

Current status and future developments of the dry ports

The reason why logistic costs are up to 30% high is that Mongolia is a landlocked country, remoted from seaport and with a low capacity of terminals to receive and handle loading and shipments. This fact also affects the export competitiveness on the international markets as a developing country.

There are 5 dry ports , 3 existing and 2 potentials in Mongolia

Zamiin-Uud port

- Zamiin-Uud port is not only the international gateway which is located to the south of the country, i.e. at the significant point of Mongolian transportation infrastructure, but it is also the biggest and strategically important port in terms of trade and logistics on the southern border with PRC.
- Main transport corridors such as CAREC's 4b, AH-3 passes through Zamiin-Uud.
- It is the final port of the AH-3 corridor which is 1110 km long and 1520mm gauge railway that connects Europe and Asia. 80% of total transshipments are transported by railway.
- Total 5 terminals for loading, unloading and transshipping currently operates at Zamiin-Uud with an average of 3 mln. tons load handling and which are categorized as: terminal for transshipment from vehicles to wagons, terminal for transshipping imported cements, terminal for transshipping liquid fuels, terminal for transshipping containers which was built in 1995 by the financial grant of Japanese Government.
- The number of passengers, goods and vehicles entering the Zamiin-Uud port is increasing year by year and the shipment flow is rapidly growing. The majority of vehicles entering the port are the mixed transportation of shipments by the vehicles to the railway terminal for transshipping.

Capacity building of the Zamiin-uud port

- With a view to increase the transit transportation through Mongolia, to improve its effectiveness, to increase the port capacity of the country with a railway gauge difference, to develop intermodal transportation system, Government of Mongolia and Asian Development Bank (ADB) will jointly finance construction of new logistic hub-transportation terminal with a capacity of 6 mln. tons of load handling per year and which will be put into operation in 2018.
- Terminal is a complex facility, which is covering area of total 128 hectares and consists of heavy-duty concrete bridge construction intersecting with railways both broad-gauge and narrow gauge as well as entry and exit railways to the logistic hub at 2 levels, auto route, infrastructure, facilities and engineering networks.
- Terminal's working hours are 24/7, with 2950m long railways for loading and unloading each for broad-gauge and narrow-gauge, loading front of 55 wagons or 800m long, equipped with 2 gantry cranes each with a capacity of 50tn and other equipment. After its full operation, capacity of load handling will be 620 wagons per day, as well as it will have Customs warehouse with a total area of 2436 sq.m.

- It has a capacity to receive, load handling and transshipment of 12 trains from China per day.

Terminals of Ulaanbaatar

- The capital of Mongolia, Ulaanbaatar is the city with the highest population and density, and the main hub for foreign, domestic and transit trade and transportation.
- Ulaanbaatar has total 9 internationally-known operating terminals. These terminals provide **2PL** services, i.e. receipt of **import** and **export** goods and providing basic standard services such as freight forwarding and load handling of transporting shipment to the final point. Terminals provide one-stop services such as customs, specialized inspection, laboratory, banking etc. As well as provides customs broker, temporary and guaranteed warehouse services.
- Small terminals causes many difficulties such as creating demand for intermediate transportation, increasing road traffics, slowing down traffic speed and causing road destruction. For instance, most goods are transferred from terminals to the second-stage warehouses and distributed from there to retail storages and stores. Many producers and retailers build own warehouses and storages which leads to the fact that there are “areas with containers and non-purpose storages” around many commercial streets and trade centers. Many problems arise from it such as complaints about the quality and standards of the goods that are transported in non-purpose vehicles, stored in non-standard warehouses have become an usual thing.
- Every year, around 70 thousand containers of goods are imported to our country from our neighbors, and 90% of which are unloaded in the capital city of Ulaanbaatar. Moreover, transportation of containers between our neighbors, Russia and China is expected to grow.
- 85% of total export and import goods of Mongolia is concentrated in Ulaanbaatar city and transported by railway. And as a result, load handling of Ulaanbaatar railway station is increasing year by year, and some years it is increased by 40%, which recently causes difficulties in delivering shipment on time and ensuring its integrity.
- The fact that these warehouses are spread out all over the Ulaanbaatar causes damage to the auto road conditions, as well as traffic jam which leads to delay in delivery of the goods and other road-related difficulties within the city. At current level of transportation growth there is a need to centralize load handling to one of the locations far away from the capital’s downtown.
- Within the next 5 years it is planned to build an international terminal in the suburbs of Ulaanbaatar city with a capacity to handle 300-500 thousand TEU containers and 10 mln. tn. of loads per year which is 4 times more than the total capacity of the existing 9 terminals.

UB new terminal /planned/

- It is reflected in the Mongolia’s Sustainable Development Vision-2030, State policy on railway transportation, State policy on civil aviation in Mongolia up to the year 2020 and in the Government action plan;
 - Build logistic hubs

- Build a new railway line “Bogd Khan” around the Ulaanbaatar city with a view to export mineral products, increase transit transportation and reduce traffic jam in the capital city
- Highway route Altanbulag-Ulaanbaatar-Zamiin-Uud (AB-UB-ZU)
- Build a new international airport

And among these construction works it is planned to build logistic hubs-international terminals in 2 locations with a capacity to handle 300-500 thousand TEU containers and 10 mln. tn. of loads per year.

Altanbulag port

Altanbulag port is strategically important in terms of trade and logistics and the biggest port on the northern border with Russia.

- Main transport corridors such as CAREC’s 4b, AH-3 passes through Altanbulag.
- Imported goods to Mongolia from Russia and EU passes through Altanbulag port which equals to 20% of total commodity goods imported to Mongolia.
- There are 2 terminals at Altanbulag port for loading export, import and re-export shipments and containers with a capacity of 600 thousand tn. load and 15’000 TEU containers handling per year.
- “Altanbulag” free zone with total area of 50 hectares is operating near the port with a view to operate transnational transit supplies, production of goods and its export to the international markets on trade conditions of Mongolia as well as connected with auto and railway routes, equipped with transshipping equipment, warehouses and one-stop service.

Railway Terminal

- 95% of total oil products’ consumption of Mongolia imported through Altanbulag port.
- Load handling of grains, wood and wooden material export and re-export transportation.

Free zone

- It is operating since 2014.
- 3.5 mln. USD investment was made as of 2017.
- 5 mln. USD worth of trade turnover.
- It is still under development.

Mongolian potential Dry Port – Sainshand

1. Intersection point of the existing railway and auto road with the main horizontal Trans-Mongolian axis which is planned to be built.
2. Intersecting with AB-UB-ZU highway route.
3. Industrial park is planned to be constructed.

Mongolian potential Dry Port – Choibalsan

1. Length of existing railway-238 km.
 - Existing terminal for export and import loading with a capacity of loading front of 6 wagons and equipped with 1 gantry crane of 20tn.
2. Export loading of nonferrous metal and grains.

3. Import of oil products, wood and wooden materials, flour, rice and other food products.
4. The capital of Dornod province, Choibalsan is the city with highest population among the cities of Eastern region, with well-developed infrastructure and manufacturing of textile and food products.
5. Well-developed mining and agricultural manufacturing.
6. Horizontal axis will be connected to Choibalsan.
7. Heads of State of Mongolia, Russia and China inked the Program to build economic corridor linking the 3 countries on June 23, 2016.

Facing issues

- Upgrade of technology and equipment.
- Renew and equip terminals with modern technology that meets standards and requirements of customs and other inspection authorities.
- Remove terminal of dangerous and hazardous shipment out of the capital city.
- Automate and upgrade the commercial cargo screening.
- Build new terminals due to the growth of freight transportation.
- Build automated warehouse for special purposes that meets modern standards, upgrade and newly equip existing one.
- Automate working places.
- Switch to electronic processing of transportation related documents, i.e. switch to paperless technology.