

Mongolia-PR China Trade Facilitation and Logistics Development

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Introduction

Strategic Agenda for Implementation (8)

Institutional

1. **PRC/Western Development Program policy** to promote the development of modern logistics system and bilateral cooperation at the border cities and towns

Implementation and Amendments of Road Transport Agreements

Monitor China's Transports Internationaux Routiers (TIR) plans for accession

Infrastructure Network

2. **Improving Transport Networks and Corridors**
 3. **Expansion of Existing Dry and Inland Ports**
 - Dry Ports: Erenhot and Ganqimaodao
 - Inland Ports: Jining, Baotou, Linhe
 4. **Building Refrigerated Capacity-** public refrigerated warehouse (PRW) at Dry and Inland Ports
 5. **Promoting Intermodalism-** Capacity and knowledge from rail to road to reduce congestion and increase the flow of commerce for more logistics enterprise development
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Trade Regime and Human Resource Development

6. **Building Logistics and Transport Information Communications & Technologies (ICT)** connecting all stakeholders to increase efficiency, especially to rural areas
-Improve **IMAR e-Port** for more interactivity

 7. **Trade and Transport Facilitation**-Logistics/Trucking Industry organization, Customs and banking cooperation

 8. **Logistics Human Resources Development**-training and certification to trucking and logistics companies to improve competitiveness, service offerings and innovation
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Background-IMAR

□ Economic

Large landlocked inland province with northern borders: Mongolia and Russia across 4,221 km

2000-05 the economy grew at an annualized average rate of 17.12% (at comparable price, Y2000=100). GDP increased from US\$18.63 billion to US\$41.07 billion (US\$1.0=RMB8.26yuan).

Per capita increase 16.94% in the same period and terms from US\$ 787.2 to US\$1,721.4.

• International Trade

-Exports by value increase by 15.1% on average between 2000-05 to US\$ 2.065 billion.

-There is a concentration of exports in textile and garment production (U\$469.8m. in 2005) by 22.76% of the total exports. Total imports in 2005 were U\$3.097 billion with an imbalance of U\$1.032 billion. Base metals&related products, Coal are the next two exports: U\$377.23 million and U\$294.16 million in that order in 2005

-China-Mongolia I/E trade increased on average from 2003-05 by 39.8% to total, U\$859 million, 2005 (transit trade of timber and oil from Russia accounts for an import imbalance)

- **Industry**

-The main industrial activities are from:

Mining

(rare earth metals, coal, chemicals)

Agriculture

(Fruits, vegetables)

Processed Animal Products

(textiles, meat, dairy)

Infrastructure

- **Rail** -7,689 km of track for domestic and international shipments. Capacity problems of railways and rolling stock in key dry ports constrain logistics industry development

Trade Corridors and Logistics

Development enhanced by:

-Erlian-Jining double tracks completed by 2008.

Infrastructure

- **Linhe - Ceke -Hami, Xinjiang** line of 1450 km for copper and zinc factories

-**Ganqimaodao-Jinquan Industrial Park** line planned for Mongolia exports

-**Asia-Europe Land Bridge 9,814 km.**
from Hohhot, IMAR to Frankfurt, Germany

Infrastructure

□ Roads

- 79,030 km. for 510.2 million tons of freight in 2005
 - Main mode by tonnage over rail by 130% and average increase by 7.84% from 2000-05
 - Asia Highway Network-AH6 with National 301 Manzhouli-NE Asia and seaports
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Infrastructure Expansion

- **Dry Ports**-Erlian and Manzhouli are international status for 12 months/yr.
 - Ganqimaodao and Ceke are seasonal in need of international agreement to upgrade status

Constraints: (a.) bonded warehouse facilities are poor for logistics industry development
(b.) Implementation of the bilateral road transport agreements

Infrastructure Expansion

- **Inland Ports**-Jining, Hohhot, Baotou, Bayannao'er, Linhe

Constraints: (a.) Baotou Inland Container Terminal has poor railway access which impedes intermodal development and lacks refrigerated capacity.

(b.) Linhe logistics centers need development/refrigerated capacity and better organization of the trucking industry to offer more value added logistics services

Overview

□ Infrastructure and Trade Direction



Trade Regime

□ Information Systems

- There are serious deficiencies in modern ICT for logistics development

- e-Port** system is a start and in need of modernization and wider implementation in IMAR and to Mongolia

- Improvements can facilitate and grow trade across borders and internationally

- Assistance needed for initiatives in Bayannao'er, Tongliao, Xinlinguole, Baotou and the Mongolia-IMAR network plan

Trade Regime

❑ Refrigerated Capacity

-lacking: warehouses, containers/equipment and training impedes the economy and logistics

-Fruit, vegetables, meat, dairy, food catering impacted

-Jining: 25,000 ton cooling warehouse

Tomato Farmers

Lines Waiting at Factories



Trade Regime

□ **Customs** (70% Russia Transit cargo)

- Bilateral delays caused by inspections, documentation, information systems

- Stolen Goods in Zamyn Uud

- China-Mongolia Customs Cooperation Expert Group* for issues

Trade Regime

□ Banks

-In 2002, IMAR-Mongolia banks began relationships

-Erenhot systems are adequate, but lacking at other borders (bags of money)

-Local government dialogue needed

Institutional

- Road Transport Agreements with Mongolia (1991, 2003, 2005, 2006)
 - Needs implementation and renegotiations to amend to allow trucks to cross the borders to logistics centers and for third country freight status at Ganqimaodao

 - Mongolia assistance to China on TIR accession and implementation
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Conclusions-

IMAR Logistics Industry and Recommendations for Implementation

The economic growth in IMAR is causing stress on the transport and logistics infrastructure which needs both expansion plans and trade regime improvements to cope with the rising demand and foster development of logistics enterprises to modern standards

Strategic Agenda Recommendations (8)

1. **Legal Framework**-Central and local governments meet more often to review and amend the road transport agreements to eliminate disputes on truck crossings
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Strategic Agenda Recommendations

2. **Improving Transport Networks and Corridors-** Prioritize rail and road needs and seek public-private partnerships to finance
 3. **Expansion at Dry and Inland Ports-** Prioritize needs at the main dry and inland ports and make short-medium-long term plans to implement with concessioning scenarios
 4. **Building Refrigerated Capacity-** Execute a market demand study to determine the locations of public refrigerated warehouses based on industries and include education
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Strategic Agenda Recommendations

5. **Promoting Intermodalism**-Select one or two dry ports to develop a modern intermodal center with required equipment

 6. **Building Information and Communication Technologies**
 - (a.) Expand and modernize the e-Port system

 - (b.) Strengthen the IMAR-Mongolia Network started by the Chambers of Commerce

 - (c.) Assist the IMAR Information Office, Hohhot in the various information system plans from public and private sector initiatives
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Strategic Agenda Recommendations

7. Trade and Transport Facilitation

- Institute local and provincial trucking, logistics and supply chain councils for information sharing

 - Construct a registration and certification system for trucking and logistics companies

 - Provide an open forum for the *China-Mongolia Customs Cooperation Expert Group* or at least monitor progress for change
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Strategic Agenda Recommendations

8. Logistics Human Resource Development

-Utilize and upgrade the e-Port to display information and provide on-line training programs. Seek assistance on structuring programs from FIATA and the World Bank/UN Global Trade and Transportation Facilitation (www.gttf.org)

-Inquire with the United States' based "Cochran Program" for refrigerated logistics training

Questions and Answers

Thank You
