should focus on:

- Harmonization and simplification of administrative procedures, rules and regulations of TF;
- Coordination of institutions for harmonized implementation of TF reform;
- Undertaking complete and systematic trade facilitation needs for Mongolia; and
- Clearly identifying what can be done by Mongolia and areas for international support mechanisms for TF

Key messages: medium or intermediate period

- Building technical, institutional and human resources capacities for TF
- Realigning trade policies and TF reforms with overall national development policies needs to be pursued;
- Ratification of WTO TF Agreement and
- Addressing before-the -border, on- the- border and after- the- border trade facilitation challenges

Key messages: medium and long-term

- Mainstreaming trade and trade facilitation into national policies and strategies;
- Continuing negotiations on trade facilitation corridors
- Promoting regional trade integration and enhancing regional infrastructure; and
- Fostering productive capacities and structural economic transformation