

Changes in Bilateral Trade under the Mongolia-Japan Economic Partnership Agreement (Summary)

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The main purposes of this paper are to examine the establishing process of the Agreement between Japan and Mongolia for an Economic Partnership and to study the changes in bilateral trade between the two countries since its implementation. The Governments of Mongolia and Japan agreed to establish the Economic Partnership Agreement (EPA) in 2012. Following seven rounds of negotiations, the Mongolia-Japan EPA (MJEPA) was signed on February 10, 2015, and entered into force on June 7, 2016, after the completion of the necessary legal procedures in the respective countries.

This Agreement is the first regional trade agreement (RTA) concluded by Mongolia, while for Japan it is its 15th RTA. MJEPA is the result of the tremendous achievements of both the contracting parties. Since 2016, the total foreign trade turnover between Japan and Mongolia has steadily increased, but it is mainly due to the growth of Mongolia's imports from Japan. Mongolia does export a few products to Japan and exports of buckwheat and dog or cat food grew during the period owing to preferential tariff of 'zero' for these items under the MJEPA took effect since its entry into force. For instance, dog or cat food exports in 2020 were 115% higher compared with the figure in 2016.

There are insignificant changes in the structure of imported goods. Nevertheless, the 'zero' preferential customs tariff has positively impacted the goods' quality, such as the import of new tires replacing that of used ones.

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