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Legal alert: Mongolia acceded to the Asia Pacific trade agreement

On 29 September 2020, Mongolia acceded to the Asia Pacific Trade Agreement (APTA) as its seventh member[1] by depositing the instrument of accession after long negotiation and domestic procedures. Initially, Mongolia expressed its interest to join the APTA in 2009[2]. As prerequisite for the accession, it had conducted several negotiations with member countries (*the People's Republic of Bangladesh, the People's Republic of China, the Republic of India, the Lao People's Democratic Republic, the Republic of Korea, and the Democratic Socialist Republic of Sri Lanka*), as well as adopted the Law on Ratification of Asia Pacific Trade Agreement on 12, December 2019[3]. The Agreement will be effective from 1 January 2021.

The APTA, formerly the Bangkok Agreement, is a preferential regional trade agreement and aims to promote economic development of its members through the adoption of mutually beneficial trade liberalization measures that contribute to regional trade expansion and economic cooperation.

In 2019, the amount of exports from the member countries accounts for 89.4% of all exports to Mongolia, while the amount of imports accounts for 38.7% (Mongolian Statistical Information Service, 2020). Thus, with its accession to the agreement, it is said to create a favorable environment for the expansion of foreign trade markets, and the export products to be able to enjoy an average discount of 40 percent in the markets of China and South Korea[4]. According to the offer list of Mongolia for accession, there are 366 categories of commodities, chiefly including aquatic products, vegetables and fruits, animal and vegetable oils, mineral products, chemicals, wood, cotton yarn, chemical fibers, machinery products, transportation equipment, etc., with MFN (most favored nation) duty rate at 5%, and MOP (Margin of Preference) rate between 10 to 30%[5].

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[1] <https://www.unescap.org/apta/tariff-concessions/mongolia-accession>

[2] <https://www.unescap.org/events/capacity-building-workshop-mongolia-how-utilize-opportunities-apta-membership>

[3] <https://www.legalinfo.mn/law/details/14818?lawid=14818>

[4] <https://www.legalinfo.mn/details/1280>

[5] <https://www.unescap.org/sites/default/files/offerlist-Mongolia-Rec-on-23-oct%202018.pdf>

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