

Mongolia and the WTO: the services sector

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Mongolia in the WTO

- Member since 1997 after 6 years of negotiations
- Short for negotiations as they were taking place at the turning point in the shift to the new system
- Doha Round: the first multilateral negotiations for Mongolia
 - Major negotiations of interest: agriculture, non-agricultural market access, trade facilitation, services
- Protects the interests in the group of developing countries (G33), SVEs, RAMs, LLDCs
- First trade policy review: 2005

Commitments; the implementation

- ***Bound rate:***
 - ***average: 18%,***
 - ***specific products: 25%-75%***
- ***Implementation: 1997 – 15%, 2003 – 5%***
 - ***no quota restrictions***
 - ***license on few products***
 - ***no additional charges and fees***
 - ***simplification of customs services***
 - ***revision of laws***
 - ***export tax on few products***
 - ***no TRQs***
 - ***no price control***

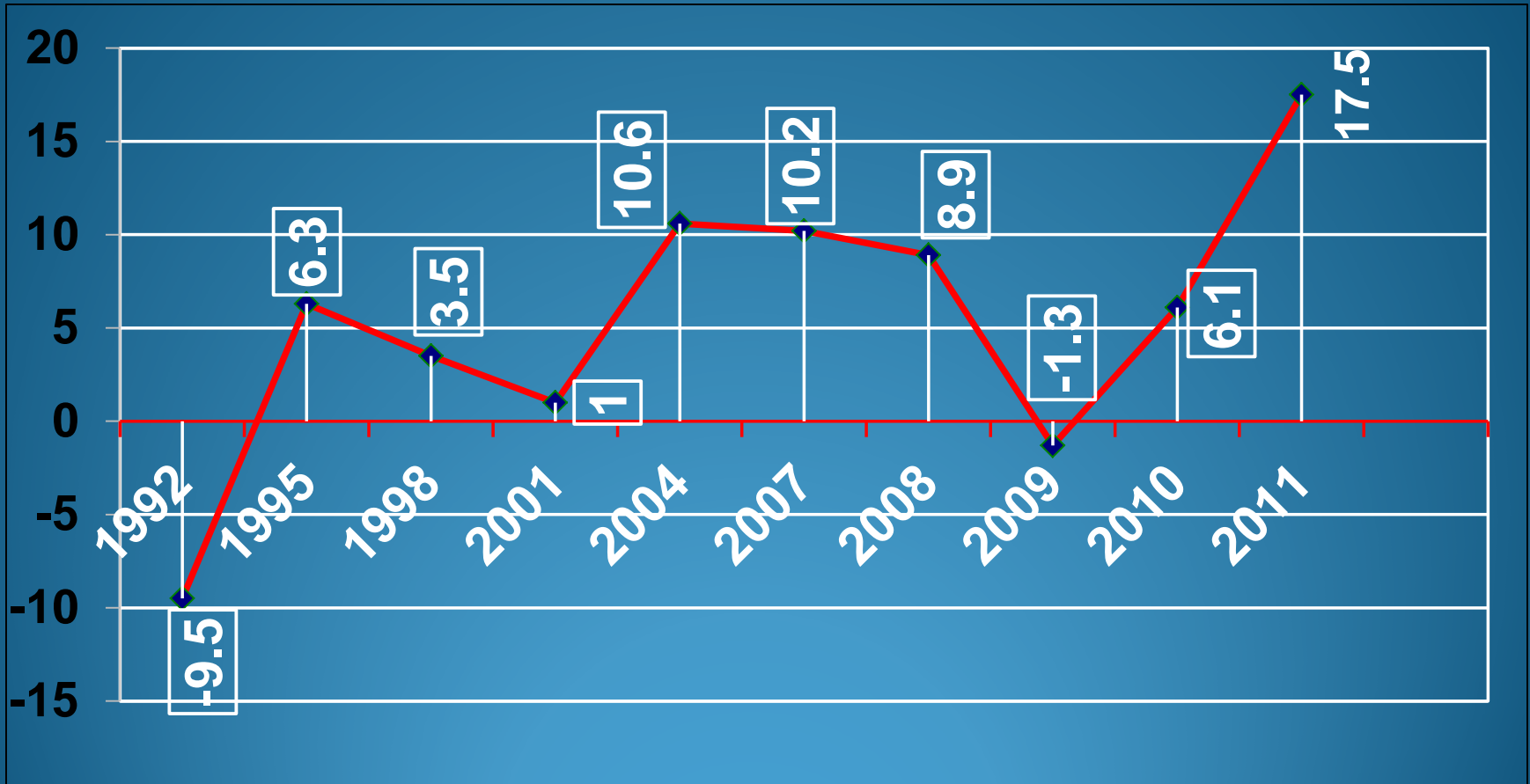
The GATS

- q **The GATS covers 12 service sectors and 160 sub-sectors.**
- q **Mongolia made commitments in 6 of the main 12 sectors and in 20 of the 160 subsectors with a coverage rate of 23.9%.**
- q **These include business services, postal and courier services, telecommunication, services, insurance services, banking and other financial services, tourism-related services.**
- q **GATS requests and offers**
 - **improvements of current commitments**
 - **requests from Mongolia to other member countries of the WTO**
 - **requests from WTO member countries to Mongolia**

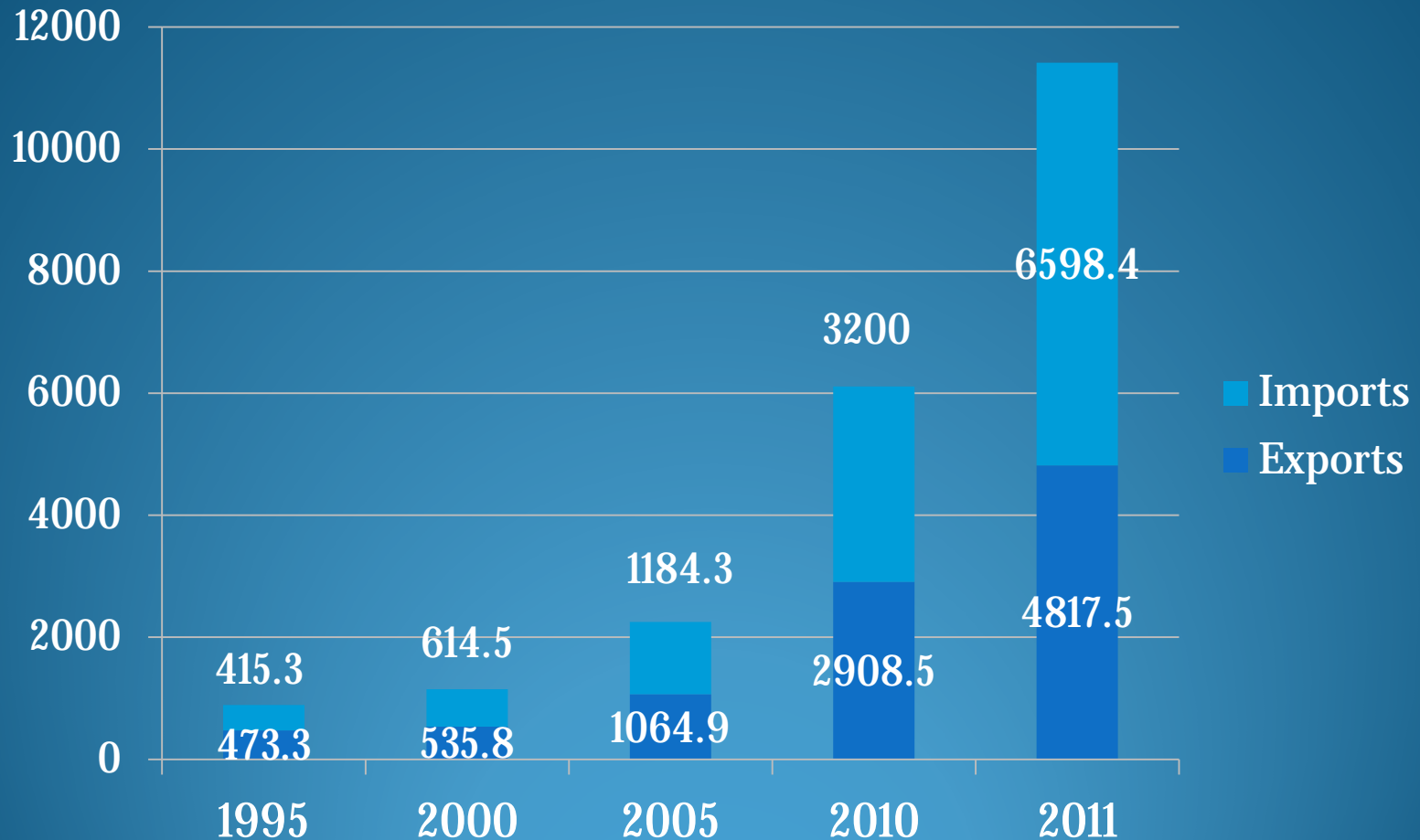
Laws Governing Trade in Services

- Ø **The Law on Special License for Businesses**
- Ø **The Law of Mongolia on the Central Bank**
- Ø **The Law of Mongolia on Currency Settlement**
- Ø **The Law on Export Labor Force and Import Foreign Labor Force and Experts**
- Ø **Other laws related to banking, postal services, intellectual property, unfair competition, etc.**
- Ø **International treaties to which Mongolia is a signatory**
- Ø **Bilateral agreements established with foreign countries on trade and economic cooperation.**

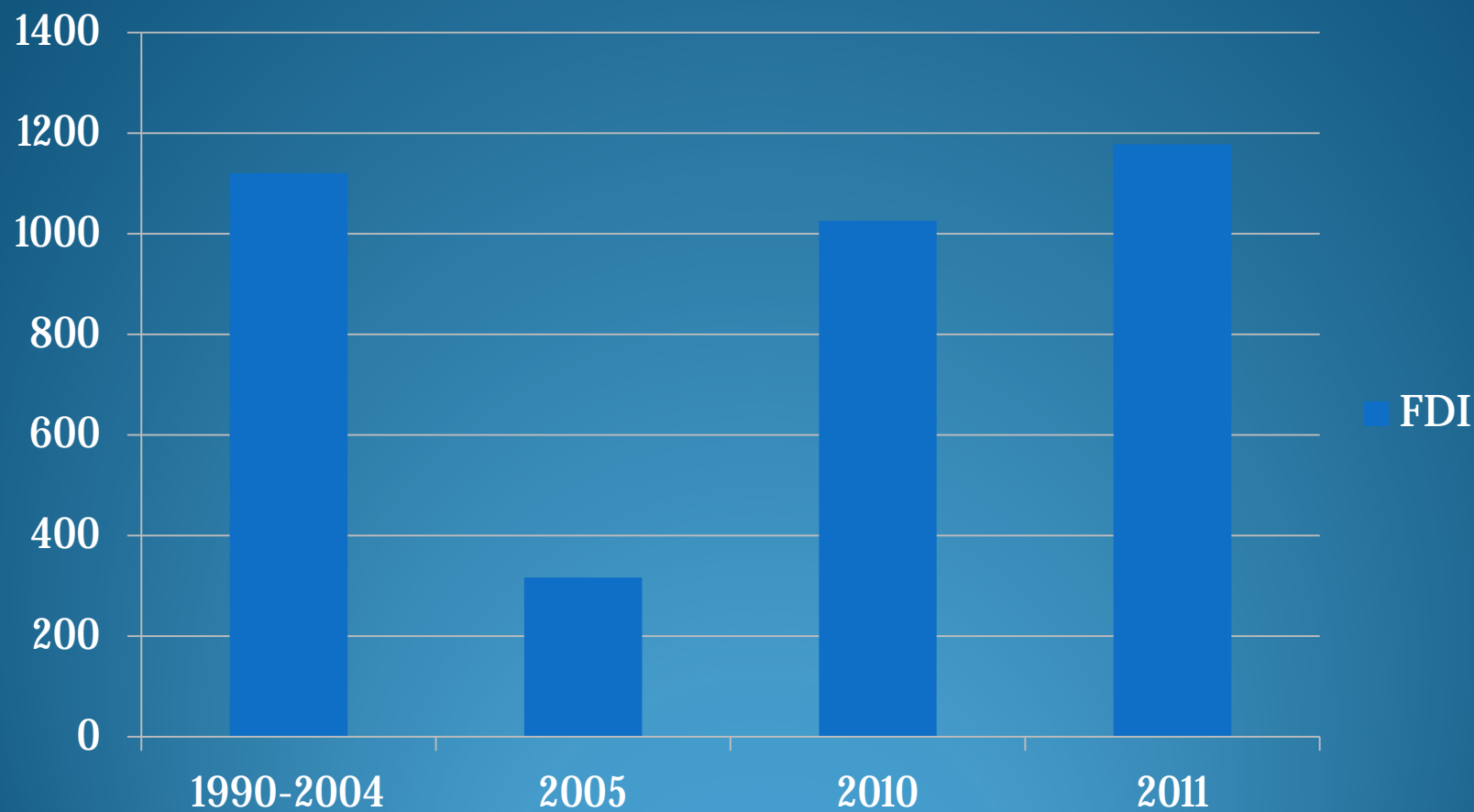
GDP growth, by years, %



Total trade (USD million)



Foreign investment, USD mil.



Services sector

- q **Services sector share in the GDP 40.9% (2011 preliminary data)**

	2008	2009	2010
GDP (bln.USD)	5,18	5,21	6,65
Services sector GDP (bln.USD)	2,06	2,24	2,71
Share in the GDP	39.7%	43.1%	40.7%

- q **Largest subsectors (2009 statistics):**

wholesale and retail trade (12.2%), transport, storage, and communications (11.2%), real estate, renting and other business activities (9.1%), financial intermediation (3.0%).

- q **Employment in services rose to 54.1% in 2009, 51.8% in 2008, whereas in 2003 it was 46.4%.**
- q **Labour productivity in services is higher than in agriculture and manufacturing.**

Benefits of membership

- *trading with Members on MFN-basis*
 - *Increase of trade volume (from USD 900 million in 1995 to USD 11 billion in 2011)*
 - *Increase of trading partners (from 14 to 140)*
 - *Increase of investment (appr. USD 10 billion) and investment sources (from 110 countries)*
- *Growth of GDP*
 - *Supply of goods (cheap imports)*
 - *Choice of consumers*
 - *Strong impetus to domestic reform*
 - *Attraction of the interests of other countries (political concern)*
 - *Participation in the global trade decision-making*
 - *Exchange of information*
 - *Opportunity to gain from technical assistance programmes*
 - *Influence on bilateral trade relations*

Lessons learnt

- private sector has to be strong
- negotiations need to be based on evidence
- take into account not only the political concerns, but foremost the economic consequences
- accession needs to be well-prepared and timely
- a proper structure and infrastructure for trade policy need to be in place

Thank you for your kind attention