

Welcome Remarks

RETA 6370: Joint Dissemination Workshop

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Distinguished delegates, Ladies and Gentlemen:

On behalf of the Asian Development Bank, I would like to extend a warm welcome to all the participants. I would also like to thank the Ministry of Finance of the People's Republic of China and the Department of Finance of IMAR for the thoughtful arrangements made for the workshop and the warm hospitality extended to all of us.

Regional cooperation is a prominent theme in ADB's Long-Term Strategic Framework. By 2020, ADB will increase the share of its regional cooperation related operations to at least 30% of its total operations. Regional cooperation is also an integral part of ADB operations in the PRC and Mongolia. The Country Partnership Strategy for the PRC (2008-2010), as well as the Country Partnership Strategy for Mongolia (2009-2013) which is currently being finalized, all stress the important strategic role of and continued support for regional cooperation. It has become all the more important to further strengthen and accelerate regional cooperation in the current context of fighting against the global financial crisis, which has exerted adverse impacts on the development prospects of both the PRC and Mongolia.

The economic relationship between Mongolia and the PRC is characterized by strong economic and trade complementarities. Trade between the two countries has been growing very fast, from less than \$100 million in 1990 to about \$2.5 billion in 2008, with a surplus for Mongolia. For more than a decade, the PRC has been Mongolia's largest trading partner and investor. More than half of Mongolia's exports go to the PRC, while

over one third of Mongolia's imports are sourced from the PRC. The PRC is also the biggest source of foreign direct investment flows into Mongolia. The PRC also benefits from trade with Russia and Europe that goes through Mongolia as a transit country. Trade between Mongolia and the PRC's Inner-Mongolia Autonomous Region (IMAR) has also been growing very fast, and Mongolia is now the second largest trade partner of IMAR, only next to Russia.

The PRC-Mongolia and IMAR-Mongolia trade could benefit substantially from further efforts by the two countries to remove or reduce the existing constraints and obstacles on trade, which include, among others, insufficient trade logistics infrastructure on both sides of the border.

Mongolia's Zamyn-Uud and the PRC IMAR's Erlian are a pair of border towns serving as major gateway for the cross-border bilateral and transit trade. Special priority was accorded by the two countries to the development of trade logistics infrastructure in the two towns. The study on border development in Zamyn-Uud and Erlian is one of the key activities under ADB's Regional Technical Assistance Project 6370, which is designed to support the regional cooperation between the two countries.

RETA 6370 has been implemented since 2007. Thanks to the mutual efforts of all the parties concerned, it is now time for harvest. In addition to the study on harmonizing urban and logistics development planning between Zamyn-Uud and Erlian, the RETA supports other priorities jointly identified by the two governments, which include coordinating transport development planning between Mongolia and PRC's IMAR and northeast provinces; studying legal and policy framework for power trade between the two countries; and pilot-testing the joint customs control program. The TA project will be completed by mid 2009. Taking this opportunity, I'd like to thank the two governments for all the efforts they have made in bringing the implementation of the Project to this stage.

The study on harmonizing urban and logistics development in Zamyn-Uud and Erlian is conducted by a team of consultants lead by Mr. Robert Wallack, the international trade logistics expert. During the study, the team got strong support from the two governments, at both the central and local level. The team also benefited tremendously from discussions with other stakeholders including those from the private sector.

The draft final report of the consulting team provides an in-depth analysis of the existing strategies of the two countries and various constraints regarding the urban and logistics development in Zamyn-Uud and Erlian. It also recommends a set of priority actions. The Joint Dissemination Workshop today will provide a valuable opportunity for the two governments to review and reconfirm the recommendations for harmonizing and improving urban and logistics development at both sides of the border. I look forward to your active participation and your valuable contribution.

I also hope that the joint workshop will provide us with a broader understanding of the importance of the PRC-Mongolia cooperation, and spur a more dynamic relationship between the two countries.

Thank you very much.