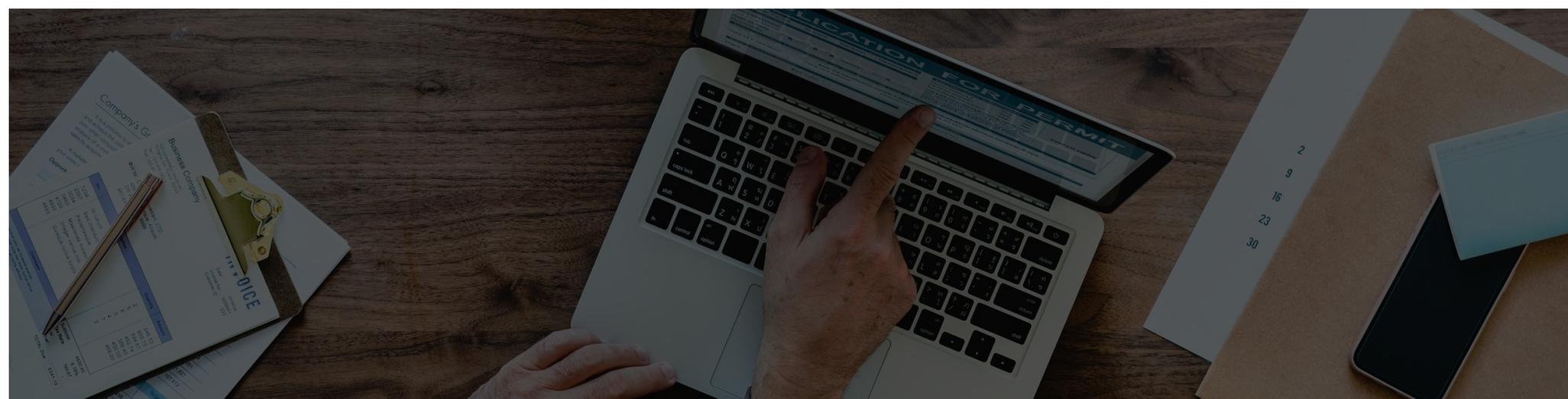


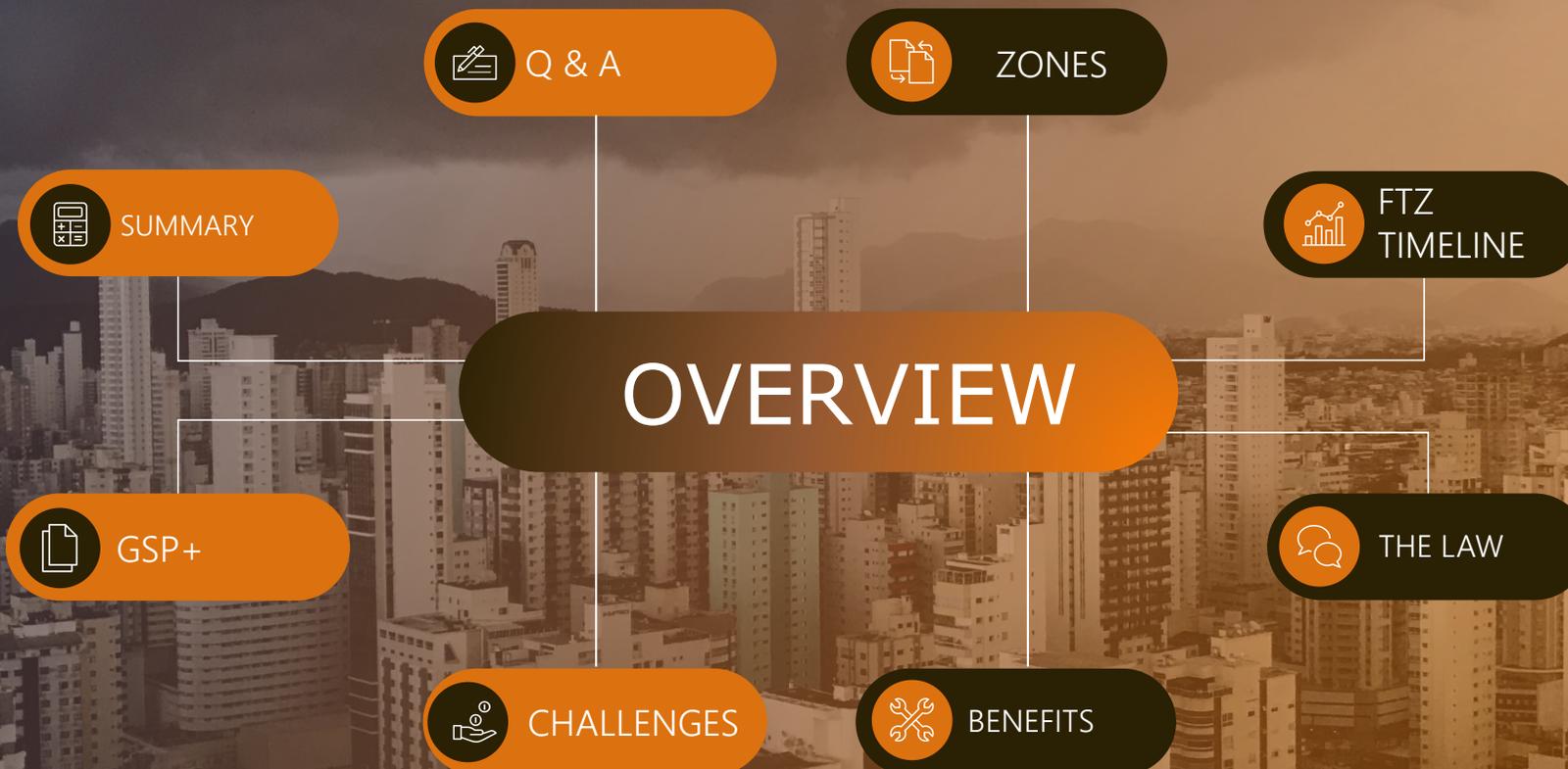


# Mongolian Free Trade Zone Benefits

By Marc Tasse



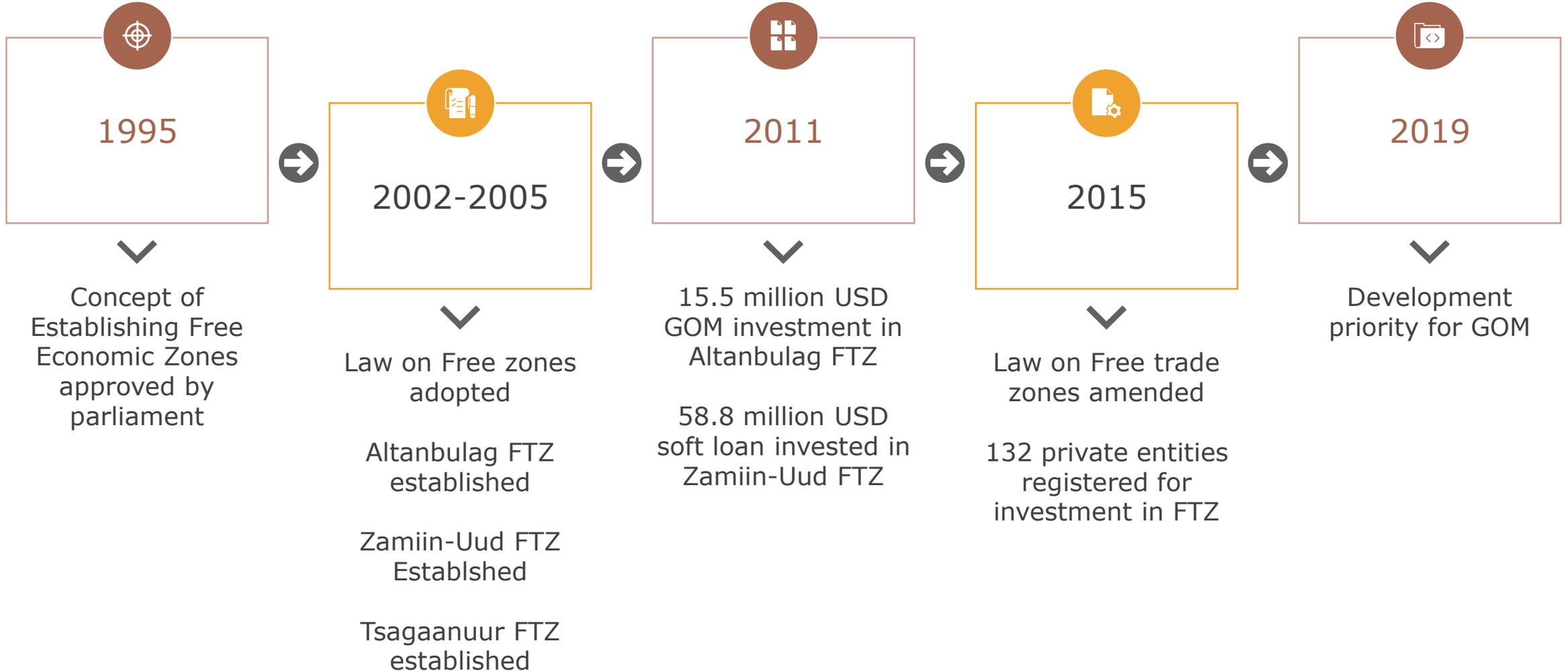
# INTRODUCTION







# Free Trade Zone Timeline



# The Mongolia FTZ Law

01

## Article 10

Special taxation in the Free Trade Zone

- Imported goods exempt from import, duties, VAT and excise tax in FTZ
- Export goods exempt from tax when leaving FTZ
- Business development of over 300,000 USD eligible for income tax credit equal to 50% of investment
- Innovation and Technology based production have 5 year corporate tax exemption
- Exemption from Immovable property tax

02

## Article 16

Special Customs Clearance in Free Trade Zones

- Simplified customs clearance for import and export products going through the FTZ
- Non-tariff restrictions won't apply for goods entering or leaving FTZ
- Businesses in zone will have direct electronic connection to customs office

03

## Article 23

Relief and Exemption from Land Fees

- Full exemption from all fees for 5 years, and 50% for next 3 years
- Infrastructure related entities have 10 year exemption from fees
- Mongolian and foreign nationals having a land use agreement also exempt

04

## Other Articles

Benefits for individuals and Business

- Special visa provisions for foreign nationals
- Up to 3 million MNT products imported duty free by individuals on approved products
- Mongolian Foreign Manpower law does not apply to free zone

# BENEFITS

## Security



- Bonding
- Facilitated customs clearance
- Direct connection to customs office



## Products



- Easier access to parts and supplies
- Made in Mongolia
- Testing and certification



## Revenues



- Tax credits and exemptions
- Deferral
- Currency flexibility
- Internal transactions



## Manpower



- Solution to skills deficit
- Training and development
- Multilingual workforce



## Third Neighbour



- Take advantage of free trade agreements
- Business intermediary
- Trade facilitator
- International partnerships



# CHALLENGES

## Security



Clarification on simplified processes

Approved products lists

Direct connection infrastructure lacking



## Products



Limited infrastructure available

Content regulations

Protocols for product certification



## Revenues



Tax credits and exemptions limited time

Deferral conditions

Internal transactions process unclear



## Manpower



Zamiin-Uud only 15,000 population

Training facilities and experts

Potential for relocation from UB



## Third Neighbour



Agreement conditions

Logistical limitations

Trade volumes

Investment climate



# Zamiin-Uud Potential Development Option



# GSP+ Linkage



## Logistics

Logistical Launch  
Points

Rail and road access  
to very large  
Markets

---

Customs processes  
not defined



## Production

Cost effective and  
Multi-lingual  
workforce

Technological  
transfer for  
manufacturing

---

Limited components  
and inputs



## Development

Take advantage of  
other free trade  
agreements

Tax and investment  
advantages

---

Long term  
investment benefits  
unclear



## Partnerships

Attract foreign  
partnerships

Openness to adapt  
to needs of investor

---

Processes in  
development

# SUMMARY

- Has been in the works since 1995, limited progress
- Several short and medium term advantages for businesses
  - Simplified customs, deferral, access to experts
- Zones not operational, needs procedures and infrastructure
  - Customs process, direct connection, sector restrictions
- Mongolia is one of 8 countries with GSP+ privileges; zero tariffs for 6000 line items, mostly textile and agriculture,
- attract potential partners and access to greater markets



We focus on improving our clients performance and profitability by improving their business efficiency and market access.

We provide:

- Project management capacity improvements
- Business and market development
- Niche market penetration strategies

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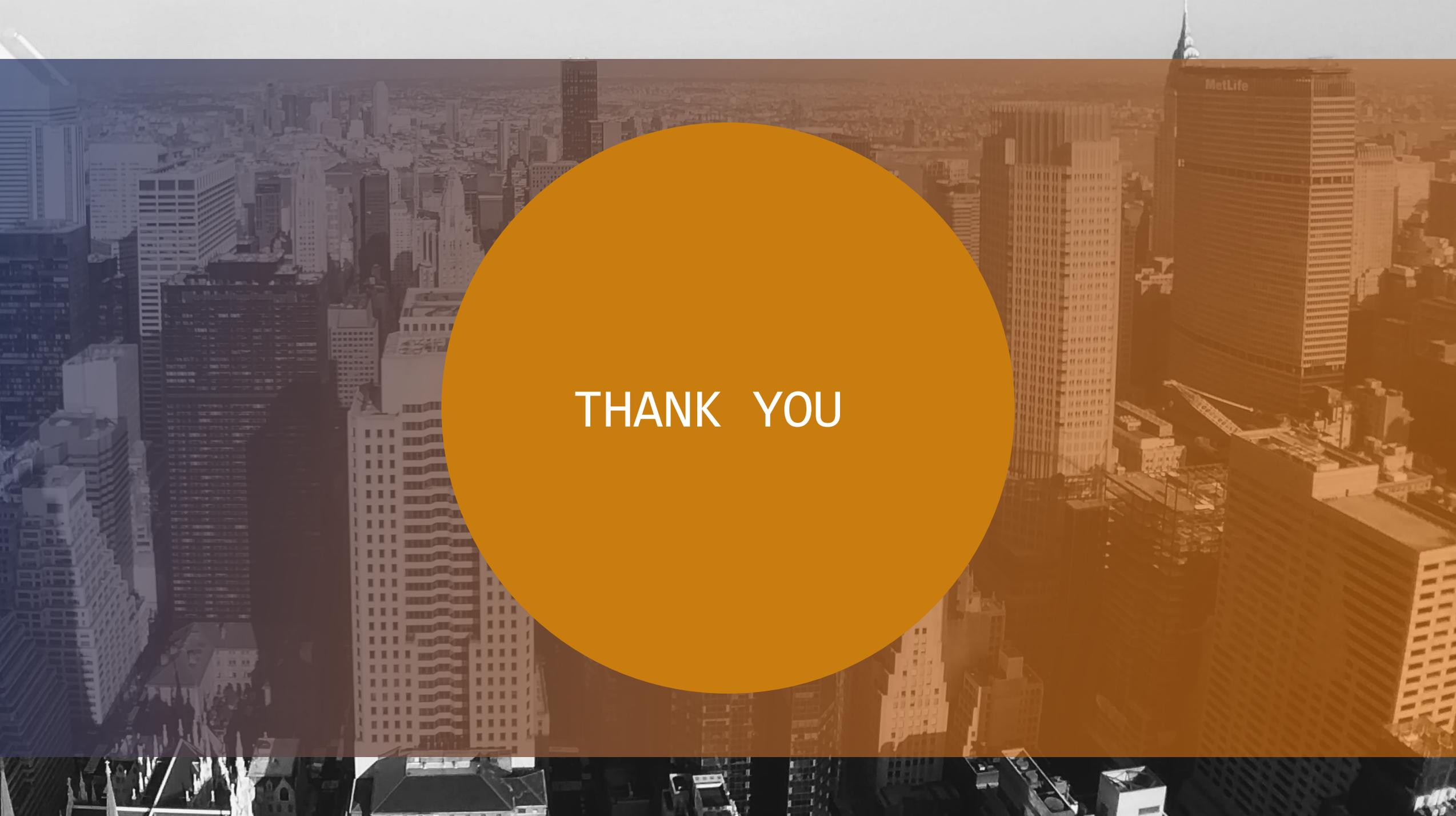
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An aerial photograph of a dense city skyline, likely New York City, featuring numerous skyscrapers. A large, semi-transparent orange circle is centered over the image. Inside this circle, the words "THANK YOU" are written in a clean, white, sans-serif font. The background image is slightly faded and has a warm, orange-tinted color palette.

THANK YOU