



LEGISLATIVE UPDATE: 2022 SPRING SESSION AND MONGOLIA'S NEW REVIVAL POLICY

We provide information on key legislative changes introduced during the previous Parliamentary session and legislation to be discussed and approved during the current spring Parliamentary session.

1. NEW LAWS ADOPTED DURING THE 2021 AUTUMN SESSION OF THE PARLIAMENT

During its 2021 Autumn Session, which ended on 18 January 2022, the State Great Khural of Mongolia (the “**Parliament**”) adopted 16 new laws, amended 234 laws, repealed 6 laws and ratified 5 international agreements.

Below we highlight the key laws that may be of interest to business entities.

On 17 December 2021, Parliament adopted the Law on the Protection of Personal Data (the “**Personal Data Protection Law**”), the Law on Electronic Signature (the “**Electronic Signature Law**”), the Law on Cyber Security (the “**Cyber Security Law**”), the Law on Transparency of Public Information (the “**Public Information Law**”) and the Law on Virtual Asset Service Providers (the “**Virtual Asset Service Providers Law**”).

Save for the Virtual Asset Service Providers Law which became effective on 24 February 2022, the laws will become effective on 1 May 2022.

Although the Personal Data Protection Law will repeal the current Law on Personal Secrets which was adopted in April 1995, the law is considered to be the first comprehensive legislation on the protection of personal data given that the current law is rather old and provides brief regulation. The new law aims to regulate the protection of personal data and defines key terms such as personal data, sensitive personal data, data controller and processor, genetic and biometric information and stipulates the conditions for the collection, processing, and use of different types of personal data.

The Public Information Law will repeal the current Law on Information Transparency and Right to Information which was adopted in June 2011. Under the new law, public information is classified as public, restricted and closed and requires that 68 types of information are made publicly available by five types of organizations being government entities, state or locally owned legal entities, entities performing certain functions of government entities on the basis of law or contract, public radio and television and political parties. It is hoped that the law will help make information pertaining to government entities more publicly accessible.

The Electronic Signature Law will repeal the current Law on Electronic Signature which was adopted in December 2011.

The Cyber Security Law and the Virtual Asset Service Providers Law were adopted for the first time in Mongolia.

2. THE NEW REVIVAL POLICY

On 30 December 2021, Parliament adopted Resolution No. 106 on the Approval of the New Revival Policy (the “**Policy**”). The Resolution includes (i) the New Revival Policy itself; (ii) an action plan for realizing the first phase of the Policy; (iii) a list of development projects to the

implemented under the Policy; (iv) a list of draft laws for urgent discussion at the Parliament; and (v) a list of draft laws to be submitted to the Parliament for discussion in 2022.

The Policy identifies a number of measures to be undertaken over the next ten years to reduce the negative impact of the Covid-19 pandemic on the economy, expand the country's economic foundations, implement the "Vision 2050" long-term development policy of Mongolia, and improve public productivity. Specifically, the Policy identifies the following six sets of issues that are considered by the state to hinder the development of Mongolia and its solutions. These are:

- (a) revival of border ports;
- (b) energy revival;
- (c) industrial revival;
- (d) urban and rural revival;
- (e) green development revival; and
- (f) state/public productivity revival.

Overall, the action plan has at least 29 objectives with over 100 actions to be undertaken by the Government in partnership with the private sector.

With the implementation of the Policy, it is anticipated that the economic growth will be maintained at an average of 6 percent in the long term, per capita national income will double, and the labor force participation rate will reach 65 percent. Border ports' capacity will increase 3-fold, and the energy sources will increase 2-fold. Further, the basic conditions will be created to reach the goals and objectives of the first phase of the "Vision-2050" long-term development policy of Mongolia.

Under the Policy, the following laws are to be discussed by the Parliament on an urgent basis:

- (a) Law on Permits;
- (b) Law on the Legal Status of Professional Unions;
- (c) Law on Chamber of Commerce and Industry;
- (d) Law on Suspending Certain Types of State Inspections;
- (e) amendments to the Law on Procurement of Goods, Work and Services with the State and Local Funds;
- (f) amendments to the Law on Corporate Income Tax and Personal Income Tax, amendments to other relevant tax laws, and exemption from certain taxes; and
- (g) amendments to the Civil Service Law.

Further, under the Policy, the following business and investment related laws are to be proposed to the Parliament for discussion and approval:

- (a) Law on Investment;
- (b) Law on Minerals;
- (c) Law on Public-Private Partnership;
- (d) Law on State and Locally Owned Companies;
- (e) Law on Bankruptcy/Insolvency;
- (f) Law on Procurement of Goods, Work and Services with State and Local Funds;
- (g) Law on Exemption from Value Added Tax;
- (h) Law on Mining Products Exchange;
- (i) Law on National Wealth Fund;
- (j) Law on Creating Conditions for Financing Development Projects to Support Economic Revival;
- (k) Law on Development Fund;
- (l) Law on Non-Judicial Debt Settlement Procedure;
- (m) Law on Unified Transport;

- (n) Law on State Inspection;
- (o) Law on Land;
- (p) Law on Enforcement of Civil and Administrative Court Decisions; and
- (q) Civil Procedure Code.

In addition, on 18 January 2022, the Parliament adopted Resolution No. 08 approving the list of laws to be discussed and approved during its 2022 Spring Session which began on 15 March 2022. Under the Resolution, the Parliament will discuss at least 53 laws. In addition to the above-mentioned laws in the Policy, the Parliament is to discuss the following laws:

- (a) Law on Minor Offences (revised);
- (b) amendments to the Minor Offences Procedure Code;
- (c) Law on State Property;
- (d) Law on State and Local Property Law;
- (e) amendments to the Law on Securities Market; and
- (f) amendments to the Employment Law.

3. CONCLUSION

The Government is undertaking a number of measures to revive the economy and to improve the investment environment. For example, in 2021, it has established two new ministries, being the and the Ministry of Digital Development and Communications. Further, the Government has made a decision to re-establish the Foreign Investment Agency under the Ministry of Economy and Development.

The Government has also resolved to organize the Mongolian Economic Forum, which has been suspended since 2018 due to the pandemic, under the theme “New Revival Policy” on 7-8 April 2022 which will hold consultations with the private sector on the implementation of the Policy.

It is hoped that implementation of the Policy and the structures put in place will enable the Government to reach its goal to stimulate the economy in a challenging period, contribute to ensuring political and macroeconomic stability, accelerate public-private partnerships and create a favorable business environment for foreign and domestic investors.

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If you would like further information on any aspect of this note, please contact the person mentioned below or the person with whom you usually deal.

Chris Melville, Managing Partner
chris@melvilledalai.com
 Tel: +976 70128910

Erdenedalai Odkhoo, Partner
erdededalai@melvilledalai.com
 Tel: +976 70128913

Bolormaa Gulguu, Senior Associate
bolormaa@melvilledalai.com

Nomuundari Batdorj, Paralegal
nomuundari@melvilledalai.com

Melville Erdenedalai LLP
 Suite 810, Shangri-La Office
 Olympic street -19A
 Sukhbaatar District -1
 Ulaanbaatar 14241, Mongolia
 T +976 7012 8900
 F +976 7012 8901
www.melvilledalai.com

