



MINISTRY OF INDUSTRY



**Increasing interconnectedness: Mongolia's perspective on how Mongolia boosts its investment attractiveness, brings down trade barriers and better integrates into the global value chains.**

*Speech at Eurasia Week 2015 by Mr. Dondogdorj Erdenebat, Minister of Industry of Mongolia*

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Mongolia is a country with a vast territory where the power, infrastructure and transportation systems are underdeveloped and mainly exports agricultural raw materials and mineral commodities.

The Government of Mongolia is implementing measures to promote the export of value-added and final products. For instance, Parliament of Mongolia has approved State Policy on Industrial Sector, Law on Support of Industrial Sector in 2015, and is supporting domestic manufacturers in exportation of their products to international markets.

Mongolia is devoted to integrate into global value chains by producing the parts of world leading industries' production kits, and to comprehensively develop those kinds of industries, in terms of abundant mineral and agricultural resources.

In order to successfully achieve the objectives, first, we are working to expand local infrastructure network and to connect industrial centers, parks, major mines with the borders via improved road and railway. Second, we are working to connect them reliably with our neighbors' energy and transportation network by improving the capacity of the entry ports checkpoint, improving border procedures, and establishing a system to decide on customs tariffs and on acceptable quantities of imports and exports of products with our neighbors.

At this stage, we are intensively working on construction of auto road to the ports of entry, while carrying on a dialogue on the subject of railway and energy lines connecting with our neighboring countries. Mongolia now maintains policies to diversify the economy and develop processing industries, as Mongolia's excessive dependency on the mining industry has a negative impact on its sustainable long-term economic growth.

On account of the renewed Investment Law of Mongolia, both Mongolian and foreign entities have been provided general regulations, which included the guarantee of a stabilized environment and the issue of Tax stabilization certificate that allows tax transparency. The changes in the Law on Mineral Resources in terms of Extractive Industries Transparency Initiative has been an important step for mining companies to disclose their financial and other activities transparently, as well as to strengthen credibility between mining companies and local community.



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Mongolia entered into the EU Generalised Scheme of Preferences and established Economic Partnership agreement with Japan, in order to foster further investment and trade climate and to become more integrated in the regional economy. These negotiations opened a gate for Mongolia to export 7500 types of products to the EU countries and 5700 types of products in Japan with tariff preferences. Additionally, the agreement between the governments of Mongolia and Germany on cooperation in the fields of industry and technology enables German entities to invest and implement projects in Mongolia. Specific projects, in fact, have already been implemented successfully.