Current Activities of Belt and Road Initiative in Mongolia

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The Belt and Road Initiative: Six Economic Corridors

Source: New Delhi Times
China's outbound investment in B&R countries totaled 7.97 billion dollars in Jan-July

China's non-financial outbound direct investment (ODI) in 153 countries and regions amounted to 432.92 billion yuan (about 61.6 billion U.S. dollars) in the period, up 3.3 percent year on year.
- Chinese companies added a total of 7.97 billion dollars of investment in 52 countries participating in the Belt and Road Initiative, accounting for 12.5 percent of the total.
- The structure of outbound investment continued to improve, with investment mainly going into sectors including leasing and business services, manufacturing, wholesale and retail as well as mining.
- The value of newly signed overseas contracts hit 820.1 billion yuan
- The number of newly signed overseas projects with a contract value exceeding 50 million dollars came in at 436 during the period, up 18 from a year earlier.
- Chinese companies had provided 812,000 jobs for local people, the statement added.

Source: https://eng.yidaiyilu.gov.cn/qwyw/rdxw/100260.htm
Background of BRI in Mongolia

Figure 1: Major Political Events related to BRI in Mongolia

Focus on economic cooperation

The first trilateral meeting of Mongolian President Ts. Elbegdorj, Chinese President Xi Jinping and Russian President Vladimir Putin
Signed MOU on Formulating Guidelines for Constructing China-Mongolia-Russia Economic Corridor /32 projects/

The second trilateral meeting of Mongolian President Ts. Elbegdorj, Chinese President Xi Jinping and Russian President Vladimir Putin

The third trilateral meeting of Mongolian President Ts. Elbegdorj, Chinese President Xi Jinping and Russian President Vladimir Putin
Signed the “Project Outline for Constructing the China-Mongolia-Russia Economic Corridor”

Meeting of Prime minister J. Erdenebat, Chinese President Xi Jinping and Prime minister Li Keqiang
Attended first BRI forum, Signed bilateral economic cooperation documents

September, 2014 Dushanbe
9 July, 2015 Ufa
23 June, 2016 Tashkent
14-15 May, 2017 Beijing

Source: Author’s compiling from various sources
The center is responsible for conducting research on technology, economic estimation, research on coordinating regulations of the three countries and so on.

Investment Research Center established under Ministry of Foreign Affairs

Discussed to strengthening and enrichment of Mongolia-China-Russia comprehensive strategic partnership

The fourth trilateral meeting of Mongolian President Kh. Battulga, Chinese President Xi Jinping and Russian President Vladimir Putin

Attended second BRI forum, Signed of bilateral cooperation documents including a plan to align the BRI with the Development Road program.

Meeting of Mongolian President Kh. Battulga, Chinese President Xi Jinping

Proposed to accelerate the construction of a network of cross-border highways, facilitate customs clearance, strengthen energy cooperation, and discuss the construction of regional power grids.

The fifth trilateral meeting of Mongolian President Kh. Battulga, Chinese President Xi Jinping and Russian President Vladimir Putin

13 September, 2017 Ulaanbaatar
9-10 June, 2018 Qingdao
24-28 April, 2019 Beijing
14 June, 2019 Bishkek

Source: Author’s compiling from various sources
Program of Mongolia-Russia-China Economic Corridor

Projects under trilateral economic corridor:

- Transportation and infrastructure: 13
  - Railway: 7
  - Logistics: 1
  - Road: 4
  - Telecommunication: 1
- Industrial sector: 2
- Development of border-crossing points: 1
- Energy sector: 1
- Facilitation of trade and inspection procedures: 4
- Environment and ecology: 3
- Education, science and technology cooperation: 3
- Humanitarian: 3
- Agriculture: 1
- Medical science: 1

Total: 32
Railway transit corridor

Source: Ministry of Foreign Affairs
Road transit corridor

Source: Ministry of Foreign Affairs
Table 1: Economic Impact of Corridor (2030, against baseline, million USD) Simulated by IDE-GSM model

Central Asia Regional Economic Cooperation (CAREC) Economic Corridor 4a

<table>
<thead>
<tr>
<th></th>
<th>Agriculture</th>
<th>Automotive</th>
<th>E&amp;E</th>
<th>Textile</th>
<th>Food Proc.</th>
<th>Oth. Mfg.</th>
<th>Services</th>
<th>Mining</th>
<th>Total</th>
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<td>15.9</td>
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Central Asia Regional Economic Cooperation (CAREC) Economic Corridor 4b

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Central Asia Regional Economic Cooperation (CAREC) Economic Corridor 4c

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<th>Oth. Mfg.</th>
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<td>1.1</td>
<td>5.5</td>
<td>1.6</td>
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Source: Kumagai Satoru, Gokan Toshitaka, Keola Souknilanh “Economic impacts of economic corridors in Mongolia : an application of IDE-GSM” IDE-JETRO 2018
Foreign Direct Investment Position of Mongolia (bln.usd percent)

Gross External Debt of Mongolia (bln.usd, percent)

Source: Bank of Mongolia
Inward FDI flow from China reached 4.9 billion USD, which was 23.6% of total investment in 2018. (close to Lao PDR, 23%).

Source: Ministry of Finance
## Cooperation Priorities of BRI in Mongolia

<table>
<thead>
<tr>
<th>Cooperation Priorities</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
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<td>Policy coordination</td>
<td>China and Mongolia signed a cooperation plan to promote the alignment of the China-proposed Belt and Road initiative (BRI) with Mongolia’s Development Road.</td>
</tr>
<tr>
<td>Facilities Connectivity</td>
<td>Three priority projects: 1) Central railway corridor, 2) Central Highway corridor, 3) Energy sector (electricity transmission line)</td>
</tr>
<tr>
<td>Unimpeded Trade</td>
<td>Logistic 1, Telecommunication 1, Development of border- crossing points 1, Facilitation of trade and inspection procedures-4 projects will be implemented to facilitate trade</td>
</tr>
<tr>
<td>Financial Integration</td>
<td>Asian Infrastructure Investment Bank, BRICS new development bank, SCO Interbank Consortium, Silk road fund, Export Import bank of China</td>
</tr>
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| People to People Bond          | - There are 6,268 students studying in China, of which 358 are through the agreement between the Governments in 2018.  
- Shin Hua college of Jun Shan University and the IFMA International Financial Management Association donated PC and school supplies totaled 564500 yuan in 2016.  
- The number of Chinese tourists increased by 8.5 and 15.1 percent respectively in 2017 and 2018, while tourists to China increased by 2.7 and 43.2 percent. |
Challenges of BRI activities

17 SDGs

Five B&R Priority Areas

B&R 1: Policy coordination
B&R2: Facilities connectivity
B&R3: Trade and Investment
B&R4: Financial integration
B&R5: People-to-people bond

Source: Hong (2017)

Direct link

Indirect link
Supporting activities to BRI in Mongolia

The Mongolian and Chinese sides negotiated the general agreement on the soft loan, which has a payback period of 20 years.

Following projects will be implemented with the soft loan:
- Constructing electric power transmission line and sub-station between Ulaanbaatar and Mandalgobi’
- Reconstruction of Erdenet thermal power plant
- Construction of new wastewater treatment plant
Supporting activities to BRI in Mongolia

- Construction of 20.9km road from Gachuurt intersection to Nalaikh-Choir intersection
- Construction of meat-processing plant and quarantine facility
- Project on developing area of Tuul and Selbe rivers
- Project on setting surveillance cameras in streets of Ulaanbaatar city and aimag centers
- Project on building tunnel
- Project on improving access, quality and control of communication sector
Non-refundable aid of 2 billion yuan granted by the Chinese government, is going to be spent on ger area re-planning and rental apartment projects in between 2018-2020 to reduce air pollution.
Conclusion

• Some of the projects implemented outside the BRI framework are reported incorrectly as they were performed in the framework of BRI.
• Evaluating the Socio-Economic Impact of Investment related to BRI in Mongolia
• Speed up BRI implementation
  - Legal environment
  - Feasibility study
• Need to study BRI activities to support SDG and Sustainable development vision of Mongolia
Thank you for attention