

# Mongolian Economy

FEBRUARY 2020 (161)

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蒙古国与中国：  
由独立国家变  
战略合伙

## From independence to comprehensive strategic partnership

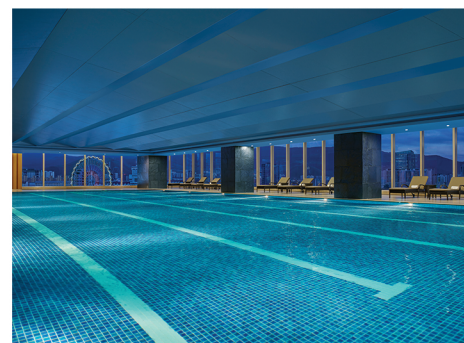
Dedicated to the 70th anniversary of the establishment  
of the diplomatic relations between Mongolia and China











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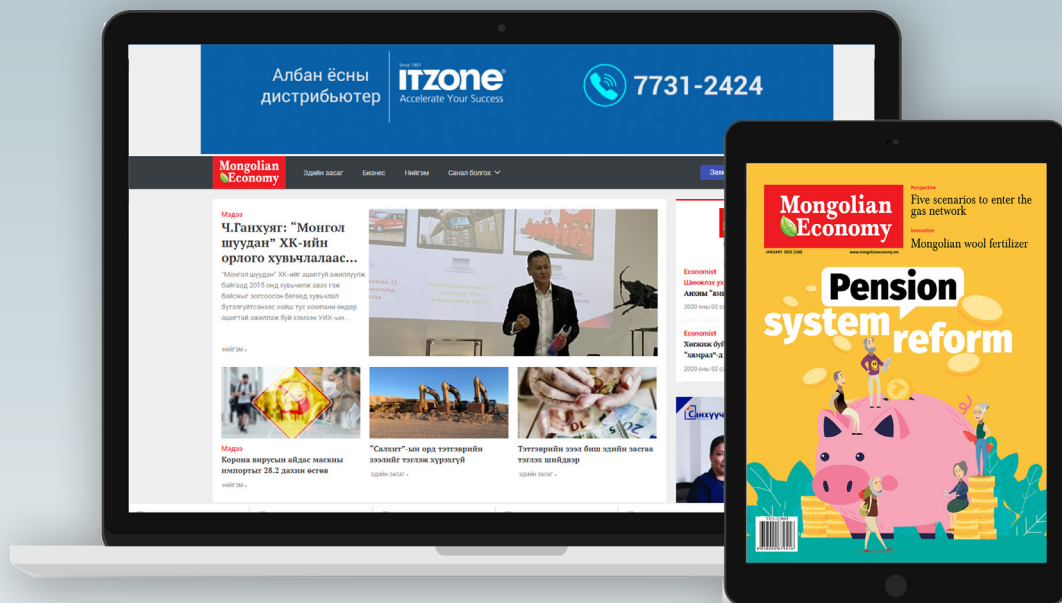
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Our website has been updated to include the following;

- **The Economist** section
- Mongolian Economy magazine digital version
- Content enrichment

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Chinese people are sharing through their social media pages in hopes that the Mongolians do not get infected with the coronavirus. The Mongolians are keeping the Chinese people infected with the coronavirus in their hopes and prayers, and started a support campaign to the extent that they can. A Chinese citizen posted “The amount of financial support that Mongolia is giving is small in the scale of our country. However, a Mongolian person’s heart and humanity is enormous. This is what is really important to us.”

The best part about interactions between humans is seen through words from the heart as such. This is truly where the close relations of the people from neighboring nations are shown.

Mongolia and China have centuries of history with one another. In terms of territory as well, we are connected by hundreds of kilometers as neighbors. The 70th anniversary of diplomatic relations was celebrated in 2019. These past 70 years was a period in which economic, political, business, and cultural relations deepened, and improvements and changes were made. Alongside the people’s relations growing closer, the Mongolian national policy and the Mongolian people have had a strong desire to know and understand the rapidly developing China and its people. “Beyond today, we need to learn more about Chinese citizens more, study, communicate, and create a more intimate atmosphere. Relationships between citizens play an important role in the development of our country.” said former



Mongolian Ambassador to China G.Batsukh.

We all know that China significantly contributed to the development of our country. Large roads, bridges and buildings were built by neighbors. They are still running infrastructure projects that require significant funding and effort. We must thank the Chinese people and their Government.

Even in the next 70 years, I am sure that China will continue to have a large role in the economic, and business development of Mongolia. To illustrate this development cooperation, we present to our readers this special edition that took a full year to create dedicated to the 70th anniversary of the establishment of Mongolia-China diplomacy. From our side, it took much time, and effort to prepare such a large historic celebration issue. The comprehensive issue includes articles, interviews, reportages covering 70 years of development, cooperation and relationships between the two countries. I evaluate this issue as one that provides information to the future cooperation of the two countries, partnerships and the relations among the people of the two countries.

I would like to thank the Ministry of Foreign Affairs, and the Chinese Embassy in Mongolia, Erdenes Mongol, Erdenes Tavan Tolgoi, and China’s Xin Xin LLCs for financial support.

May the development of bilateral cooperation between the two nations be brought into a new era, and may the relations between the citizens strengthen.

Editor in Chief D.Bekhbayar



## Greetings



**D**earest readers of the Mongolian Economy magazine,  
The 70 year anniversary of diplomatic relations between Mongolia and China took place in 2019. Our two countries celebrated this occasion throughout the whole year through collaborations and the fruits of partnership. Dozens of celebratory occasions took place.

One of such occasions include this special edition of the *Mongolian Economy* magazine. From this magazine, you can find out more about the joint projects and events that took place.

Additionally, you will find out more about the relations that China and Mongolia have established within the past 70 years, the level of cooperation, partnerships, the benefits of cooperation, how this affects the people of both nations, and the plan for deepening relations in the future.

The deeply rooted creation and rich events will lead our people to get to know each other and have the mutual trust deepened.

Using this opportunity, I would like to thank the organizations, and its employees who took part in celebrating the 70th anniversary of diplomatic relations in both nations respectively.

May the friendly relations and cooperation between Mongolia and China deepen even further.

May the friendship of the people of Mongolia and China prosper forever.

A handwritten signature in black ink, consisting of stylized, flowing characters that represent the name D. Tsogtbaatar.

Mongolian Minister of Foreign Affairs  
D. Tsogtbaatar





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## Opinion

# Endeavors of the current peak

This piece contains a collective of what Mongolia-China relations were like in the past, what it is now, and what role Mongolia has in China's foreign policy.



**D. BAYARKHUU**  
(International relations  
researcher and  
professor)

## Historical Background

The inseparable two neighbors used Mongolia as its shield, a geopolitical card, and a hostage up until the 1990s. This has perhaps lead to rather positive results for Mongolia and gave it the socialist infrastructure.

History up until 1911 is not of importance. Mongolia and China both existed under the rule of the Manchurian Chin Dynasty and upon its collapse, both countries declared their independence. King Bogd lead Mongolia and the Republic of China was also established alongside. Up until 1945, the Republic of China did not accept Mongolia as a sovereign nation.

In 1912, Russian Empire accepted the Republic of China's sovereignty and on October 23 the "Russia and China's Declaration on Recognition of Mongolia's Foreign Autonomy" took place in Beijing and they released a report of Russia accepting that Foreign Mongolia is a part of China. The two neighboring nations enforced the Khiagua Treaty on the Mongols and on May 25, 1915 declared that Mongolia was an independent state under China's suzerain.

Though Russia behaved this way on the outside, they separated Mongolia from China and took the state under the Soviet Union fully. In a sense, this was beneficial to Mongolia

Under the October Revolution, this was annulled and due to the tension between the lords, it gave reason for the Chinese gamin army to destroy Mongolia's autonomy in 1919. Due to this, the grounds for the Mongolian People's Revolution winning was set and independence was found once again. However, the Bolshevik Red Russia was discretely and publically attempting to improve relations with the Republic of China since 1920 and on May 31, 1924, the "Agreement on Fundamental Principles of Resolving Issues between the USSR and the People's Republic of China" was established. The 5th article stated that Foreign Mongolia is a part of the

People's Republic of China and the USSR will respect China's autonomy.

Though Russia behaved this way on the outside, they separated Mongolia from China and took the state under the Soviet Union fully. In a sense, this was beneficial to Mongolia.

In 1929 under the "Basic Principles of the Mongolian-Soviet Relations" treaty, the USSR's foreign trade privileges were given to Mongolia, and the trade between Mongolia and China fully stopped. Mongolia started to export its raw materials and livestock to the Soviet Union alone. Thus, Mongolia has no way of communicating with China and the USSR had temporarily separated Mongolia from the Chinese market.

At the end of WWII, having Foreign Mongolia's sovereignty accepted by China was also initiated by Russia. The Yalta International Conference agreed to acknowledge the status quo of Foreign Mongolia, and the issue was negotiated over the summer as a part of the Sino-Soviet agreement. This meant that the Republic of China would be silent if Mongolia made a unanimous decision for their independence. According to that same vote, in the autumn of 1945, Mongolia proved that they were independent from China, and thus, is not a part of their state. It was agreed that if the referendum decided it this way, the Republic of China would follow through. According to this, Mongolia took a vote amongst the people and proved that it was a separate state from China.

During the time of the Chinese Civil War, the Mongolia-China relations developed and and there was no time for trade. Following it, the 1949 Chinese People's Revolution took place. Diplomatic relations between Mongolia and China were established on October 16, 1949, and the respective embassies opened up in Ulaanbaatar and Beijing in 1950. This is how the friendly years between Mongolia and China kicked off. The relations prospered well starting the 1950. Through ►





*The welcoming ceremony for Chairman of the Presidium of the People's Great Khural P.Ochirbat*

► the 1960s much infrastructure development in Mongolia took place with the assistance of the Republic of China. Our capital city has become a modern and developed, and the people of the two nations developed friendly relations. However in the 1960s, the USSR used Mongolia as a shield in their geopolitical conflict with China. Thus, the relations between Mongolia and China slowed down, nearly stopping. The entirety of Mongolia became somewhat of an oasis for USSR soldiers. During this time, Mongolia limited political, economic, cultural and the people's relations with China as much as they can.

As a result of this historical reason, the diplomatic relations between the two countries stopped for around 20 years, and starting the 1980s it revived slowly. By the 1990s it was fully developed and for the past 30 years, the trust that was lost a long time ago was regained and more.

### **The attempt and costs of revival**

In the 1970s, to not lose strategic balance, the China-US - USSR triangle, Deng Xiaoping continuously stated that China will not be allies with any of them. In other words, once China once China makes a comfortable atmosphere around themselves, then relations will be fine. Until then, this is the approach China was planning to take. In 1978, demands for the withdrawal of Soviet troops from Mongolia was made by the chairman of China's Communist Party, the Central Community and

the Prime Minister of the State Council of the People's Republic of China, Hua Guofeng.

During the stagnation, the ideas of the peacekeeping initiative put forward by Mikhail Gorbachev in Vladivostok (1986) and Krasnoyarsk (1988) echoed in Asia's new Cold War slogan. He was confident about reviving friendly relations and cooperation with China. In December, 1988 from the 43rd General Assembly of the United Nations, Mikhail Gorbachev made the initiative to promote peace through decreasing military usage. At this time, it was first mentioned that their troops would be removed from Mongolia. This was also the first time from China's side where they accepted the terms and conditions. The terms and conditions of Russia pulling three fourths or 75 percent of their soldiers from Mongolia within the next two years, China lowering their soldier count by one million, and the honorable discharge of half a million Chinese soldiers became the stepping stone to improving Soviet-China relations.

### **Mongolia-China from 1989**

It is evident that prior to the implementation of the peace initiative, the relations between Mongolia and China did not revive at all. In 1988, when the ministers of Soviet Russia and China met in Moscow, Minister Qian Qichen spoke about the specific plans that China had for Mongolia. This included how China is attempting to be a good and peaceful neighbor to Mongolia. The minister went further to explain that China will respect Mongo- ►

- lia's territory and sovereignty. This has made Mongolia turn its head, and in a sense, it became the grounds where the ministers of foreign affairs of Mongolia and China started to cooperate on.

As it was made evident that Soviet troops would be pulled from Mongolia, the relationship Mongolia has with China eventually improved. The two who propelled such a change are Qian Qichen and the former Mongolian Minister of Foreign Affairs Ts.Gombosuren. Around the same time where the Soviet soldiers started to leave Mongolia, Ts.Gombosuren left for China. The normalization of Chinese and Mongolian relationship started off without any difficulties. When former Chinese President Yang Shangkun greeted the Mongolian minister of foreign affairs, he also invited the last communist leader of Mongolia Batmunkh Jambal to visit China.

Chinese Minister Qian Qichen respectively visited Mongolia in August and September of 1989. As a result, the Head of the Democratic Party of Mongolia P.Ochirbat visited China in 1990, discussing the modern relationship basis of the two countries, future cooperation, and the requirements for their partnership. Official news was released regarding this. In

1994, the Premier of the State Council of the People's Republic of China Lee Peng made an official visit to Mongolia and signed a memorandum of cooperation regarding the friendly relations, and partnership between Mongolia and China.

Long story short, the relationship that Mongolia and China have right now developed from 1990 to 1994.

### **Mongolia-China relations: What it is now, and what the future holds.**

The Mongolian foreign policy directed towards having friendly relations with both China and Russia without following one too much, have equal relations, and work in partnership as good neighbors is working out well. Treating both as equals mean taking the same distance from the two, not having the same beliefs, but working to improve the mutual understanding and cooperation between the two. This would also include having friendly relations as

good neighbors, and strategically cooperating in all the sectors.

The legal basis of the Mongolia- China relationship are growing stronger. The pillar to this was the Agreement on Friendly Relations and Cooperation that was updated and amended in 1944. In addition there is the over 200 agreements that the Government and authorities made with China. From 1949 to 2015, there were over 450 contracts and agreements signed between the two countries. Of the 450, 200 is working properly till this date.

As for the future cooperation between the two nations, a Chinese official said, "The Chinese people are working to reach the goals of two 100 year plans. By 2020, the preliminary grounds for a prosperous society will be made in all aspects and by the middle of this century, a democratic, fair, modern socialist country will be made. In other words, this is the Chinese Dream. Mongolia is working towards innovation, change, and for the flourishing of the society and economy. In other words, the Mongolian people's hearts also have the Mongolian Dream. The Chinese reform looks favorably upon such changes and has an open policy. The modern infrastructure will benefit neighboring nations and will benefit Mongolia's development as a strong push. There is potential for the Chinese and Mongolian development strategies to work correspondingly. Including Mongolia, China will give development potentials to its neighboring nations and give it the space to grow. We invite you all to welcome aboard on the Chinese development train. Whether this train is fast or slow, we still invite you. Like the saying goes, if you want to go fast then go alone, if you want to go far, go together."

Whether we are capable of grabbing onto the Chinese development opportunity by learning from them, sometimes copying them, and working in partnership with them is a matter of our wit. The Chinese development will open a large market and employment opportunity for Mongolia. The Belt Road Initiative is called the Euro-Asian New Dryland Bridge, and the China-Mongolia-Russia corridor, or the bridge from North China to Eastern Europe was announced. Now that this concept is grasped, our expectations, preparations, and the potential to provide for our workforce will be fulfilled within the framework of the Mongolia-China economic relationship in the next 10 years. ■

By 2020, the preliminary grounds for a prosperous society will be made in all aspects and by the middle of this century, a democratic, fair, modern socialist country will be made. In other words, this is the Chinese Dream



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## Ambassador



### XING HAIMING: The “triple carriage” of mutual political trust, economic partnership and cultural exchange is carrying the relations of the two countries

*The former Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Mongolia Xing Haiming who held the position from 2015 to 2019 gave an interview corresponding to the 70th anniversary of the establishment of diplomatic relations between the two countries and the 70th anniversary of the founding of the People's Republic of China.*

**-For the last 70 years, China has developed to become the second-largest economy in the world. Can you briefly outline the historical achievements and successes since the founding of the People's Republic of China?**

-Throughout 70 years since the founding of the People's Republic of China, the Chinese people fought tirelessly with one heart, strong ethics for hard work

and wisdom under the consistent rule of Communist Party of China to progress and it has paved a way into discovery of a unique Chinese socialism which accommodated the situations of the country. The People's Republic of China has been on a very long journey to development from disparity of food, clothes, and poverty into a highly developed, prosperous country that inspired awe in the world by its grand achievements of success.

China has successfully made a historical leap that propelled the development of social productivity and national power by working unwaveringly on economic development and a great revolution of reforms and openness. The Chinese economy has grown exponentially over 450 times its size of 30 billion USD before the founding of the People's Republic of China into 13.6 trillion USD by 2018. Today China is ►



► stably persevering its position as the second-largest economy in the world by being the world's biggest in manufacturing, biggest in trade and having the biggest reserve of foreign currency.

During the past years, the Chinese people's standard of living has improved greatly. The change occurred in people's lives is as widely apart as heaven from the earth. The growth of GDP per capita of 70 USD multiplying itself 135 times into 9470 USD is higher than the average income of the countries with average income. China's employment rate is growing without intermittence and the income of the citizens is growing continuously. Social security is improving daily resulting in a large decrease in population of citizens in the state of poverty and the continual increase of achievement of citizens and sentiment of happiness and safety.

Also, the comprehensive progress of science, culture, education, health, and environmental protection, etc. in China has furthered the development of industrialization, informatization, urbanization, and agriculture simultaneously. China's significantly improved expertise in science and technology has increased the access to education in great measures and enhanced the development of sectors such as health and medical services, sports and ecological preservation.

Our country has completely shifted toward transparency in every way and reached the lofty heights of success in international cooperation, trade and development of economic relations. China has actively participated in the development of the friendly cooperation of other countries. Since the implementation of the reforms and transparency, China has started to apply the "Open Door" and "Go Out" policies more extensively through the active creation of the "One Belt, One Road" initiative and by deepening its transparency. Our country's position of trade country has strengthened and we brought more foreign investments while also increasing the number of investments into other countries. Thus, successfully increasing our competence in sharing international job allocation. For the last five years, China's contribution to increasing the growth of the world's economy has exceeded 30 percent becoming the leader in the world's economic growth.

**-As an ambassador of the People's Republic of China to Mongolia can you briefly mention the achievements of China particularly in international relations for the last 70 years?**

-The period of 70 years since the founding of the People's Republic of China is 70 years of success of Chinese people and a period of 70 years of contribution of China to the whole world. During this period the international relations have been an important component of China's progress in development. It has been an impetus in raising China's movement toward the fate of the future as a nation and accomplishing the change in China and the world's development of relations. International relations have been the mover of China's development, creator of world peace and contributor in world cooperation and protector of the international order.

Today the number of countries with diplomatic relations with the People's Republic of China has grown from 18 to 180 and 110 partnership relations have been formed newly. In other words, they made "friends" around the world.

China is ever nearing the center of the world's platform. Its voice is getting louder and its international influence is felt more sharply.

At present China is a permanent member of the UN's Security Council, the second biggest contributor to the UN's budget and apart from being a member of almost every international organization it has joined 500 international conventions. China has been solving problems on a global scale by working closely to deal with issues such as the Korean

peninsula, Iran's nuclear weapons and the problems connected with Syria and Afghanistan. Markedly the foreign relations of China under President Xi Jinping's ideology of foreign relations since the 18th National Congress of the Communist Party of China has been an implementing force to the creation of the development of a new form of international relations and the community of common destiny. It is now leading the new wave of development and set a new limit to the theory of international relations.

**-It has been many years since you came to Mongolia. Can you share the impressions of your first arrival?**

-I have been working as the ambassador extraordinary and plenipotentiary of the People's Republic of China to Mongolia since August of 2015. It has been four years since that. The Mongolians are ►

International relations have been the mover of China's development, creator of world peace and contributor in world cooperation and protector of the international order

► hospitable people. Also, the Mongolian nature is so beautiful to see. I have always seen the rich natural resources of Mongolia as a big advantage. The economic relation between Mongolia and China is very favorable and mutually beneficial. There are a lot of similarities between social and cultural thinking and behavior. The mutual political trust is continuing to strengthen. I enjoy working in Mongolia.

**-This year marks the birth of China-Mongolia's diplomatic relations and the 70th anniversary of it. How much progress has been made in the economic, political and cultural relations? In your opinion, what level will partnership and cooperation reach in the future?**

-China and Mongolia are good neighbors, good friends, and good partners. The two countries established diplomatic relations just after the founding of the People's Republic of China in October of 1949. Mongolia is one of the countries that acknowledged the founding of the PRC first. We always remember the support Mongolia has given to PRC. Since the formation of diplomatic relations, the two countries have overcome some difficult situations and the friendship of the good neighbor has always been the most important relationship. Thus, the two countries' people have established a very solid friendship.

The forming of the comprehensive strategic partnership between the two countries during the historic visit of President Xi Jinping to Mongolia in 2014 has indicated the entrance of China-Mongolia's relations into a new era. The "triple carriage" of mutual political trust, economic partnership, and cultural exchange are speedily carrying the relations of two countries forward.

The two meetings between the two leaders of the countries last year have reached many agreements. It has greatly furthered the relations between the two countries and cooperation. The president Kh. Battulga has made a state visit to PRC in April of 2019 and attended the second high-level forum of the "One Belt One Road" initiative. During this forum, the two leaders organized another meeting and agreed for a mutually respectful and trusting strategic partnership and a mutually beneficial and friendly cooperation.

In short, a mutually supportive comprehensive cooperation. Also, the main direction for the development of China-Mongolia comprehensive strategic partnership has been defined. The Vice President Wang Qishan of the PRC visited Mongolia last July during Mongolia's Naadam Festival and the meeting has been successful. The visit has strengthened the mutual political trust and cooperation in every sector. The relation between the two countries has been strengthened by these high-level bilateral visits. Specifically, Mongolia's emphasis to respect China's interest in connection with Tibet and other important issues has deepened the mutual political trust and created a solid foundation for long-term, healthy and stable development of China-Mongolia relations.

**-How was Mongolia's economy when you first arrived? How would you say it is faring today? From your point of view, what are the sectors Mongolia has to work more in cooperation with to extend the partnership with its two neighbors from now on in regards to foreign policy?**

-Mongolia's economic state wasn't in its best shape when I first arrived. The foreign debt was high and the sovereign credit rating was falling. However, the Mongolian Government has come up with several solutions and made great efforts to boost the development. Currently, the economy improved and efforts are being made to attract more foreign investments. Also, the macroeconomic indicators are improving. I have been very happy to observe it. Mongolia's goal of foreign policy to lead its two countries and its improvement and development of foreign relations not only with its two neighbors but with other countries is commending. China respects Mongolia's foreign policy. Likewise, China supports the development of the cooperation of two countries in every sector alongside the integration of the One Belt One Road initiative with Mongolia's Development Road.

China is ready to respect Mongolia's interest in some specific project in a real way too. The betterment of the friendly relationship between the people of the two countries must be assisted by development in the sociocultural relations, through partnership in education, science, arts, and sports.

**-How would you evaluate the economic relations of the two countries?**

-The trade and economic relations are progressing and the people of the two countries are benefiting from ►

Mongolia's goal of foreign policy to lead its two countries and its improvement and development of foreign relations not only with its two neighbors but with other countries is commending



- the “One Belt One Road” initiative. Mongolia’s side actively participates and supports the development of the BRI.

China has been Mongolia’s biggest partner and the most important investor in trade and has always been supporting Mongolia with grant aid. The external trade turnover between the two countries has reached 8.53 billion USD in 2018. It has reached 66.2 percent of Mongolia’s total trade turnover which is 26.9 percent more than the 2017. The goal to reach 10 billion USD by 2020 is successfully progressing.

China has completed a lot of development projects to improve Mongolia’s urban development and people’s living standard by practicing principles of amity, sincerity, mutual benefit, and inclusiveness with grant aid and concessional aid. These works show the real benefits of the two countries’ partnership to the people of Mongolia. The two countries are working diligently to hasten the evaluation of the economic feasibility of the Free Trade Agreement.

Favorable opportunities are rising from this new beginning of the relation between the two countries. We have to leave this solid friendship of 70 years to the next generation and bring the relation of the two countries to a new level by continuing the friendly cooperation and partnership with the goodwill as a neighbor and a good partner. I don’t doubt the development and bright future of the two countries’ relations.

**-90 percent of Mongolia’s exports are made to China. Most of the exports are from the mining industry. As an ambassador, what is your suggestion for diversifying Mongolia’s export?**

-Most of the exports are made from the mining industry. China will follow its principles of amity, sincerity, mutual benefit, and inclusiveness to support Mongolia’s export of well-processed agricultural and mining products with value-added tax. The two sides should form a platform for partnership using the current mechanism and improve the structure and quality of the trade and broaden its operation. China is ready to increase the supply chain of Mongolia’s agriculture and improve the development of the processing factory.

The two sides are working to hasten the cooperative economic feasibility of the Zamyn Uud-Erenhot Economic Cooperation Agreement and Free Trade Agreement to quickly see positive results. By signing the Free Trade Agreement, China will be

entering a market with a population of three million but a market with a 1.4 billion people will be opened for Mongolia. This will assist in the development of the two countries’ trade and economy greatly. Furthermore, it will help products from every sector to get exported to China.

**-Since the establishment of diplomatic relations between the two countries, what kinds of support did China give to Mongolia? What projects did the two sides implement?**

-As cultural exchange increased, the relations between the people of the two countries deepened. During his visit, President Xi Jinping announced his cultural exchange implementation plan. The two sides have had successfully implemented the plan. The council of the Sino-Mongolian cultural exchange has been successful in their takings and it has become an important ground for friendship between the people of the two countries. Translating and airing the best Chinese TV shows for Mongolian viewers has been well appreciated in Mongolia. The operation of the Chinese Culture Centers and Confucius institutes in Mongolia have been successful and schools with Chinese language learning programs is increasing in number. The number of students with a desire to learn the Chinese language and know more about China has increased in Mongolia. In like manner, the people of Mongolia have highly appreciated the events held in Mongolia, such as the “Autumn Festival” and the “Night of Chinese Culture and Tourism”.

**-What does your wife and daughter enjoy the most about staying in Mongolia?**

-The families and friends of the diplomats working in the embassy of China usually visits Mongolia during the summer. The embassy becomes lively during this period. They also return with high satisfaction. The beauty of nature and fresh air is pleasant during the summer. Of course, the winter is cold. Ulaanbaatar is one of the coldest cities in the world. Following this, air pollution and road congestion are problematic issues. The Government of Mongolia is working hard on improving the situation. Chinese businesses and the Governments is contributing to solve the problem. ■

The two countries are working diligently to hasten the evaluation of the economic feasibility of the Free Trade Agreement

## Progress

# Two centuries of development

**T**he contribution of the two neighbors to the development of present Mongolia is seen from the history of the past century. China has helped our country to walk along with the development of the world. Mongolia was one of the most undeveloped countries with a population of hardly one million at the beginning of the twentieth century. However, the contribution of China hasn't been too insignificant. Hundreds of buildings such as power plants, agricultural facilities, roads, light industries, and apartments, etc. that are still in use today have been constructed with the help of Chinese workers.

During the middle of the twentieth century, the People's Republic of China has given concessional and grant aid of RUB 460 million to Mongolia. Nonetheless, due to the lack of workers, it has been agreed to bring in workers from China. In accord from 1955 to 1964, 30 to 40 thousand Chinese workers came to Mongolia and built wood, brick,

glass, bakeries, wool processing factories and key industrial (agricultural) and construction complexes. Additionally, other big constructions such as apartments, public, cultural, educational and sports complexes on par with factories should be mentioned too. In particular, the early apartment districts such as 120 Myangat, 40 Myangat, 50 Myangat, 100 Ail, the and Natural History Museum, State Department Store, Ulaanbaatar

Hotel, Central Sports Center, Central Stadium, the Children's Creative Center, Enkhtaivan and Yarmag's bridge are all the fruit of the labors of Chinese workers. As a result of these constructions at the beginning of the 60s, Ulaanbaatar has laid its foundation to become a modern metropolitan city. Adding to this list, the Chinese workers also built whole districts of apartments, towns, and factories in the urban regions.

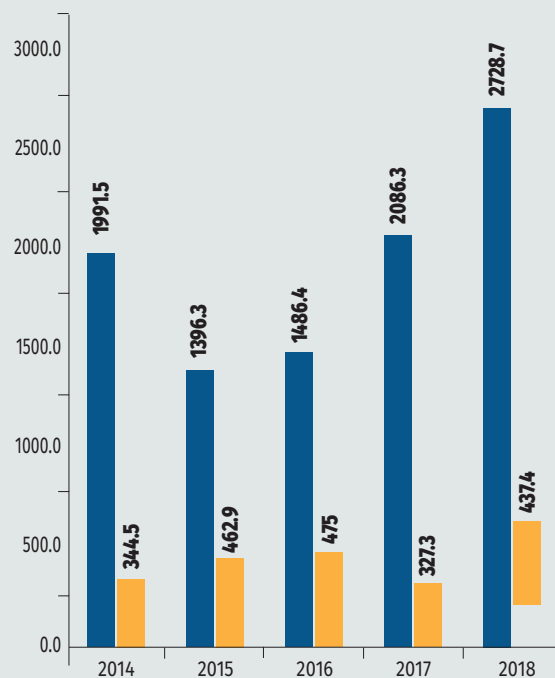
## The main fuel of the economy

Starting from the end of the 80s to present, the relations between the two countries has expanded into all sectors to reach a level of comprehensive strategic partnership even though it has been stalled for almost 20 years since the middle of the 60s. The two countries have been working in cooperation without intermittence in the mining industry and development projects up until now. China has been leading the collaboration of our country with other states by its position and contribution to Mongolia. At present 90 percent of the total exports and 60 percent of goods circulating in Mongolia is due to China.

China's total investment is measured to be 4.8 billion USD by April 2019. China's investment is focused mainly on sectors such as mining, energy, construction, banking, processing factories, and food services. Within the mining industry, the precious

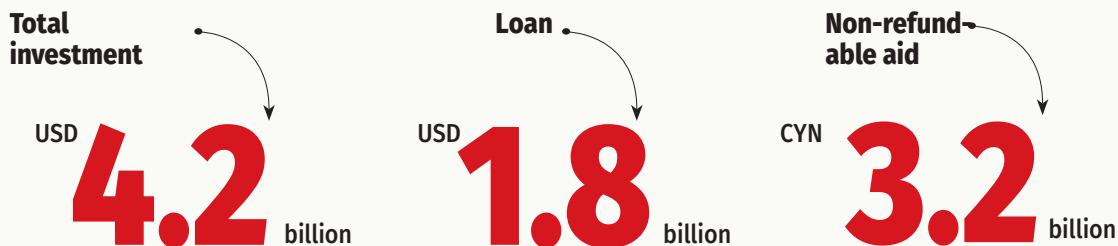
From 1955 to 1964 overlapped 30 to 40 thousand of Chinese workers came to Mongolia and built key complexes of agriculture, residences and public facilities

Mongolia's FDI /million USD/





## People's Republic of China's investment in 1990-2017



► metals and non-ferrous metals, iron ore and coal mining projects are getting the most attractions from the investors. Chairman of the National Development and Reform Commission of Inner Mongolia Gun Min Zhun noted that China's investment in Mongolia has been increasing. It has been mentioned at the Mongolia-China Expo, Regional Cooperation, Economic and Investment Forum that was held in September 2019, that as of June 2019, China has negotiated to invest 19.52 billion USD to 226 projects of Mongolia. She mentioned that projects such as comprehensive mining of minerals, research in medical technology, processing factory, research in preventing and reversing desertification, manufacturing incubator, cooperating laboratory and technology transfer centers are supported enthusiastically.

### The present state of the investments

The big developments made during the socialism period hasn't only continued into the sectors of road, construction and infrastructure building, but has extended into projects and plans of other sectors. In 2019 alone, the UB-Mandalgovi electric line and its sub-station, the new Yarmag bridge, Bayanzurh and Songolon bridge, high road of the New Ulaanbaatar International Airport and the Development Center for Children with Disabilities, etc. have been built with aids and grants from China and are in operation now. Also, social-economic and environment-friendly projects such as the temporary accommodation housing of 1008 household, Ulaanbaatar's 7th District, 2592 apartments complex in 14th District, construction of engineering networks, additional aid to the Development Center for Children with Disabilities, extension of the Buyant Uhaa sports complex and improving of the living environment of Mazaalai are in progress.

Projects in light industries such as the complex of meat processing factory that meets the international standard and importer's requirements with quarantine facility and upgrading of the technology are in progress. Also, under the project of promoting agricultural production China will provide tractors and agricultural and water irrigation equipment worth 24.5 million USD and distributed it to the citizens and businesses on soft loan terms.

Furthermore, the project to install a new 35-megawatt turbine generator at Erdenet Thermal Power Plant is also funded by a soft loan from China. This improvement will double the capacity of the plant and triple the production of electricity and decrease the cost of electricity by MNT 65.04. Another project in the energy sector is Erdeneburen hydropower plant with 96-megawatt capacity. The completion of this plant will make it possible to supply the ever-increasing demand of the western energy system with stable source and form a smart logistics for the power generator by replacing the expensive imported electricity with a domestic one.

In the sectors of culture and education projects such as the construction of the seven general education schools and one kindergarten and connecting of 625 schools to the network of fiber optic cable and providing 25,000 computers and renovating the NUM's 6th Building and library automation are planned.

Therefore, China being the most important trade and economic partner with Mongolia is clearly seen and the number of the aforementioned projects and their range only guarantees the expansion of our cooperation in the future. ■

As of June 2019, China has negotiated to invest USD 19.52 billion to 226 projects of Mongolia

## Historic Photographs



A commemorative photo after the credentials were presented by the first Ambassador to the PRC B.Jargalsaikhan to the Chairman of the People's Republic of China Mao Zedong. Beijing. 1950.07.03



An agreement on horses was signed between the Ministry of Commerce of the PRC and Mongolia. Beijing. 1951.04.26



First Ambassador of the People's Republic of China to Mongolia presented credentials to the Chairman of the Presidium of the State Little Khural of the People's Republic of Mongolia G.Bumtsend. Ulaanbaatar. 1950. 07. 10



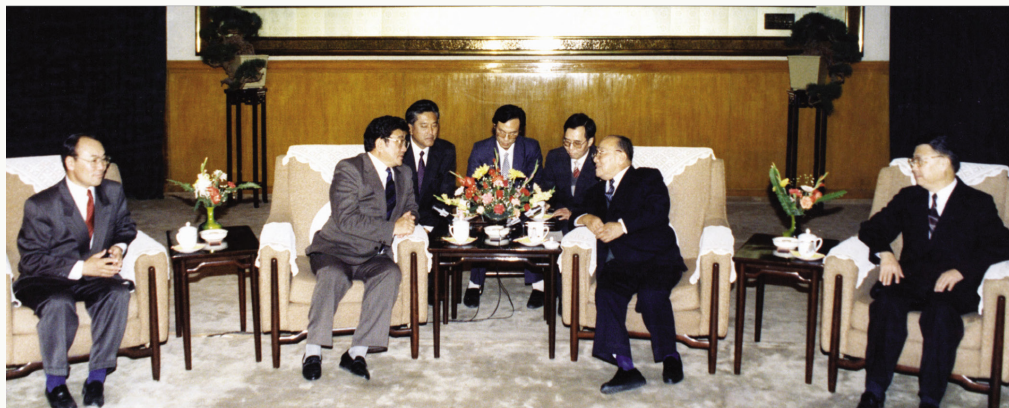
Opening of the Peace Bridge. 1958.09.18

The Prime Minister of Mongolia P.Jasrai and the Prime Minister of the State Council of the PRC signed the "Agreement on Friendly Relations and Cooperation between Mongolia and PRC" Ulaanbaatar. 1994.04.29





Chairman of the People's Great Khural of Mongolia and the President of the People's Republic of China Yang Shangkun. Beijing, 1990.11.15



Ceremony of signing the Protocol of Cooperation between the Ministry of Foreign Affairs of Mongolia and the Ministry of Foreign Affairs of the PRC. Beijing, 1994.04.06

With the invitation of Mongolian President Ts. Elbegdorj, China's President Xi Jinping made an official visit to Mongolia. During the visit, the heads of the two states evaluated that the relationship between Mongolia and China reached a comprehensive partnership and signed a Declaration on the Development of Relations. 2014.08.21-22



## Parliament

# Ya.SANJMYATAV: The government of the two countries has been actively cooperating with each other on an international level



*Within the framework of the anniversary of 70 years of diplomatic relations between Mongolia and China, Deputy Speaker and Member of Parliament, Chairman of the Parliamentary Group of Mongolia and China Ya.Sanjmyatav spoke to the Mongolian Economy about the role, importance, and involvement of the parliamentary groups in the relations between the two countries.*

**-How was the progression of the parliamentary relationship between Mongolia-China since 1990?**

-The cooperation between the higher legislative bodies of the two countries is steadily becoming more stable since the nineties in which the relation between Mongolia and the People's Republic of China (PRC) has recovered and calmed. Chairman of the Parliament visited PRC in 1994, 2000, 2008, 2014 and Chairman of the Standing Committee of the National People's Congress (SCNPC) has visited Mongolia in 1997, 2013. The mechanism of regular meetings between Mongolia's State Great Hural and PRC's Standing Committee of the National People's Congress has been based on it to this day. The collaboration between the parliaments and in

particular the interparliamentary relations is an important component of the relation between the two countries.

Mongolia's State Great Hural's Mongolia-China parliamentary group has been established in 1993. Its head has been parliament member Ch. Dashdemberel during 1993-1996, parliament member T. Erdenebilegt during 1996-2000, parliament member Ts. Baasanjav during 2000-2004, parliament member M. Zorigt during 2004-2008, former Deputy Speaker of the parliament G. Bathuu during 2008-2012, former Deputy Speaker of the parliament S. Bayartsogt during 2012-2013, former Deputy Speaker of parliament M. Enhbald during 2013-2016 and I have accepted the position and working since 2016.

Currently, two meetings have been organized accordingly by the mechanism of the regular meeting of the collaboration of the two countries' legislative bodies. The regular meetings mechanism of the interparliamentary relations between Mongolia and China have an important significance in increasing the involvement of parliaments in the two countries developing relations and pushing the expansion and development of the comprehensive strategic partnership into all sectors.

**-How much of the issues such as trade agreement between the two countries, development of the regions near Ereen-Zamiin Uud border and coal export have been mentioned properly during the Mongolia-China interparliamentary meetings?**

The discussions during the meetings involve pending issues concerning the relation and cooperation between the two countries in every field including trade, economics, politics, culture, art, humanity, etc. Additionally, this also includes the collaboration and trust between the people and institutes of the two countries. Often discussed issues include the cooperation of railways, increasing exports, cooperative projects, forming of the free trade agreement and collaboration of governments on the free economic zone of Erenhot-▶



- Zamiin Uud and the integration of the “Steppe Road” project and “Belt and Road” initiative.

2019 marks the 70th anniversary of the establishment of diplomatic relations between Mongolia and China. The respective institutions of the two governments organized many events in every sector such as politics, economics, culture, and humanity, etc. To nurture long-lasting, mutually beneficial, friendly relations with China is a top priority of the foreign policy of Mongolia. We have been working consistently to enrich the comprehensive strategic partnership between Mongolia and China with a new context.

**-How do you see the role of the inter parliamentary group in strategic integration of Mongolia’s “Development Road” and China’s “Belt and Road” initiative?**

The group has formed bilateral agreement about integrating the “Development Road” and “Belt and Road” between the governments of Mongolia and China in 2017 and partnership plan to initiate the integration of “Development Road” and “Belt and Road” in 2019. The interparliamentary group has been working to progress the respective projects by fulfilling the proper responsibilities of each party and the necessary cooperation between the institutions.

**-How do you see the role of the interparliamentary group in the relation between the two countries?**

-Mongolia-China interparliamentary group has a role in extending the cooperation between the legislative institutions by providing every possible legal support to create a better legal environment and flexibility in problem-solving. The furthering of the cooperation between the legal institutions has been the most significant feature of this group.

**-It is said that political trust is the most important thing in the relation between the two countries. What’s your take on it? Is there a risk to jeopardize this trust?**

-The increased trust between the two countries can be easily seen through the frequency and context of high-level meetings and visits. For example, President Ts. Elbegdorj’s state visit to the People’s Republic of China in 2015 and Premier Li Keqiang’s official visit to Mongolia in 2016 to participate in ACEM. Also the former prime minister J.Erdenebat’s official visit to China in 2017 and prime minister U.Hurelsuh’s official visit to China in 2018.

The president of Mongolia H.Battulga has had made a state visit to the People’s Republic of China in April of 2019 and participated in a high-level meeting

of international cooperation of “Belt and Road”. Vice President of the People’s Republic of China Wang Qishan officially visited Mongolia in July of 2019. Also, there are regularly held high-level meetings and visits from political parties, respective ministers.

**-How active Mongolia has been in the 70th anniversary of the establishment of diplomatic relations between Mongolia and China?**

-As a higher legislative body and political institution of Mongolia’s government, Mongolia’s State Great Hural has always made the advancement of relations and cooperation between Mongolia-China a priority. Especially the office of State Great Hural have always made it a priority to promote the relation and cooperation with PRC’s Standing Committee of the National People’s Congress. In particular, the stabilizing of the meeting mechanism between Mongolia-China governments and bettering the results of it. In efforts, among other representatives, the deputy speaker of the State Great Hural L.Enkhamgalan visited the People’s Republic of China in 2018 to attend the regular meeting of the interparliamentary

relation. Moreover, the deputy speaker of the State Great Hural L.Enkhamgalan has attended the “Conference on Dialogue of Asian Civilizations” in May of 2019. Besides the deputy speaker of the Standing Committee of the Chinese People’s Political

Consultative Conference (CPPCC), Lou Jiwei visited Mongolia. I have led the representatives who were attending the “Mongolia-China Expo 2019” that was held in Hohhot and Ulanqab in September of 2019. Lastly, the two countries’ legislative institutions have been actively collaborating on a regional and international level.

**-What initiatives and contributions have been made to support the business partnership between the two countries and increase investments and meet the needs?**

-Regarding the investors, there is no discrimination between domestic and foreign. Legally all parts of the investors are made equal on our side. The legal environment of Mongolia’s business law doesn’t favor or aid any particular country. It is obvious that there are works need to be done to protect the interests of the investor and attract more investments. Therefore, we have to work. Keeping in mind the stability of politics and policy is the main focus of the investors of any country. ■

The two countries' legislative institutions have been actively collaborating on a regional and international level

## Economic Relations

# The challenges in thinking globally

**T**he days of the so-called period of ration card when people received food by monthly and daily ration would prove too austere to the present generation. It is difficult to imagine for those under 25 that we survived through that kind of situation. There was a time of shortage of clothes, basic commodities, and even foodstuff while having the money to buy at the beginning of democracy. Closing of the ministry of industry and many factories along with the loss of thousands of livestock to zud and money value has



*Herdsmen from the outer districts of Beijing receiving the first of the 15,000 horses gifted by the Mongolian people.*

given rise to quite strenuous years. It is hard to tell how we would have pulled through it if it weren't for the suitcase traders. It is a fact that people who carried "pig" (large duffle bag) from "south" (China) shouldered the economy of Mongolia until the middle of the '90s. Anybody with foreign passport transported goods from southern neighbors to a northern neighbor and supported their families and endured the challenges presented by the infantile stage of the democracy. The foreign wind blew to sail us through this situation. The 40 years of diplomatic relations between Mongolia and China have been reviving actively.

## Beginning with trade...

Going through the pages of history Mongolian People's Republic and the People's Republic of China established diplomatic relations on the 16th of October, 1949, and has been actively engaging in trade and economic relations. The trade relations between the two countries started with the signing of the "Horse agreement" of gifting 15 thousand

horses from Mongolian People's Republic on April 26, 1951. The Beijing city's outskirts herders started to receive the horses sent from Mongolia after three months. Soon after establishing the agreement of pipe tobacco and tea and the agreement of the supply of the bilateral goods, a year later, the legal environment of the trade relations got stable. The trade turnover of the two countries increased year after year till 1959's trade turnover got 34.6 times bigger than 1952's. In 1960 the trade turnover of the two countries reached USD 130 million or RUB 31 million and 290 thousand reaching the historical record. The opening of the Hiagt-Zamiin Uud railroad in 1955 brought significant development that can be seen. As a result, starting from 1959 MNT 100 million got accumulated to the budget of the Mongolian People's Republic.

Apart from trade, the two countries' economic relations got expanded through trade expos and technical services and development projects. Three years after the establishment of diplomatic relations a team of 22 from southern neighbors exhibited about 2700 goods to Mongolians through the industrial expo under the "Ten-year Sino-Mongolian Agreement on Economic and Cultural Cooperation". It was the first of the expos with a wide range of exhibitors. Under the first agreement, non-refundable aid of RUB 160 million got received and constructions of fabric, paper, brick and glass factories, thermal power station and wood processing industrial complex, Enkhtaivan bridge and the central stadium got started. Furthermore, many projects of development started with non-refundable or concessional aid of RUB 100 million in 1958 and RUB 200 million in 1960.

Unfortunately, due to misunderstandings, the relation between Mongolia and China worsened suddenly. The economic relations between the two countries stalled for almost 20 years but hadn't "frozen". In 1965 supply of livestock and animal products by us and rice, silk, cement, and consumer goods by a southern neighbor have been agreed by the trade protocol between the Mongolian People's Republic and the People's Republic of China and a similar one reenacted in 1975. ►



## ► Economized foreign relations

Starting the mid 80's when the relations started to get better the Mongolia-China border protocol got established and diplomacy of air transport got revived. Also, the meetings of the rail transit commission continued and a long-term trade agreement had established. One of the achievements that boosted the economics relations was the eight-day official visit of the minister of the Ministry of Communications B. Baatar to the People's Republic of China on the 25th of September, 1989. So, going on in 1990 the trade and economics relations got permanent mechanism and its operation became stable as the interparliamentary committee had their first meeting.

The historical facts will show the economization of China-Mongolia relations since Mongolia's independent foreign policy. The trade turnover of USD 33.6 million in 1990 reaching USD 285.9 million in 1999 has made China our biggest trade partner. The words such as cars with or without Zamiin Uud customs, "to carry a pig" ('gahai zuuh', to carry a big bag for transporting goods), "suitcase traders" started to emerge strongly in Mongolia's economic life exactly during this period. The suitcase traders played an important role in the aggressive expansion of trade turnover. After 10 years it reached USD 2.52 billion and USD 8.53 billion in 2018. The goal to expand the trade volume up to USD 10 billion has been proposed by the "Mid-term Trade and Economic Development Plan" in 2014.

According to the analysis of the present trade structure Mongolians are primarily exporting coal, concentrated copper and animal products to China and importing technological equipment and consumer goods from China. The mineral products are the main avenue of China-Mongolia economic relations. The council meeting of mineral, energy and infrastructure cooperation has been established after considering the integration and comprehensive development of bilateral discovery and mining of natural resources, development of infrastructure and financial partnership as the main avenue of economic cooperation.

## The pros and cons

Being the neighbor of the world's biggest consumer and exporter with rapid development always has have been both the pros and cons of Mongolia's economy. Our economic performance is half dependent on the foreign environment and mostly on our southern

neighbor according to the research done by Mongol Bank. And it has brought both luck and misfortune. In this time of global policy equilibriums evolving from bipolar to multipolar nature China's domestic and foreign affairs effects Mongolia both directly and indirectly. According to the researchers and international relations experts, it will become a challenge to the relations of the two countries. There is a risk of a southern neighbor's GDP shrinking due to the conflicts occurring in the global trade system. In that case, production will decrease as well as raw material purchase and price of it on the global market. It will be a disaster for our economy. The situation will worsen If China's GDP growth falls below that of 5 percent. The second big challenge is conflict in the two countries' policies. Our country has an interest in processing our raw material and natural resources deeply and supplying it to the third country. But as the doctor and administrator of China study at the Academy of International Management B. Shurhuu said China has the policy to buy raw and cheap as possible. Thanks to China's several hundred times bigger economy than Mongolia the conflict hasn't gotten out of hand and has been satisfying the policy of both parties.

Also, B. Shurhuu mentioned the policy to increase their regional influence in sectors such as energy, railroad and infrastructure by Japan, India, Russia, and South Korea apart from China. The conditions for economic relations without a barrier are already met when bilateral political trust has been established between Mongolia-China and parties fulfilled their agreements. The development of the infrastructure such as in sectors of railroad and energy has been slow even though there has been no issue in the economic corridor of the three neighbors. On the other hand, researchers are reminding that political misunderstanding and deficit in the workforce are contributing to the problem.

The ambassador extraordinary and plenipotentiary of Mongolia to the People's Republic of China Ts. Suhbaatar once said it is impossible to imagine relations between Mongolia-China without the economy. But it has become clear that regional, global and geopolitical issues will challenge the development of these relations more than the two countries. Though things have been working out for the last 70 years with luck and loss the time has come to think globally and see far. ■

The suitcase traders played an important role in the aggressive expansion of trade turnover

Ambassador

# D.GANKHUYAG: The relations of two countries are entering a new era and it is in the most favorable period of its history



*D.Gankhuyag, Ambassador Extraordinary and Plenipotentiary of Mongolia to the Republic of China talked with T.Sarangua, our correspondent in China about 70th anniversary of the establishment of diplomatic relations between Mongolia and China and current level of cooperation between two countries.*

**-A historic 70th anniversary of the founding of the People's Republic of China was widely celebrated in the country. The anniversary coincided with the 70th anniversary of the establishment of diplomatic relations between Mongolia and China. Could you please share your thoughts on this historic coincidence of anniversary?**

- First of all, I would like to send my warmest greetings to the readers of the Mongolian Economy magazine. Additionally, I want to express my gratitude to the journalists and editorial staff of the magazine who prepared a special edition on the 70th anniversary of the establishment of

diplomatic relations between the two countries. As you said, 2019 has been full of special events for two countries in terms of relations. The year marks the 70th anniversary of the establishment of diplomatic relations between Mongolia and China, the 25th anniversary of the renewal of the Treaty on Friendly Relations and Cooperation and the 5th anniversary of the establishment of a Comprehensive Strategic partnership between the two countries.

On October 1, 1949, the founding of the People's Republic of China was declared and Mongolia established diplomatic relations with the country on October 16, 1949. The Embassy of Mongolia in China was opened on 29 June 1950 in Beijing and the Chinese Embassy in Mongolia was opened on 5 July 1950. Both Mongolia and China were the first countries in the world to recognize the independence and sovereignty of each other and establish diplomatic relations. It is distinctive that anniversaries of the establishment of China and diplomatic relations between the two countries coincide each year. ►



► **-How do you summarize 70 years of relations between the two countries?**

-Between 1949-1962, relations between the two countries began to take its current shape and many important bilateral documents that strengthened the legal basis of the relations were signed. For example, the “Agreement on economic and cultural cooperation between the People's Republic of Mongolia and the People's Republic of China” was established on October 4, 1952. Moreover, the Treaty of Friendship and Mutual Assistance was signed in 1960, a Trade agreement was established in 1961 and Boundary Treaty was signed in 1962. On top of this, the Treaty of Friendly Relations and Cooperation which was renewed in 1994 constitutes the legal basis of relations between the two countries. In 2003, a good-neighborly partnership of mutual trust, in 2011, strategic partnership and 2014, a comprehensive strategic partnership was established respectively.

For the last 70 years, the relations of the two countries have been constantly developing even though it has seen and overcame many challenges and setbacks. I'm happy that both countries mutually respect the independence, sovereignty and territorial integrity of each other, consistently observe the principle of equal and mutually beneficial relations, respect the development path of each country and become a perfect example of regional development relations that conforms to modern standards.

Regular exchange of high-level visits, strong political and civic trust, broad trade and economic cooperation and active exchange of culture, education, sports, health and humanitarian sectors between the two countries demonstrate that relations of two countries are entering a new era and coming at the door of a new start. The cooperation between the two countries is considered to be in the most favorable period of its history.

**-Culture and education are the main sectors that strengthen relations between the two countries, especially relations between their citizens. Could you please tell us about the latest developments in these fields?**

-I consider cooperation in culture, education and humanitarian sectors are the main basis of ensuring healthy and consistent relations between the two countries. We are friendly and eternal neighbors. Additionally, many ethnic Mongolians live in Inner Mongolia, Qinghai and Xinjiang Uygur Autonomous regions who still keep their history, language, and traditions. I think people of the two countries should get to know each other more and discover the tradition, history, and culture of each other more. Only such exchanges would reinforce mutual trust and understanding of people of two countries. Elders say “learn to make your

way early in life”. Therefore, young people especially should make more contributions to the development of relations between the two countries by discovering, respecting and learning the history and traditions of each other.

In 2018, a joint council for cooperation in the humanitarian sector was established and its second meeting was held this year. At the meeting, it was agreed to implement more than 40 joint projects and programs in culture, education, health, media, rural development, and youth exchange fields. Following the Agreement on Cultural Cooperation, established in 1994 and memorandum of understanding on the cooperation of implementing special fellowship programs between Mongolia and China, signed by the Ministries of Culture in 2015, many Mongolian students are studying in China on scholarships offered by the Government of China. As of 2019, around 10,300 Mongolian students study in China, of which 3500 students are on scholarships. A number of self-funded students and those who received special scholarships are increasing year by year.

These scholarships will play an important role in providing a great opportunity for Mongolian youth and preparing skilled professionals who should enormously contribute to the social and economic development of Mongolia. Cultural cooperation is enriched by more opportunities and new content, and various joint events in literature, movies, museums and art industry are taking place.

This year, within the framework of the 70th anniversary of the establishment of diplomatic relations between the two countries, “Xi Jinping: The Governance of China” two-volume books and “70 years-70 authors-70 essays”, a book of 70 best Chinese authors have been published in Mongolian while “Digest of Mongolian poetry” was published in Chinese. Furthermore, more opportunities should be embraced by advocating Mongolian artists in the Chinese cultural market and organizing joint cultural events.

**-The political and diplomatic relations between the two countries have reached a new height. In terms of development level, which sector should attract more attention and effort, in your opinion?**

- All-round cooperation of two countries has been steadily developing based on the Mongolia-China ►

Many ethnic Mongolians live in Inner Mongolia, Qinghai and Xinjiang Uygur Autonomous regions who still keep their history, language, and traditions. I think people of the two countries should get to know each other more and discover the tradition, history, and culture of each other more

- Comprehensive Strategic partnership which was declared in 2014. I'm very satisfied that political trust and understanding has deepened, the stability of relations has strengthened and high-level talks and visits have become more regular between Mongolia and China. It could be said that the extent and benefit of the political relations of any two countries are revealed and concluded by trade and economic cooperation. In this sense, indicators of trade and economic cooperation of the two countries have produced constant positive results. Though, when taken account of all the sectors, including economy, culture, education, humanitarian exchange, and environment, it must be acknowledged that we have not yet reached full potential.

My efforts have been on organizing events in China about Mongolia's history and culture to bring about mutual understanding between the people and advertise Mongolia to Chinese people

For example, the type of products Mongolia exports to China is a handful, limited by few mineral products. To increase these numbers, we must make a determined effort to export food and agricultural products to China. Moreover, in my opinion, there is a great opportunity for us to cooperate in the energy sector. Mongolia boasts a huge resource of energy coal and we must broaden our cooperation with China in this field by building power stations near the coal mines to provide electricity to the markets which need power. There are many useful experiences and practices

we should learn from China in the environmental protection and air pollution reduction areas, hence related agencies and decision-makers of Mongolia should be aware of this and work actively to implement them. Generally speaking, all the sectors should benefit from the current favorable state of political and diplomatic relations between the two countries.

**-Each ambassador has contributed to the relations of two countries to certain degrees. May we know what are your main objectives and goals since you have been appointed as the ambassador?**

- I presented my credentials to the President of the People's Republic of China on September 14, 2016, and started my duty as ambassador extraordinary and plenipotentiary of Mongolia to the People's Republic of China. The main duty of the ambassador is to serve as the main facilitator and nurturer of sustainable development of all-encompassing and long-term cooperation with the countries neighboring and significant to the national security and foreign policy. In short, a strong bridge for mutual understanding and cooperation. I am working to align the two government's key strategies for development, stabilize the high level diplomatic and mutual visits, put

the affairs agreed upon by the government leaders into effect and benefit the people of both countries, boosting the regional development as my goal.

The agreement to reach a 10 billion USD trade between the countries has become one of the primary goals of mine. The enhancement of trade covers large area such as forming the pertaining government documents, improving the legal environment, building infrastructures connecting the two countries, strengthening the capacity of the border points, updating the corresponding firms with the latest news on time, offering help in contacting the Chinese companies for partnership and resolving any issues occurred during cooperation legally and ease the process of getting a visa into Mongolia for business owners. So far, I have been concentrating on these issues. Secondly, my efforts have been on organizing events in China about Mongolia's history and culture to bring about mutual understanding between the people and advertise Mongolia to Chinese people. In this regard, our embassy has worked to organize a tourism forum to advertise and attract Chinese tourists. Thirdly, it has been on my attention as an ambassador to spend the soft loan and government aid from China effectively and on projects that would benefit the Mongolian people's livelihood. In particular, the building of several bridges with Chinese soft loans to solve the road congestion problem. The high road to the new airport has been built by a soft loan from China. Other several projects can be mentioned which is also funded by Chinese government aid such as sports complex and development center for disabled children.

**-What is the status of today's trade performance?**

-In 2018 the trade between the countries reached 8.4 USD billion. By July, 2019, it reached 5.2 billion USD as 4.1 from export and 1.1 from import. As the primary products 20.4 million tons of coal, 867.7 thousand tons of copper concentrate and 4.8 million tons of iron ore has been exported to China. I believe If the current trend of increase in trade continues the goal to raise the trade to 10 billion USD is possible to achieve.

**-90 percent of the export to China from Mongolia largely consists of products from the mining industry. What kind of effort should be exerted to make the export of Mongolia beneficial to other fields?**

-The Mongolian government is trying to change the nature of the reliance of the economy largely on the mining industry into one of a multi-sectoral kind. An aide-memoire about aligning the initiatives of Mongolia's "Development Road" and China's "Belt and Road" was made for the mutual understanding between the governments in 2017. The opportunity to further develop the collaboration of the two countries on every field including trade, investment, ►



► agriculture, and energy section, etc. will open itself as we enthusiastically participate in the establishment of the “Belt and Road”. It also includes the issue of cross-border economic collaboration and the development of urban areas. Mongolia and China are eternal neighbors, sharing 4700 km of border and civilians traveling between the countries through 13 port and doing trade. As of this year, our country has exported goods to 74 countries of which China got 90.6 percent by the first half-year. Creating a comfortable trade environment, especially Mongolia’s short- and long-term planning, harmonizing the development of the ports at a strategic level, increasing the variety and quality, renewal of the policies will be the catalyst to have 10 billion USD volume of trade between the two countries in coming years.

Other sectors that have potential are agriculture and tourism. Every country on the planet highly esteems the pure organic quality of our food products. There is a big market possibility if accommodations can be made for Chinese customer’s behavior and culture. China has come to pay more attention to the quality of the products and put higher standards as the standards of living raised. As a result of the proposal to export beef, lamb and goat’s meat from Mongolia to the People’s Republic of China has made with China on a high level there has been some export since September of 2015 which has been temporarily stalled due to outbreak of animal disease. But as there are a market and huge demand for Mongolian meat in China the companies that got licenses from corresponding institutes from China may not worry that their meat won’t sell. It is to be noted that the most important requirement from China is steady provision and quality. It is crucial to use this business opportunity to the fullest with long term sustainability.

There is a big window of opportunity to work in partnership and export our goods from animals such as milk, meat, and leather processing into China’s and other countries’ markets. Hence active cooperation with China to improve the stock health is possible. As follows the diversification of the goods, one good taking up the slack when other is short, the development of trade that sustains balance is essential. Also, China’s affirmation of “Mongolia-China Intergovernmental Agreement on the Access to and from the Sea and Transit Transport by Mongolia through China’s Territory” has been an important step to validate Mongolia’s opportunity to export goods to the third market and increase the seaport numbers. Furthermore, the cooperation between China and Mongolia in the energy sector is expanding daily. Mongolia has had an interest in producing electricity by utilizing the advantage of its rich energy resources and export it to China and border neighbors. There is a vast opportunity to

cooperate in this sector.

**-What are the chances of our manufacturers and business owners entering the Chinese market? In what way does the embassy support and cooperate with business owners in this regard?**

-The interest in entering the Chinese market, sell their products, operate manufacturing and provide services might be the ultimate goal of any country and company. It isn’t an easy feat to introduce yourselves and gain a steady foothold in this huge market. But it isn’t impossible too. First of all, we are working to export everything we are capable of. But to export the ecologically pure products we all like to talk about such as meat, dairy, and grain products we have to prove “Mongolian products are pure and high quality” and work hard to establish a reputation. For this reason, we need to develop process manufacturing that can compete in the international market. Also, it is necessary to make the packaging meet the requirements of the standard. After that, the advertisement, research, and marketing have to be done on an expert level for the new market.

Likewise, supports such as the implementation of government tax policy that supports the exports, the interaction between the respective government institutes and offering help in getting the license when needed and forming of trade agreements that would lessen the non-tariff barriers are needed for the businesses to enter a foreign market. Also, giving help in contacting the company that shows interest in their products and to solve the disputes between the companies legally. The exported agricultural products into China, especially the food products are to be registered and licensed by the respective agencies by the China (Bureau of Import and Export Food Safety of the General Administration of Customs of the People’s Republic of China, Import and Export Animal and Plant Quarantine Regulations of the People’s Republic of China).

The license is given after the factory and product has gone through and met the requirements of the quality and hygiene/health inspections and quarantine clearance. For example, the products can be exported into China after the company got the license is issued and included among the list of foreign companies that can export thermally processed beef, lamb and goat meat. We have worked diligently to file the materials of the requesting companies to the respective agencies without much delay and sent the experts team to the Mongolia in order to get the assessments right at the spots for the purpose of including many companies much ►

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It is to be noted that the most important requirement from China is steady provision and quality. It is crucial to use this business opportunity to the fullest with long term sustainability

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► as possible among the list. For this reason, we think the exported agricultural products, in particular, the meat and meat-related products should have a systematic control system to organize these procedures without unnecessary drags. As of lately, we have received requests to export dairy and grain-related products. This have to be organized neatly to establish continuous operation. The products should meet the quality and standards set by the importing party. Also, a steady and continuous supply should be established. Otherwise we have seen examples of products that only supplied for some time then fade into obscurity in the market for the lack recognition and reputation.

**-What are the affairs and agreements waiting for the two countries shortly?**

-Zamiin Uud, Gashuunsuhait's project to improve "The infrastructure of border crossing points" and "Temporary accommodation housing of 1008 household" project has started their construction. In the coming year construction of the project "Sports complex for disabled people with special equipment" will start. Around 2 billion CNY of government aid has been planned to be spent on the infrastructure of ger districts and necessary equipment for the border crossing points.

Since 2005 Mongolia has received 1.8 billion US dollars amount of soft loan from the People's Republic of China's government for 30 projects of which the 10 has been finished and 12 in the process leaving the other 8 scheduled to start in 2020. The government of Mongolia is spending a huge chunk of the soft loans on infrastructure. To name a few, "New Ulaanbaatar Central Wastewater Treatment Plant", "Hydro Power Plant in Erdeneburen", Traffic police bridge, Yarmag's new and old bridge, high road to airport, Gachuurt-Nalaih 20.9 km road, Tosontsengel-Uliastai 114 km road, etc. Adding to the list of projects such as Ulaanbaatar's "Tunnel", "Development of ICT's access, quality, control", "Installment of Surveillance Cameras in Ulaanbaatar City and Province Centers", "Development of Selbe River Area" are scheduled to start in the coming year.

**-For the last decade not only Mongolians but the whole world is looking at China's development. As Mongolia is a close neighbor to this developing country what can we learn from China's development and how should we go forward?**

-China's economy has been growing steadily. Especially for the last five years, it's GDP has grown from 54 trillion CNY to 80 trillion CNY becoming the second-largest economy in the world. This is a magnificent result of China's successful implementations of changes, reforms

and open policies which strengthened the economic power of the country and all the big developments that made for the well-being of its citizens over four decades.

We have to collectively participate in the cooperative activities of China's "Belt and Road" initiative in fields such as trade, economy, society, philanthropy, and culture. In other words, if we can cleverly integrate and synchronize Mongolia's "Development Road" with China's "Belt and Road" with innovation it will increase our chance of getting on China's development train and reaping benefit from it. Also, it is of utmost importance to further develop the two countries' relationship and cooperation on every level. But I would like to mention three sectors as an ambassador in this country. First, the development of infrastructure. We should especially learn from their experience in developing the infrastructure and logistics of railroads and roads and boost China's involvement in technology and investment. Secondly, we should learn from and adapt China's experience in keeping natural and ecological balance by proper and well-planned usage of their natural resources. The faster we do this faster we will get rid of air pollution ensuring the health of the people. Thirdly, we can move far forward in the direction of development if we can learn from their experience in the fight against poverty and elimination of it. Every year China is saving about 10 million of its citizens from poverty who were living in the harsh, excluded environment, left far behind the development. This makes it clear that a country of 3 million can be without poor citizens.

**-How would you imagine and describe the two countries' relationship in 70 years?**

-I am imagining the two countries' future relationship will be brighter. Cooperation between the two countries has the advantage of making up for each other. Mongolia has a unique geopolitical location connecting West and East and has started the big developmental operation in Mongolia, China and Russia's economic corridor in pursuit of integrating Mongolia's "Development Road" mandate and China's "Belt and Road" initiative. Going forward Mongolia and China's relationship will become richer with the new opportunity, new context continuing "the example" to the regional countries, strengthening the traditional cooperation on the international stage, implementing the long-term strategies I am perfectly assured that the two countries will reach new peaks in development.

Once more I would like to wish all the happiness and success to the people of the two countries! ■





Asiana restaurant is located in the upcoming affluent Zaisan area and is one of the most trendy new restaurants in UB. The restaurant serves traditional Mongolian, authentic Chinese, and contemporary Japanese food in a family friendly area. The interior design captures 3 different cultures.

Location : 1st floor, Buddha Vista, Ulaanbaatar, Mongolia

Timetable : 11:00 AM - 12:00 AM

Tel : 77151010



## Mining

# Erdenes Mongol or the crossing point of the neighbors' interests



*Erdenes Mongol LLC's CEO P.Gankhuu, and the Federation of Russia's Rosseti's General Director Pavel Livinsky signed a Memorandum of Understanding to work in partnership on implementing government policies and guidelines.*

**T**he two neighbors officially announced that they will start the project of transiting gas pipes through Mongolia during Prime Minister U.Khurelsukh's visit to the Federation of Russia in December 2019. In doing so, the opportunity for Mongolia to enter the regional energy integration is made possible. The potential to make this achievable for Mongolia is only present in the Erdenes Mongol LLC. According to Mongolian Ambassador to Russia L.Khangai, Erdenes Mongol is a joint stock company, directly affiliated with the government, is composed of Mongolia's largest companies, is internationally recognized, and has the

main aim of attracting foreign investment. Therefore, the company has prospective to work in partnership with the largest players in the world such as Russia's Gazprom, China's SNPC, the Asian Infrastructure Development Bank, and the Silk Road Fund.

Since the creation of the gas pipes is a business project, the two neighbors had their government owned large companies that operate on a business manner work on it. International experts see that for Mongolia's case it should also be a company with international experience and one that can represent their country to the fullest. Erdenes Mongol being in charge of such a large project that combines the ►



► interests of both neighbors is a decision that was made at the right time.

Erdenes Mongolia has announced its intention to launch value-added products and work with strategic investors in long-term partnerships. In this regard, the Boao Forum for Asia taking place in Ulaanbaatar was held in Mongolia in August by the Ministry of Foreign Affairs and the Business Council of Mongolia. The international media addresses Erdenes Mongol in all kinds of minerals, including gold, copper, silver, coal, uranium, oil and gas, at a conference entitled "Cooperation for New Progress". He emphasizes his commitment to developing value-added manufacturing strategies that have made the mining industry international.

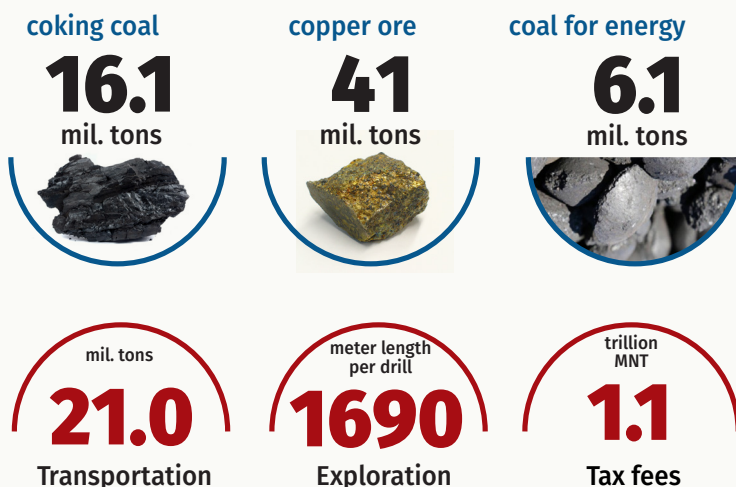
The two countries are aiming to increase trade to 10 billion USD by 2020. The company Erdenes Mongolia is deeply involved in achieving this goal. Attracting investment and developing the refining industry, as well as improving transportation infrastructure, must meet the goal of exporting value-added products as soon as possible. Therefore, they undertook several projects aimed at closer and mutually beneficial cooperation.

Erdenes Mongol, a global trading partner with the world's coal, copper and commodity markets, has installed a seven billion USD energy-efficient Shivee-Energy complex, and Mongolia and China have partnered with neighboring companies. I am. It reflects the size of the country's foreign and economic cooperation. It is a complex based on the Shivee-Ovoo lignite deposit, producing 5,280 megawatts of electricity and exporting it to China via transmission lines.

Within the framework of the Russian President Vladimir Putin's visit to Mongolia, the CEO of Erdenes Mongol, and Director General of Rosseti Pavel Livinsky signed a Memorandum of Understanding on implementation of Government policies and guidelines to support regional energy cooperation, trade and agreement. Erdenes Mongol is pursuing a policy to expand this cooperation, and plans to research the markets of its southern neighbors and begin a mutually beneficial cooperation.

Regular cooperation between Erdenes Mongolia LLC and neighboring countries in the south is 320 million USD through the construction of a value-added coke and steel mill, a coke plant with SINOSTEEL

### The main indicator of the production of compounds of Erdenes Mongol /in 2019/



Group in China through Erdenes Steel LLC. project. This plant is a starting point for industrial parks in Japan and a future exporter of steel.

In addition, Erdenes Mongol met with the companies in the Shanghai stock market that operate in machinery, copper and plastic processing companies and executives in the logistics industry to discuss Mongolia's real-world cooperation. However, in 2020, within the framework of Gashuun Sukhait-Gants Mod port entry for improving the stability of coal supply, a special plan was made with Inner Mongolia to develop technology to improve the speed and efficiency of coal transport. They had created an optimized solution that takes advantage of progress.

Researchers and economists point out that the role of the state-owned Erdenes Mongolia LLC is high, and it all depends on efforts to take mutually beneficial cooperation to a new level over the past 70 years. Erdenes Mongol is also pursuing a strategy for inclusive economic growth and requires the establishment of mutually beneficial partnerships. ■

Attracting investment and developing the refining industry, as well as improving transportation infrastructure, must meet the goal of exporting value-added products as soon as possible

## Coal



# Mineral welding

Mongolia-China relations that have evolved into a comprehensive strategic partnership in the last 70 years and it is to be dominated by trade, economic and business relationships based on the Tavan Tolgoi coal deposit, both quantitatively and in the future.

As of last November, trade with southern countries accounted for 65 percent of total sales, a 5 percent from last year. A total of 40 percent of exports is composed of coal and Erdenes Tavan Tolgoi makes up for about 47 percent of the total coal exports. This accounts for 21 percent of the total coking coal imports of China.

According to the company's official statistics, coal exports are steadily increasing year-on-year, and exports in 2019 alone increased 17 percent. Last year, ETT exported 13.8 million tonnes of coal, exporting 38 percent of its coal to its China. It is one-fifth of the coking coal consumption required for steel production and is a major hub of the Belt and Road Initiative Infrastructure Network. ETT has exported a

total of 55.5 million tonnes of coal over the past nine years, of which, 13.8 million tonnes were exported in 2019 alone. In short, ETT JSC LLC has reached a record high.

ETT conducts export quality improvement and export-related projects. In July 2018, the government decided to establish the Tavan Tolgoi Railway to resume construction of the railway from the Tavan Tolgoi deposit to the port of Gashuun Sukhait-Gants Mod. 66 percent of the Tavan Tolgoi Railway is owned by ETT and 34 percent is owned by Mongolian Railways. The total construction cost of the 238.5 km railway line scheduled for commissioning in 2021 was 1.07 billion, USD of which 276.4 million USD was first spent by the Mongolian Railway state-owned joint stock company.

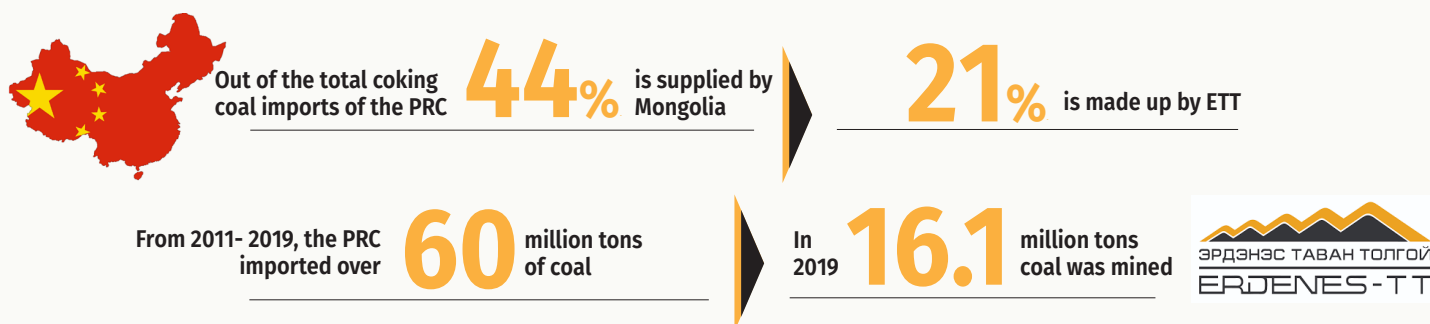
Also, construction of the 414.6 km Tavan Tolgoi and Eastbayan railways is underway. By the government's proposal to fund certain parts of the project, ETT has signed an agreement to purchase 750 billion MNT securities issued by the Mongolian ►





To produce high-quality coke using Mongolian coking coal, we are working on the complete energy recovery of world-leading CHS and the introduction of environmentally friendly coke technology. The overall plan of the project will produce 2 million tons of coke and two stages of 50MW steam turbine generators in two stages each year. Even though the construction period of the factory is planned for two years, it can be changed depending on the situation. With such a plant, coking coal is traded economically and eventually sold to neighboring countries. According to ETT, there is even a market demand for such plants. For example, coke units in Russia, Japan, and Eastern Europe are outdated and cannot be supplied permanently. In China and developed countries, environmental protection requirements have become more stringent, and coke production has gradually declined, increasing production costs.

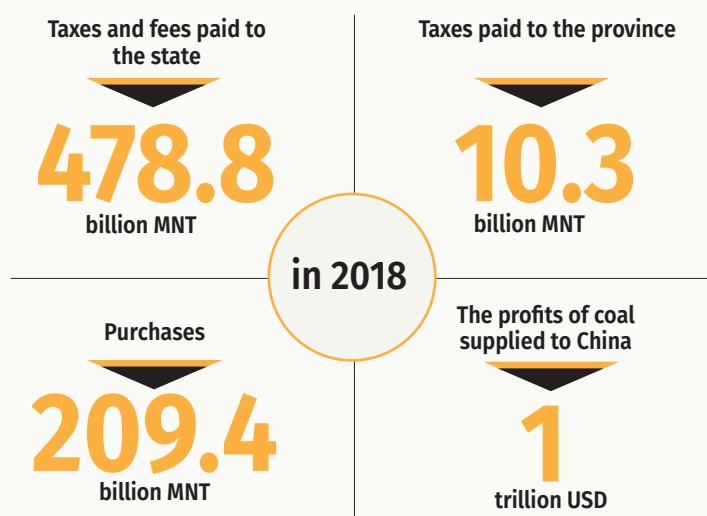
Therefore, Mongolia has an ample opportunity to increase supply in the international coke market. Also, high-quality coke can be supplied to Japanese, European, American, Indian and Chinese markets. ■



► **Railway.** To date, an amount of 357 billion MNT has been provided for the payment of contractual securities. With the launch of the Tavan Tolgoi-Zuunbayan Railway, Mongolian mining companies will be able to support rail and coal and copper exports, transport them to Chinese ports, transporting them to third markets at lower prices.

One step project to promote coal exports to Mongolia and China is a coal enrichment plant. ETT has established a working group on the research and development of contract proposals with domestic and foreign companies to develop value-added industries through the concentration of the Tavan Tolgoi coal.

Selection of contractors for a feasibility study and FEED processing of carbon enrichment plants as reflected in our investment budget for 2019.



Source: ETT

# The semi-centennial is 30 years away

The Belt Road Initiative is the driver of the Chinese dream



**D. BAYARKHUU**  
(International relations  
researcher and  
professor)

**L**et's look for a short and clear answer to what the implementation of the One Belt One Road initiative, and Mongolia's involvement in it will have on the domestic economy according to Chinese sources.

About half a year ago, there were impressive numbers presented at China's National People's Party. Some include how following the last, XII, elections, 68 million people were rid of poverty (the number of those living below the poverty line was 99 million in 2012, and this number has gotten reduced to 30 million by 2017). The Chinese economic ability has rapidly increased to a new level where their GDP has increased from 54 trillion to 82.7 trillion yuan, and their input to the increase in the global economy was measured as 30 percent. China has also taken leading roles in speed rails, online sales, and information technology. The speed rails that was once 9,000 has become 25,000 and two thirds of all the speed rails in the world now belong to China. In regards to the ecology, the environment has also been revitalized and the air pollution in large cities have decreased up to 50 percent.

If the Chinese domestic policy is analyzed, it is evident that they have only one main goal. This is similar to Mongolia's as well. They have started the war on poverty. Mongolia is also trying to solve this issue as fast as possible as well, almost declaring war like them.

With the reduction in poverty being the main aim of the policy, it is evident that the core and pillar of development is human, and the well being of humans as highlighted by the Chinese Economic Forum. Developing humans, motivating them, and competing on the global stage with this standard is their main forte. Statistically speaking, the middle class will become nearly 100 percent of the population.

In 2012, an incredibly interesting solution arose from the XVIII meeting of the Chinese Communist Party (CCP). In 2021, it will be the 100th anniversary of the establishment of the CCP and they will establish

a rich society in all contexts. In 2049, it will be the 100th anniversary of the establishment of the People's Republic of China and there, they will step up the ladder as a modern socialist country. By the end of 2049, the first century of China will finish. At the beginning of the second century, they will be the leading country in the world. This is what their policy is oriented towards. This is an imagination that is only 30 years from now.

The XIX meeting of the CCP in 2017 called these two eras the "double dragons", and they have made plans for the next 100 years. In the future, how will this socialist modern country be created?

Seeing from the reports at the conference, China will develop in this century with two stages. The first stage is to be from 2020-2035 and in that time they are planning to create a rich society in all aspects, creating a modern socialist utopia. The next stage is to be implemented from 2035 for the following 15 years, during which, the modern infrastructure development will be completed. At that time, China would be prosperous, strong, democratic, culturally advanced, harmonious and beautiful.

By the end of the XXI century, China's objective would get a new formula. For example the previously proposed "prosperous, strong, democratic, culturally advanced, harmonious, and beautiful socialist utopia would be created" is the main target. In other words, it is imagined that by the semi-centennial of the next century, the southern neighbor would no longer be called socialist.

Deng Xiaoping said "It doesn't matter if a cat is black or white, so long as it catches mice." In this sense, it doesn't matter what the Chinese social construct is as long as the people have food to eat, clothes to wear, and a house to live in. This all would be made possible by the end of 2021 and by having the liberal shift, the frustration of the people would be calmed down, preventing potential collateral. In return, the people would develop and prosper, becoming a ►



► country where everyone is middle class. Once this is accomplished, whether China is a socialist country or not really doesn't matter.

The two new goals to be beautiful and powerful are signifying the importance China gives to the ecology. Deepening their infrastructure goals, they are bringing their goals to the next level. There is a campaign put into place for more days with bluer skies, and clean air.

Combining the goals mentioned above, a new ideology of President Xi Jinping is to create a new China oriented socialism. This has been implemented into the Chinese Communist Party Rules and in the Congress of the People's Representatives it was discussed that the country will not be held in the new era for a significant amount of time, alternating each by five years. This amendment was implemented into the constitution.

In the new era, China is concentrating mainly on nine sectors. This includes 1) the economy, 2) politics, 3) culture, 4) the living standard of its citizens, 5) social governance, 6) the ecology, 7) defence, and army formation, 8) unity of the nation, 9) party formation.



As such, other directions the party is going towards include: non-transformational two stages of development, three concepts, four large values and concepts and for the party, seven strategies for the creation of a prosperous society, eight definitions of the concept of socialism characteristics of China in the new age, eight governing skills, 14 principles for building socialism in China in the new age, and so on. To state a few, the four greats are a great tussle, project, a cause and a dream. Achieving the great dream requires a great tussle, the creation of a large project, and it was explained.

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The National Quality and Quarantine Office of China reported that the quality of Chinese products are continuously improving where their products meet 85.47 percent of international standards

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From all these goals and articles, which ones could be potentially useful for Mongolia? Before it all, we must be aware of who we are dealing with at every step of the way. The Chinese seat is of utmost importance.

We have limited studies of the country that is led by a communist party with communist values with a market that developed freely.

While they are trying to create a prosperous society with a billion people, we need to take effective steps toward creating our own prosperous society. We could perhaps directly copy the steps they took for their war on poverty. We could copy their strict laws, and some of its penalty mechanisms. To obtain a valuable position in China's market, and always have a way out, we need to create quality products.

China stopped dumping products in the world like we once imagined. The National Quality and Quarantine Office of China reported that the quality of Chinese products are continuously improving where their products meet 85.47 percent of international standards. In other words, Mongolians who nearly die over brands would be soon buying Erenhot products from China at the global average price.

It is evident that the Chinese economy today is heavily dependent on the international market. They are the number one exporter of the world. 80 percent of their currency profits come from their exports. In this 80 percent, a portion of it comes from Mongolia as well. The fact that only 20 million people work in the sector that makes up 80 percent of the currency profits is still a mystery. Additionally, it is also confusing how 20 percent of their agriculture products are exported. They have 50 thousand different types of export products.

If our trade and economic authorities do not take this into account soon, then it will be too late. This is due to the fact that our land border with China is vast, and there is much trade at the frontiers of the borders. Considering that all our cities are covered in Chinese products, we need to be extremely cautious and conscious and have a clear, sensitive and different understanding to Chinese foreign trade. ■

## Opportunity

# Paperless trade and the dragon's blessing

**W**hile having a large number of agricultural products, how many businesses can pass the requirements of China's Food and drug administration?

The southern neighbors' status moving up from manufacturer to the consumer while we Mongolians are trying to become manufacturers from a consumer is a little bit ironic. Both countries went through a period of hardship after being freed from the tyranny of the Manchu empire and started almost from the same starting line. But one of them is leading the world in industrialization, developments, the living standard of citizens, education, and consumerism.

The whole world is trying hard to align their development in accord with the fourth revolution of industrialization. Adding the rich economy of 1.35 billion population to the list Mongolians are presented with two coupled opportunities for development. We might have been left out of the opportunities such as previous revolutions of industrialization and the bubble of the dot com that accelerated in the early 2000s in the past. But this time opportunity will open itself to the one with the most technological skill. Therefore, we don't have the right to be left behind. The Deputy Minister of Foreign Affairs T. Bat-Tsetseg noted that every country is seeing e-commerce as a means of opportunity and focusing their attention on it.

China Daily stated the commerce of China who is the biggest player in global trade has reached CYN 31.63 tons. According to the numbers estimated by China's international big data industry expo over 9 trillion sales of CYN 200 tons were made online in 2018. Likewise, cross border online trade has reached about USD 134.7 billion. The CEO of "MIM Global" B. Zoltengel, the company which has been working

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This time opportunity will open itself to the one with the most technological skill. Therefore, we don't have the right to be left behind

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in Shanghai for the last three years, informed that "Until recently the Chinese eCommerce environment has been without the law. The law enacted in 2018 has been under strong criticism till now and the unclear legal environment of the eCommerce will present itself as a challenge to our business owners along with other countries." The international eCommerce projects that have been implemented in every region by China is part of their policy to develop eCommerce. But sharing 13 border points with our southern neighbor we are cooperating only in one eCommerce collaboration.

The Mongolian chamber of commerce collaborating with the representative office of Bayannur Wuyuan County of Inner Mongolia Autonomous Region started the project "Cross border eCommerce and E-export". This project will help our businesses to enter the market of our southern neighbor and Southeast Asian countries through the platform of the city HeTao. In other words, it is advantageous in entering this big market by solving the issues of export research, product development, transportation logistics, and customs documentation.

Unfortunately, there is no policy in effect on ►



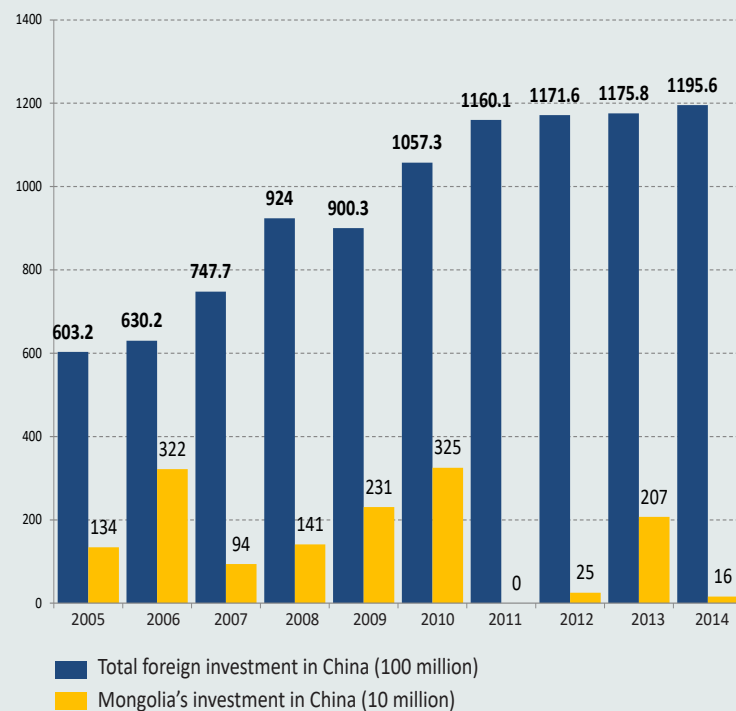


► a national level. In disappointment, we haven't sensibly done anything in response to big waves and changes in policy which is happening to the economy of our biggest trade, economic and investment partner. The cost will decrease by 25 percent which is in USD 1.2 tons by fully implementing the cross border paperless trade according to the estimate of UN's Asia Pacific economic and social committee. T. Bat-Tsetseg noted this about it, "Future attitude is that of granting immediate pass through customs of Mongolia to products that considered less risky by limiting the involvement of customs control in filing documents and exchanging information by doing it totally through online and increasing control in those considered relatively risky. Ecommerce significantly decreases the trade barriers and limitations of the countries without sea passage. But the legal environment of eCommerce hasn't yet formed in Mongolia. The government has to work actively bypassing respective laws and legal documents to provide safety for eCommerce and information."

The whole world is competing to supply its goods to China even though the eCommerce environment hasn't yet matured in the southern neighbor. Hence, the southern neighbor has been making their imports requirement stricter and changing their standards. Meaning we Mongolians will compete in those standards and requirement. While the People's Republic of China is our biggest trade partnership there has been always barriers of prohibitions, standard, and import taxes. Mongolian business owners have been receiving loss rather than profit for the lack of proper management and knowledge of laws.

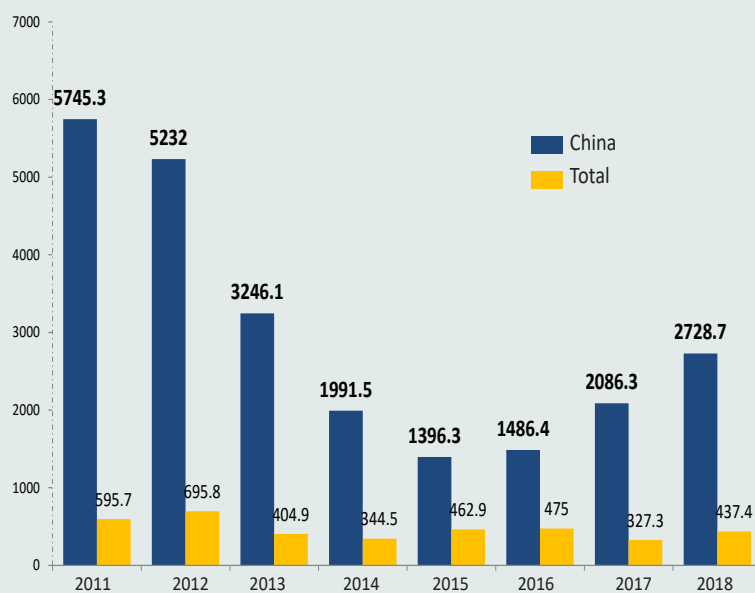
Various exhibitions and expos organized in recent years played an important role in overcoming these barriers and bringing together business owners from both sides. According to the Mongolian chamber of commerce during the "First China-Mongolia Expo" 251 businesses participated from Mongolia and made sales worth CYN 1.2 million and at the second ►

2005-2014 Mongolia's investment in China (USD)



Source: Yearly statistics of People's Republic of China

China's investment in Mongolia and Mongolia's investment in China (million MNT)



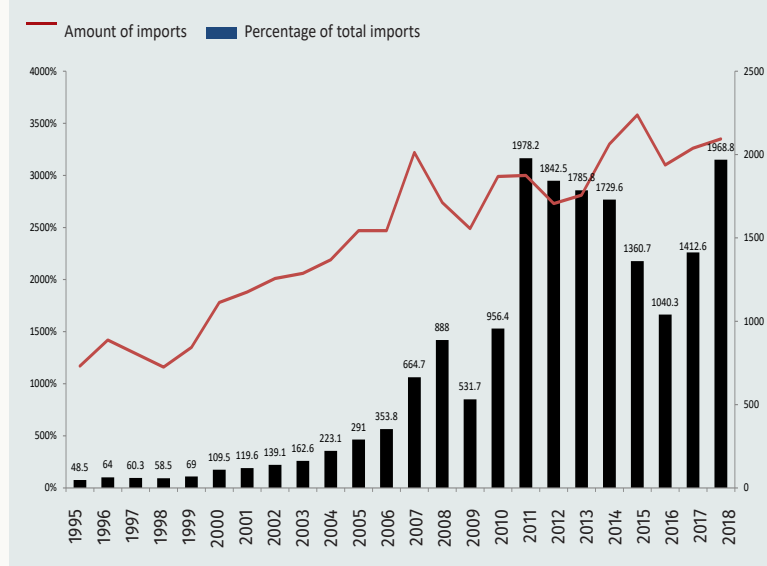
Source: "International Research" 2018 №1

The increased usage of the internet and education level among the middle class is one of the driving forces behind the opt for organic foods.

### Export rates and volumes



### Import rates and volumes



► expo, 400 businesses participated and made sales worth CYN 6.2 million. Also, in the third expo, 450 businesses participated from Mongolia and made a profit of MNT 2.7 billion.

The vice-chairman of the Mongolian chamber of commerce B. Namjilsuren noted that China is strongly interested in importing agricultural products and investing in factories of the same sector apart from the big sectors of mining and energy. It is evident that business owners of the southern neighbor strive to have a better partnership with Mongolia but the uncomfortable environment of investment, instability of the politics and ever-changing government policies and decisions do make it harder.

There is room for developing our economic cooperation. The market of organic foods is ever-expanding in China year after year as is Mongolia's livestock. Yearly growth of the market of organic foods in the southern neighbor is 15 percent according to the research done by USA's Research & Markets and will reach USD 2 billion in 2024. And it will increase permanently. Prediction is people of sixty years old and over will be the third of the population in this country by 2050 and will constitute a large part of this market.

The increased usage of the internet and education level among the middle class is one of the driving forces behind the opt for organic foods. On top of all these Chinese government is paying much more attention to food safety and started the revolution of organic foods. It is no wonder that their requirement for food safety is higher than that of the European Union. CEO of "MIM Global" B. Zoltengel mentioned that "In Europe, the product is certified if more than 70 percent of the ingredient is organic when it is certified if over 90 percent in China".

According to experts exporting goods under the "organic" label is a very big marketing and the cost of the marketing can be reduced in great measure. The main question is while having a large number of agricultural products how many businesses can pass the requirements of China's requirements of food and drug administration. Entering the Chinese market is the same as competing with world manufacturers. It is a certain blessing of the great dragon that sits next to Mongolia will come after solving many problems such as emblem, packaging, marketing and customs prohibitions, the cooperation of official institutions. ■



## Chinese graduates

### *The opinions of those who graduated in China*



**N. ENKH-AMGALAN**  
Minister of Road and  
Transport Development  
of Mongolia

In 2019, Mongolia and China marked the 70th anniversary of diplomatic relations and the 25th anniversary of the renewal of friendly relations. With the development of economic ties between the two nations, cultural and civic relations are growing. One of the manifestations is the growing number of Mongolian students studying in China. I am also one of them as I graduated Chinese Language Studies at the

National University of Mongolia in 1995, and continued my further studies in 1996 at the University of International Relations in Beijing. Compared to that time, China has developed rapidly.

Since 2015, I have been working as the Mongolian head of delegates to the Mongolia- China and the China- Mongolia- Russia Economic Forum.



**O. ODSAUKHAN**  
Huawei Technologies LLC  
Multi-Account Director

I got my secondary and higher education in China and studied diplomacy at the China Foreign Affairs University. The education system has a tight schedule and has many classes. In recent years, China has opened a special class for foreign students. However, by studying with Chinese students in the same class, you have the opportunity to learn more than just lessons.

It is not overexaggerating to say that one who has understood the country's culture, and market is one step closer to becoming a global citizen. As someone who has studied in the

West and Asia, I feel that it is correct to call oneself a global citizen as an Asian who has studied in a powerful Asian country at first, and then learning from Europe, understanding their cultures.

There is much to learn from Chinese people. Chinese people always think that everything can be done, and they work hard to create it. Particularly, they stand true to their beliefs, and teetery Mongolians who jump from one thing to another need to learn from them to work hard towards your aim.



**Z. ARIUNTENGER**  
Peking University masters  
student General Secretary  
of the Overseas Mongolian  
Council and the Mongolian  
Alumni Association of China  
Graduates

Peking University was founded in 1998 and is one of the first universities in China. The campus is famous for still preserving its original infrastructure till this day. At the time, it was built due to the command of the Manchurian King to prepare a labor force for the government. The Peking University and Xinhua University are considered as two of the oldest universities in China. From one city, those who get accepted into these universities are one or two at best. There are a total of over 40 Mongolian students studying at our school.

One of the most important things for young people aiming to study in China is to determine whether they want to study the physical sciences or social sciences. To decide this for your

masters, one must decide what their talents, interests, and successes they had in secondary school were. Additionally you need to write what you want to study for your masters in an essay format very well. If it is for your masters, you can increase your chances of a scholarship by writing elaborately about what your vision is, and what you wish to achieve in the future. Chinese people see a person's efforts well, and they give many opportunities to young people who are leading in their societies. Another advantage of studying in China is that Asia is a large center for the global economy and partnership. Therefore, there are many young people studying in China. Additionally, if you speak Chinese, you can go to any country in Asia and communicate.

## Mongolian-Chinese Friendship Society

# G.Batsukh: It is not easy to develop relations without being familiar with the neighbor



*Head of the Mongolian-Chinese Friendship Society and former Ambassador to the People's Republic of China G.Batsukh spoke to the Mongolian Economy.*

**-When was the Mongolian-Chinese Friendship Society established? What is the main area of operation?**

In international relations there is an understanding that countries which do not recognize each other do not trust one another and, at the same time, they under-develop

-During Socialism, there was a Peace and Friendship Committee with the status of a ministry and it belonged to the peace associations of other countries. After the democratic revolution, the activity of those communities slowed down. The history of the Mongolian-Chinese Friendship Society dates back to 1958. The first chairman was D. Sharav, the Secretary of the People's Congress of the Democratic People's Republic of Mongolia. Since then, the work of our community has moved and slowed along the path of two-way communication. But in recent years, it has been quite active and has led him for many years, including senior executives. It is inextricably linked with.

The main activity of our community is to strengthen the mutual understanding and trust of the people of the two countries. In this context, the government assists in the implementation of strategies and policies aimed at developing bilateral relations and cooperation. Not much is known about China's paths, difficulties, current developments, or challenges as it has undergone changes and reforms since the late 1970's. In international relations there is an understanding that countries which do not recognize each other do not trust one another and, at the same time, they under-develop. Despite high political visits and many agreements and negotiations, their complete implementation has many challenges and difficulties. It is all about mutual understanding, understanding and trust.

I think the citizens of our two countries are well aware of each other's history, civilization, social progress and life, but in reality they are not. The main purpose of our community is to help change this situation and, in short, activate bilateral humanitarian relations.

In our 70 year anniversary of the establishment of diplomatic relations between Mongolia and China in 2019, our community has been assigned to do a little work. The CEO and members of the board played a key role in performing these tasks.

Here are some key takeaways: Documentary book "Mongolian-Chinese Relations-70: Featured History" together. He also conducted television series and interviews. For example, he interviewed ambassadors from China to Mongolia for a number of years. Within the framework of the 70th anniversary of diplomatic relations, Chinese President Lee Xiaolin was invited to visit the Association for Foreign Relations. He paid a visit to the People's Republic of China as part of his visit to Mongolia.

**-What can we do to change the misunderstanding between our citizens?**

-Complete strategic partnership is not easy to develop without complete trust between neighboring peoples and countries. Mutual trust and understanding are therefore one of the most important pillars of a relationship. ►



► In order to make significant progress in this direction, it is necessary to pay close attention to humanitarian relations and to intensify the work of people's diplomacy. In this regard, it is good for the governments of the two countries to set a goal to intensify their humanitarian relations. In the context of humanitarian relations, in addition to the specific traditions and customs of peoples and cultures, it is important to recognize the modern social, economic, and scientific progress of the people. In 2018, the Humanitarian Relations Council was established in cooperation with the Ministry of Foreign Affairs of the two countries. Of course, it takes time to change the current situation and improve our trust and understanding, and many years of planning and tireless effort are needed on both sides. But that does not happen on its own, it must be co-created.

**-Please, describe the psychology and characteristics of the Chinese people as an ambassador to China?**

-I have the privilege of working and living in China for ten years. For almost ten years now he has been in business affairs with China's government and government agencies, officials, factories and companies. When it first arrived in Beijing in 1987, it had been almost 10 years since the People's Republic of China began implementing drastic reforms and open policies. I can identify a Chinese person.

But let us quote from the book "China" by Henry Kissinger, a renowned US statesman and world scientist. He wrote, "The Chinese people are extremely hardworking, very patient, and they understand that suffering will be successful." Recognizing, understanding, and trusting one another in the neighboring countries should be a mutual respect.

**-What is the difference between the diplomatic relations between the two countries and your current visit to China?**

-Let's take a closer look at an example. I have a degree in International Trade Economist and a degree in China's foreign trade and its impact on Northeast Asia.

In the early 1980s, trade between the two countries was about \$ 30 million, now it is \$ 7 billion. By 2020, both sides have set a turnover of \$ 10 billion. Unlike the past decades, bilateral trade and economic relations are now steadily developing under a joint program of the two countries. In the other areas of communication, the last two decades of the sixties, the first of these six, have made tremendous progress and are firmly on a

mutually beneficial and visionary development path.

**-How do you imagine the 70-year relationship between the two countries and the relationship between citizens?**

-In recent years, much has been said about the belt and road concept. Please note that Mongolia has the task of not only defining how to participate in Chinese stairs and tea ceremonies, but also implementing trilateral cooperation between Mongolia, China and Russia within the Belt Road Initiative . Dominant in trade and economics, but also covers humanitarian issues.

The issue of pipeline transport through Mongolia was recently discussed with a visit of the Russian Federation Prime Minister. Many years of intensive bilateral relations, including the bilateral Partnership Declaration, the development of a medium-term economic and trade plan, the Gandsum, Gashunshite Port, and the Tavan Tolgoi Coal Sunshand Railway after the tenth year development of.

In addition, Mongolia will achieve policy diversification and forward-looking diversification of products offered and offered in the huge Chinese market. Opposite US, Russia, Australia, European Union, Africa, and Latin America have competed in the Chinese market for the last 20 years to sell one nail, one kilogram of copper concentrate, or one ton of coal . However, while this large market cannot supply a wide variety of products, it must supply enough products such as coal and meat. What other products need to be considered as science and technology develop? Countries with one billion people are in great need of food, including organic food. Therefore, focusing on creating this industry has a positive effect on exports.

In our country, there is generally no choice but to develop industries that diversify trade and expand. If so, trade and economic relations between the two countries will continue to prosper for the benefit of each other. The future of human communication is also optimistic. The year has come for enhanced cooperation and the resulting mutual benefit. Our leaders and members are well aware that the Mongolian-China Friendship Association has many roles and roles to play in this development. ■

In the context of humanitarian relations, in addition to the specific traditions and customs of peoples and cultures, it is important to recognize the modern social, economic, and scientific progress of the people