



CURRENT SITUATION OF MONGOLIA-CHINA TRADE AND ECONOMIC COOPERATION AND FURTHER TRENDS

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Zamyn- Uud, Erlian Border Development Program

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- Long-standing historic and traditional relations between Mongolia and China
- Agreeable development of the relations in the political, economic and social sectors:
 - more than 100 agreements regulating trade and economic cooperation
 - “Agreement on Friendly Relations and Cooperation between Mongolia and the PRC” (1994)
 - 2003: “friendly and good neighbourly partnership based on mutual trust”
 - Intergovernmental Committee on Trade, Economic, Scientific and Technical Cooperation

TRADE

- China-biggest trading partner
- Total trade turnover (2008): USD 2.8 billion or 18-times increase over 1990
- 35%-70% year-on-year increase in the last three years ⇒ rapid development of cooperation

INVESTMENT

- China tops the list of foreign investors in Mongolia
- 2008: 4595 chinese entities with USD 1.6 billion ⇒ 3.7-times increase of the size of investment and 4-fold increase of the number of entities
 - 67.3% - in mining
 - 20% - in trade and restauration

INVESTMENT

➤ Investment from Mongolia to China:

- Very limited (only 40 entities)
- Lack of technical capabilities and competitiveness

LOANS AND GRANT AIDS

➤ LOANS:

- 1958 and 1960: 22.5 million and 45.0 million in convertible rubles, interest rate 1% a year
- 1962 and 1976: paying back in export goods
- 1991: ¥ 50 million interest-free
- 1992: ¥ 30 million interest-free
- 1994: ¥ 50 million interest-free
- 2001 and 2005: ¥ 200 million soft-loan
 - ⇒ zinc deposit in Sukhbaatar province
 - ⇒ the most effective investment
- 2008: 46.1 million in convertible rubles, ¥ 330 million soft loan

LOANS AND GRANT AIDS

➤ GRANT AID:

- first aid: 36.0 million rubles
(Agreement on the Economic and Technical Assistance 1956, 1960)
- end 2008: 36.0 million in convertible rubles, ¥ 540 million and USD 4.1 million

SECTORAL COOPERATION

- Expansion of direct cooperation between GOs and NGOs – a major pillar for strengthening the relations
- Tourism sector:
 - chinese citizens are allowed to tour to Mongolia on their own expense
 - increase of touristic visits: 200 000 chinese citizens, 790 000 mongolian citizens (2008)

SECTORAL COOPERATION

➤ Auto transportation:

- 1991 Agreement on Auto Transportation between the two Governments
- 12 permanent and temporary border points, *however,*
- increase of exportation of minerals
 - ⇒ increase of freight volume
 - ⇒ 1991 Agreement needs to be renewed
- Mongolia joined TIR Convention in 2001 ⇒ legal environment for transit transportation
- real challenge: transporting to Tianjin port

SECTORAL COOPERATION

➤ Civil aviation:

- Civil Aviation Agreement:

Ulaanbaatar-HuhHote: Aeromongolia

UB-Beijing: AirChina (1991) and MIAT (1987)

- A meeting of Civil Aviation Authorities in 2008: UB-Beijing 14 per week, other destinations 14 per week, cargo flights 10 per week

SECTORAL COOPERATION

➤ Railway sector:

- regular passenger trains ⇒ additional trains in the summer

⇒ current capacity of Zamyň-Uud border point needs to be improved: cargo re-loading facilities and a new terminal for re-loading cargo from cars to trains

⇒ a need to build new railways

⇒ Government supports investment from China

SECTORAL COOPERATION

- Road and transport sector:
 - increase of Chinese investment in road construction
 - “Millennium Road” project:
 - USD 199.5 million needed for 748.4 km of roads
 - USD 50 million from USD 300 million loan package

SECTORAL COOPERATION

- Construction and urban development:
A Mid-term Programme for Trade and Economic Cooperation between Mongolia and China (2008):
 - 9 issues on construction and urban development
 - 12 issues on road and transport

SECTORAL COOPERATION

- Geology and mining: a priority sector in trade and economic cooperation:
 - fully utilize the advantages
 - support the cooperation at the policy level
 - agreement to set up a Sub-Committee on the Cooperation in the Mining Sector

COOPERATION OUTLOOK

- The Mid-term Programme for Trade and Economic Cooperation between Mongolia and China for 2008 and 2012
 - basis for further trade and economic cooperation
 - objective: “to improve the business environment, enhance the cooperation framework and create a multi-faceted and multi-layered high-level trade and economic cooperation infrastructure through fully utilizing the countries’ economic capacities based on friendly relations”
- **There are opportunities and possibilities for further continuous and prosperous trade and economic cooperation between Mongolia and China**

*THANK YOU FOR YOUR
KIND ATTENTION*

