FOSTERING PRODUCTIVE CAPACITIES AND STRUCTURAL ECONOMIC TRANSFORMATION IN MONGOLIA

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MACRO ECONOMIC INDICATORS OF MONGOLIA
(1995–2018, USD billion, percentage)

Source: Ministry of Finance, General Customs Authority, WB
GDP OF MONGOLIA
(1990–2018, USD billion)
FOREIGN TRADE TURNOVER
(2000–2018, USD billion)

Source: General Customs Authority
FOREIGN DIRECT INVESTMENT
(2000–2018, USD billion)

Source: National Development Agency, Bank of Mongolia
**ECONOMIC INDICATORS**

**Foreign Direct Investment**
- 2.73 billion
- 30% increase from 2017

**Foreign trade balance**
- Export 2018: USD 7.0 billion
- Import 2018: USD 5.9 billion
- 1.1 USD billion

**Credit rating**
- Moody’s: B–/Stable to B/Stable
- Fitch: B– to B
- S&P: B– to B
- B stable

**Economic forecast (2019*)**
- ADB: 6.7%
- WB: 7.2%
- MOF: 8.0%
DEVELOPMENT PROGRESS – MODERNIZATION
Investment Agreement
- Investment more than 500 billion MNT

Tax Stabilization Certificate
- Corporate Income Tax, VAT, Customs duty, Royalty

Economic Free Zone
- All tax exemption for initial 5 years

Listed equipment’s for SME’s
- Customs duty

Employee training costs are deductible from taxable income

TAX INCENTIVES

Investors are served through simplified registration and immigration procedures (2 weeks)

Land leases of up to 20 years are available to foreign investors (with extension of 40 years)

Simplified procedures for permanent residence permit and multiple entry visas for investors

NON-TAX INCENTIVES

BUSINESS ENVIRONMENT
INVESTMENT OPPORTUNITIES
SME: CASHMERE

World’s cashmere supply (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>48%</td>
</tr>
<tr>
<td>Mongolia</td>
<td>40%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
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</tbody>
</table>

Cashmere processing (tonnes)

<table>
<thead>
<tr>
<th>Stage</th>
<th>Capacity</th>
<th>Current level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material</td>
<td>9400</td>
<td>2000</td>
</tr>
<tr>
<td>Washing</td>
<td>9200</td>
<td>4000</td>
</tr>
<tr>
<td>Combing</td>
<td>6580</td>
<td>229</td>
</tr>
<tr>
<td>Weaving</td>
<td>4200</td>
<td>440</td>
</tr>
</tbody>
</table>

Opportunities for investment in cashmere processing industry:
- Knitting
- Weaving
- End-production
- Opening sales channel

Currently, 2.2 million pieces of end products

Potentials: 19.7 million pieces – USD 1.6 billion

Source: Ministry of Food, Agriculture and Light Industry
INVESTMENT OPPORTUNITIES
AGRICULTURE

Number of livestock /2018/

Livestock /%/

- Camel: 0.7 mln (66.4 mln)
- Horse: 3.9 mln (40.8%)
- Cow: 27.1 mln (46%
- Sheep: 0.4 mln

Raw material resources /per annum/:

- Meat: 343.7 ths. tonnes
- Milk: 891.5 ths. tonnes
- Wool: 27 ths. tonnes
- Cashmere: 9.4 ths. tonnes
- Hides, skin: 14.0 mln pieces
INVESTMENT OPPORTUNITIES
TOURISM

5.3% of GDP

54,000 jobs

USD 400 mln /revenue/

471,940 tourists

270
Tour operators
473
Hotels
385
Camps

New airport with the capacity of serving over 3 million visitors per year

Direct flights to Asia:
Tokyo, Seoul, Beijing, Bangkok, Osaka, Hong Kong, Guangzhou within 3-4 hours from Ulaanbaatar
MODERNIZATION—TECHNOLOGICAL APPLICATION
Mongolia will raise the installed capacity of renewable energy sources by up to 20 per cent by 2020 and 30 per cent by 2030.

MONGOLIA – RUSSIA – CHINA
"ECONOMIC CORRIDOR":

Summit meeting (June 2016, Tashkent)

- Ministers of Mongolia, Russia and China signed the Program of China-Mongolia-Russia Economic corridor (32 projects)

Fields of Cooperation:
- Transportation infrastructure - 13
- Cooperation in industrial sector - 2
- Development of border-crossing points - 5
- Cooperation in energy sector - 1
- Environment and ecology - 3
- Education, science and technology cooperation - 3
- Humanitarian - 3
- Agriculture - 1
- Health - 1

Sponsors:
- Government budget
- Private sector investment
- PPP

Financing Sources:
- Asian Infrastructure Investment Bank
- BRICS New Development Bank
- Silk Road Fund
- Other national and multilateral financial institutions
Comprehensive upgrading and developing Central Railway corridor (Ulan-Ude - Naushki - Sukhbaatar - Ulaanbaatar - Zamiin Uud - Erlian - Wulanchabu - Zhangjiakou - Beijing - Tianjin), conducting feasibility study on development of double track and electrification.

On 3rd June 2019 the General Committee of “Ulaanbaatar railway” adopted the “Plan for development and modernization of Ulaanbaatar railway till 2030, which was designed by Design and Survey Institute JSC “Mosgiprotrans” of Russia.
Asian road network AH-3
(Ulan-Ude - Kyakhta / Altanbulag - Darkhan - Ulaanbaatar - Sainshand - Zamyn-Ude / Erlian - Beijing outside ring - Tianjin)
• President Kh.Battulga announced at the Eastern Economic Forum on 5 September 2019 that Russian President Vladimir Putin backs Mongolia’s offer to build a transit gas pipeline to China through its territory.

• President Kh.Battulga stated that with the implementation of the program to create an economic corridor, three countries can take regional cooperation to a new level and give impetus to business development.
THANK YOU FOR YOUR ATTENTION