



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

By: Mr. J. Shishmishig

Representative of the Ministry of Foreign  
Affairs and Trade of Mongolia

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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*

