

23rd International Conference on
THE FUTURE OF ASIA

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Minister for Foreign Affairs of Mongolia

- **MONGOLIA**
- **ASIA**
- **FUTURE OF ASIA**

- **MONGOLIA**

- ✓ **1.5 million km²**

- ✓ **3.2 million**

- ✓ **2**



▶ **RUSSIA**



▶ **CHINA**



- **MONGOLIA**

- ✓ **CHANGES**

- ✓ **CHALLENGES**

- ✓ **CURRENT ISSUES**

■ **MONGOLIA**

✓ **CHANGES**

- Political
- Economic

PRIVATE SECTOR PRODUCES



2020

**PRIVATE SECTOR
1990
PRODUCES**



27

2090



12575

■ **MONGOLIA**

✓ **CHANGES**

- Political
- Economic
- Social

■ **MONGOLIA**

✓ **CHANGES**

- Political
- Economic
- Social
- Urbanization

2090



RURAL



URBAN



URBAN

■ **MONGOLIA**

✓ **CHANGES**

- Political
- Economic
- Social
- Urbanization
- From nomads to city dwellers
- Globalization

TECHNOLOGY USAGE by HOUSEHOLD

39.4%



households with
a computer

98.2%



households with
a mobile phone

66.3%



of mobile phone
user with smart
phone

94.1%



of smart phone
users have 3G/4G
Internet acces



2007

■ **MONGOLIA**

✓ **CHANGES**

- Political
- Economic
- Social
- Urbanization
- From nomads to city dwellers
- Globalization
- Compressed in time
- All happening simultaneously

■ MONGOLIA

✓ CHALLENGES

- Structural economic problems (no diversity)
 - **90%**
 - **60%**

■ **MONGOLIA**

✓ **CHALLENGES**

- Structural economic problems (no diversity)
- Landlocked
- Infrastructure bottlenecks



▶ **RUSSIA**



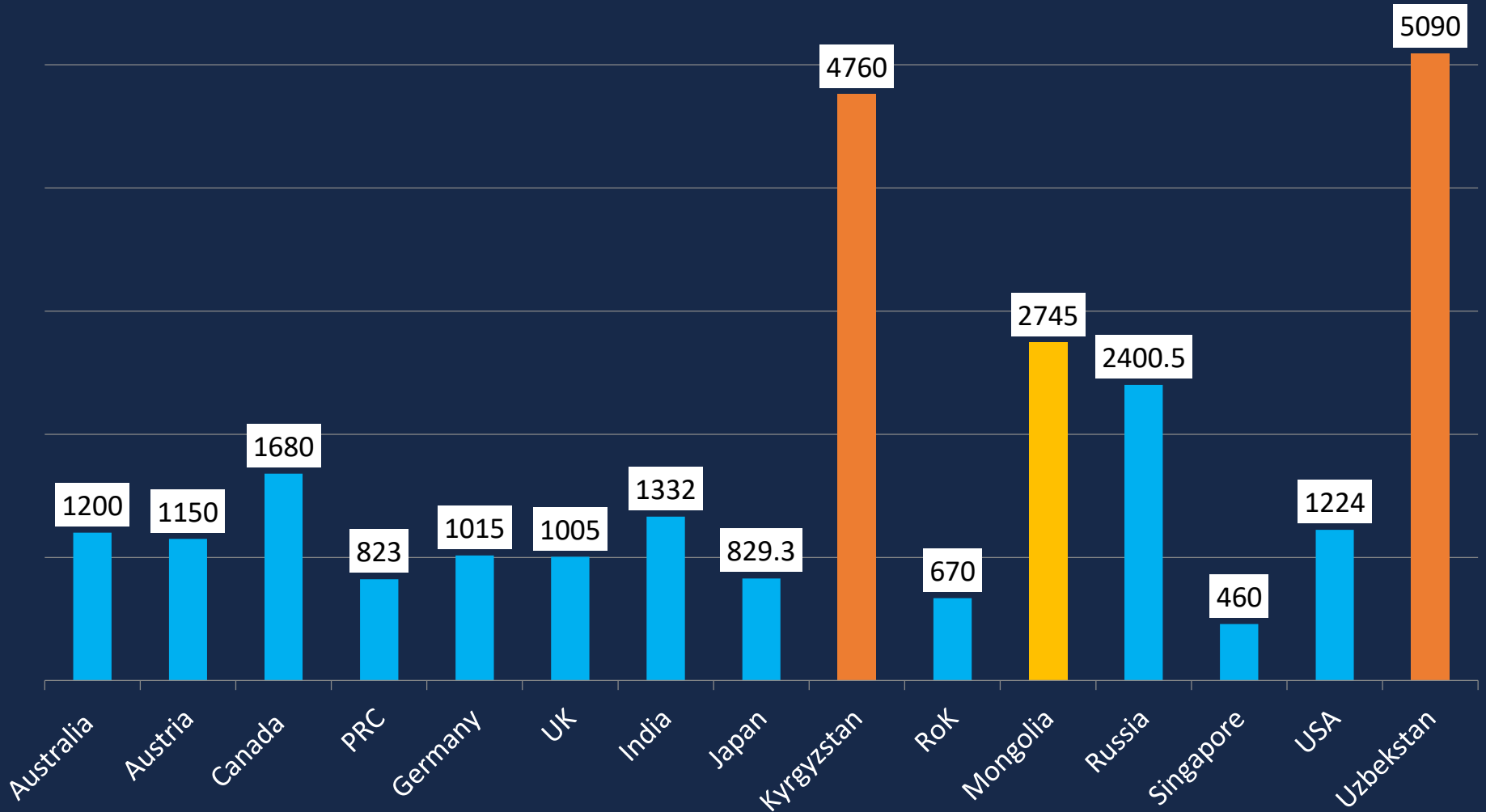
▶ **CHINA**

1,267 km



COST TO EXPORT

(USD per 20 tonnes container)



**AGREEMENT
BETWEEN
THE GOVERNMENT OF MONGOLIA
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
ON THE ACCESS TO AND FROM THE SEA AND TRANSIT TRANSPORT
BY MONGOLIA THROUGH CHINA'S TERRITORY**

The Government of Mongolia and the Government of the People's Republic of China (hereafter referred to as the Contracting Parties),

Desiring further to promote friendly relations and cooperation between the two countries,

Taking into consideration the special needs of Mongolia as a land-locked state for transit through the territory of the People's Republic of China and access to and from the sea,

Considering the principles of the United Nations Convention on the Law of the Sea and other international treaties to which both countries are member parties.

Have, through friendly consultations, agreed as follows:

Article 1

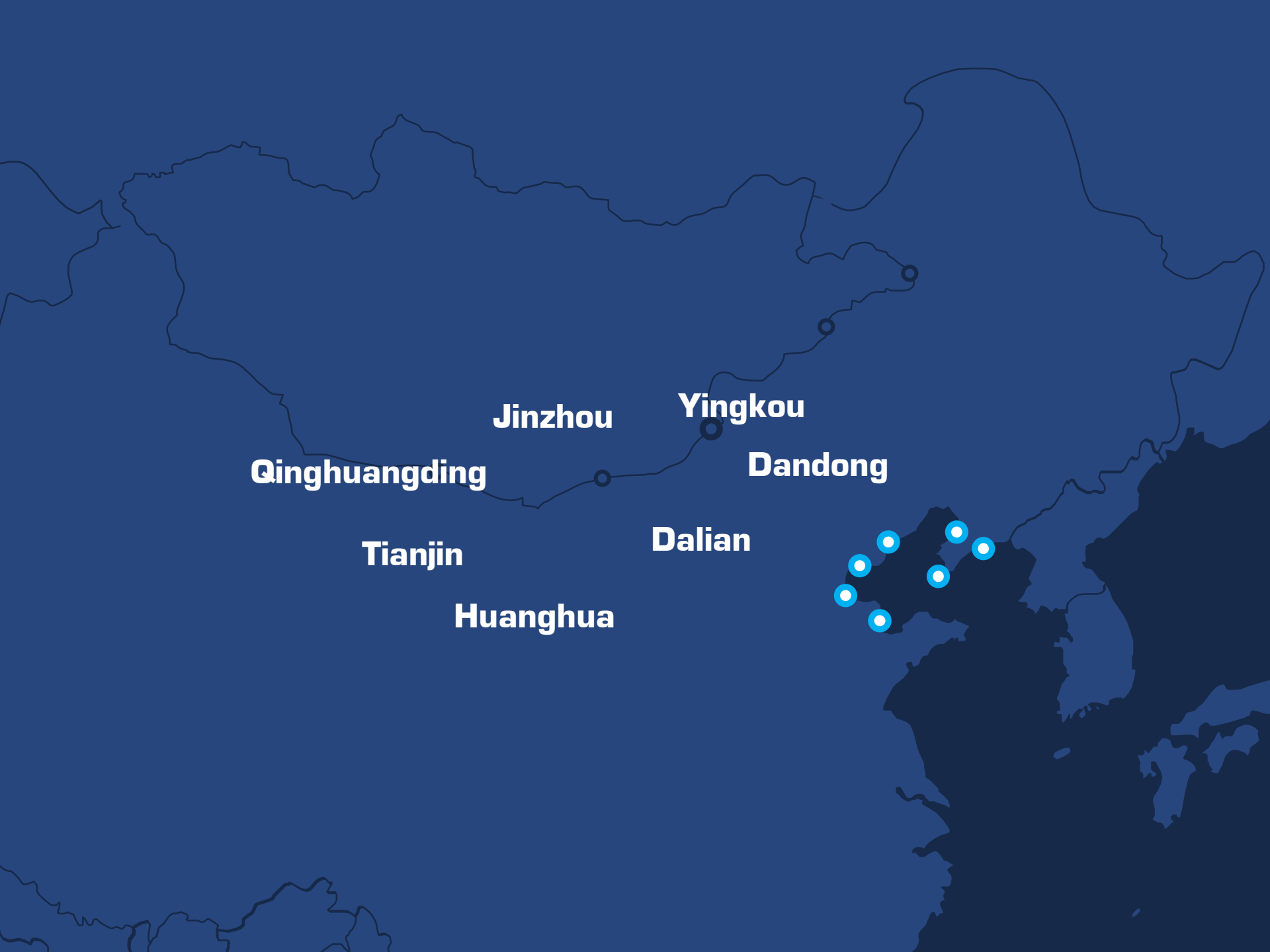
For the purpose of this agreement:

1. The term "land-locked State" means Mongolia;
2. The term "transit State" means the People's Republic of China;
3. The term "traffic in transit" means the passage of Mongolian citizens, cargo, goods and transport means of Mongolia through the territory (including land, inland waters and territorial seas) of the People's Republic of China, with or without transshipment, warehousing, assembly, disassembly or change in the mode of transport;
4. The term "transport means" includes: railway rolling stock and road vehicles,



MONGOLIA
ULAANBAATAR

CHINA



Qinghuangding

Jinzhou

Yingkou

Dandong

Tianjin

Dalian

Huanghua

■ **MONGOLIA**

✓ **CHALLENGES**

- Structural economic problems (no diversity)
- Landlocked
- Infrastructure bottlenecks
- Two countries in one







■ **MONGOLIA**

✓ **CHALLENGES**

- Structural economic problems (no diversity)
- Landlocked
- Infrastructure bottlenecks
- Two countries in one
- Human resources

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- Economic growth
 - 17.3% in 2011
 - 1.3% in 2016

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- Economic growth
- Big budget deficit
 - 18% of GDP or
4.3 trillion MNT

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- Economic growth
- Big budget deficit
- Huge government debt
 - 85% of GDP

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- Economic growth
- Big budget deficit
- Huge government debt
- FDI decline
 - \$4.7 bln in 2011
 - \$121.5mln in 2015

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- Economic growth
- Big budget deficit
- Huge government debt
- FDI decline
- Trade turnover decreased
 - by 23%

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- Economic growth
- Big budget deficit
- Huge government debt
- FDI decline
- Trade turnover decreased
- Unemployment
 - Increased to 11.6%
 - 62,300 entities went out of business

- **MONGOLIA**
 - ✓ **CURRENT ISSUES**

WHY?

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- External shocks
 - Drop in commodities prices
 - Slowdown of the Chinese economy

■ **MONGOLIA**

✓ **CURRENT ISSUES**

- External shocks
- Policy errors
 - Fiscal policy
 - Monetary and exchange rate policy
 - Financial sector policies

ECONOMIC AND FINANCIAL POLICIES FOR 2017–2020

- Fiscal policy
 - Fiscal consolidation
 - Control spending
 - Capital expenditure
 - Wage bill
 - Pensions
 - Social spending
 - Other expenditures

ECONOMIC AND FINANCIAL POLICIES FOR 2017–2020

- Fiscal policy
 - Fiscal consolidation
 - Control spending
 - Boost revenue
 - Excises & duties
 - Personal income tax
 - Social security contributions

ECONOMIC AND FINANCIAL POLICIES FOR 2017–2020

- Fiscal policy
 - Fiscal consolidation
 - Control spending
 - Boost revenue
 - Concessional financing
 - Fiscal structural reform

ECONOMIC AND FINANCIAL POLICIES FOR 2017–2020

- Fiscal policy
- Monetary and exchange rate policy
 - Tight monetary policy
 - New BoM law
 - Flexible exchange rate

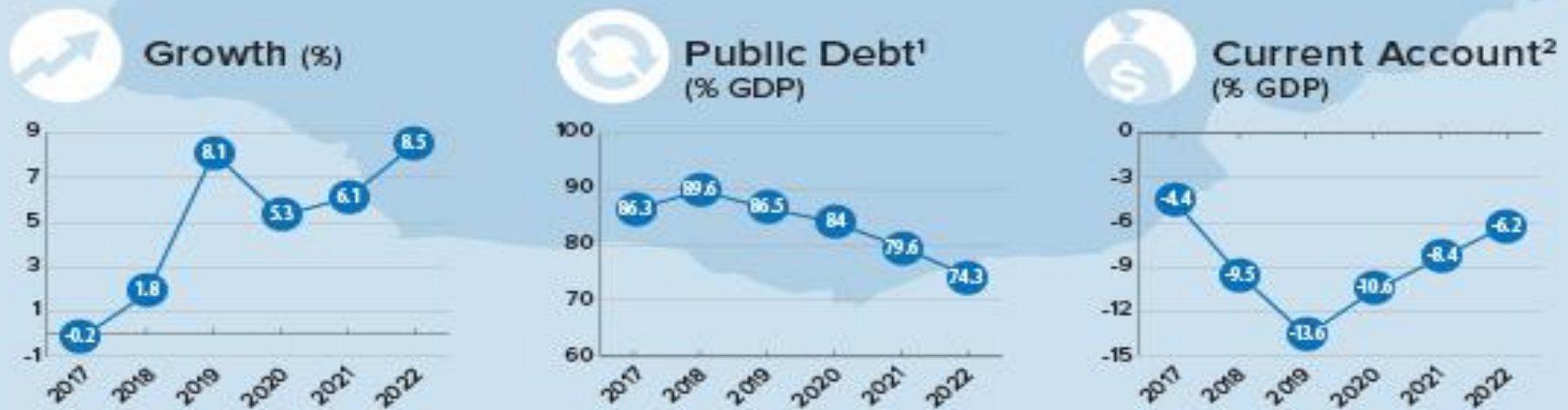
ECONOMIC AND FINANCIAL POLICIES FOR 2017–2020

- Fiscal policy
- Monetary and exchange rate policy
- Financial sector policies
 - Bank restructuring and recapitalization
 - Upgrading the regulatory and supervisory framework
 - Monitoring and supporting bank liquidity

ECONOMIC AND FINANCIAL POLICIES FOR 2017-2020

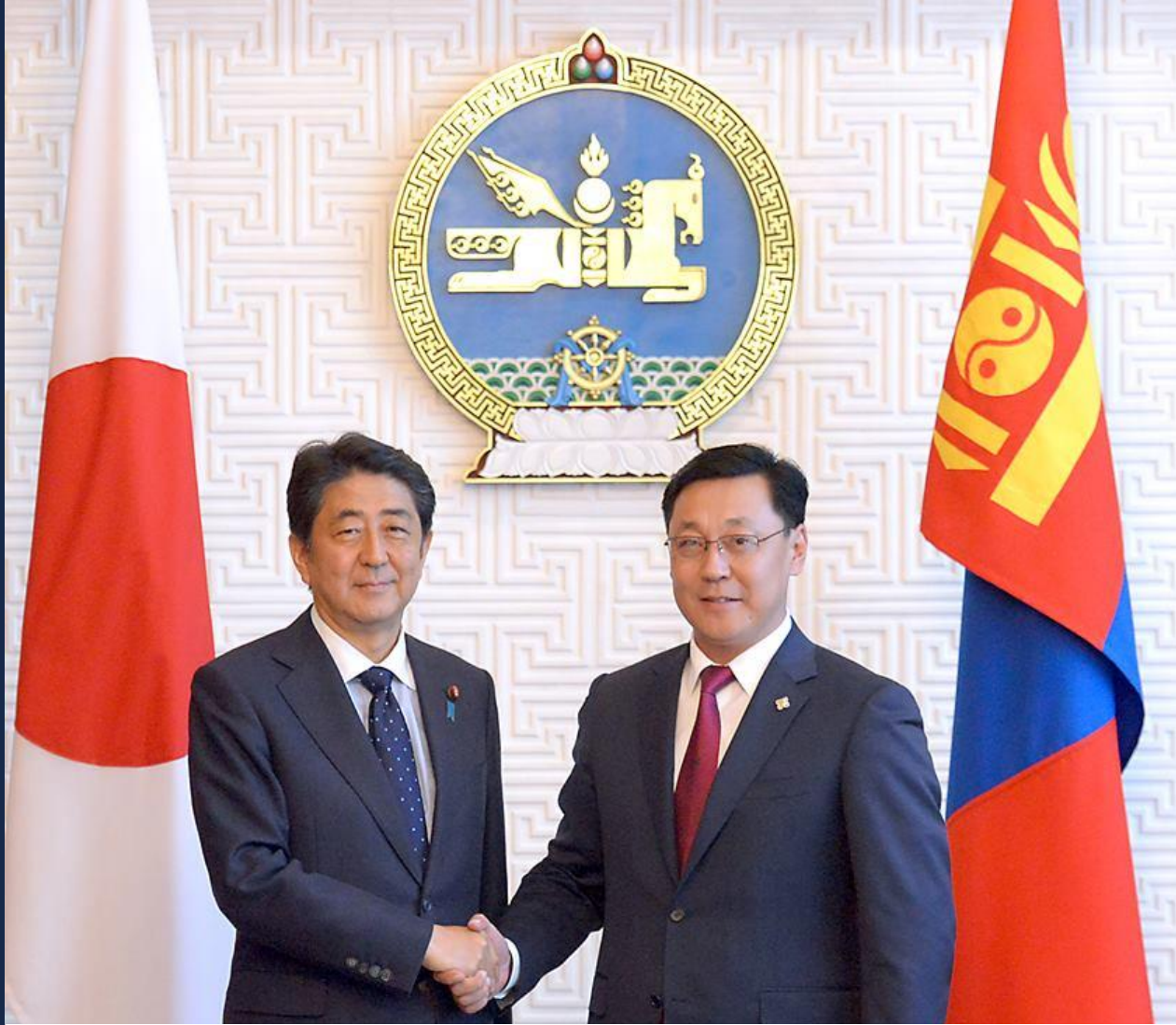
- Fiscal policy
- Monetary and exchange rate policy
- Financial sector policies
- IMF package

IMF ECONOMIC PROJECTIONS



¹Public debt: General government debt data excludes SOEs debt and central bank's liabilities from People's Bank of China swap line.

²Current account: Sum of the trade balance, net income from abroad, and net current transfers.



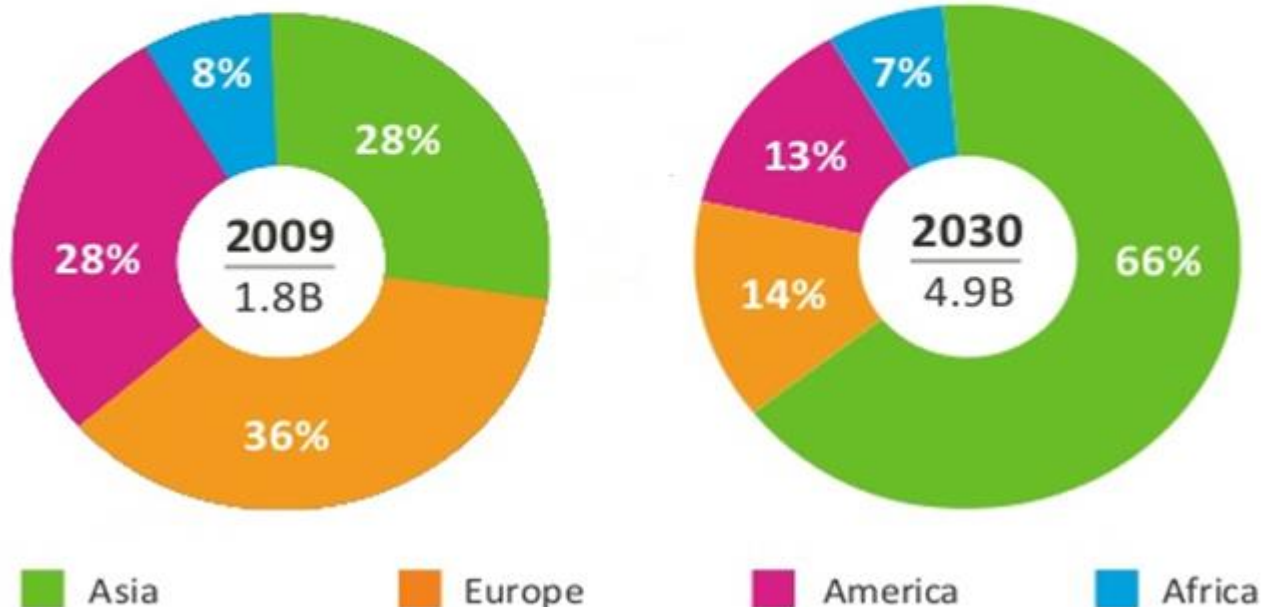
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■ ASIA

- Rise of the middle class

The Rise of a Global Middle-Class

Middle-class population (%) in different regions



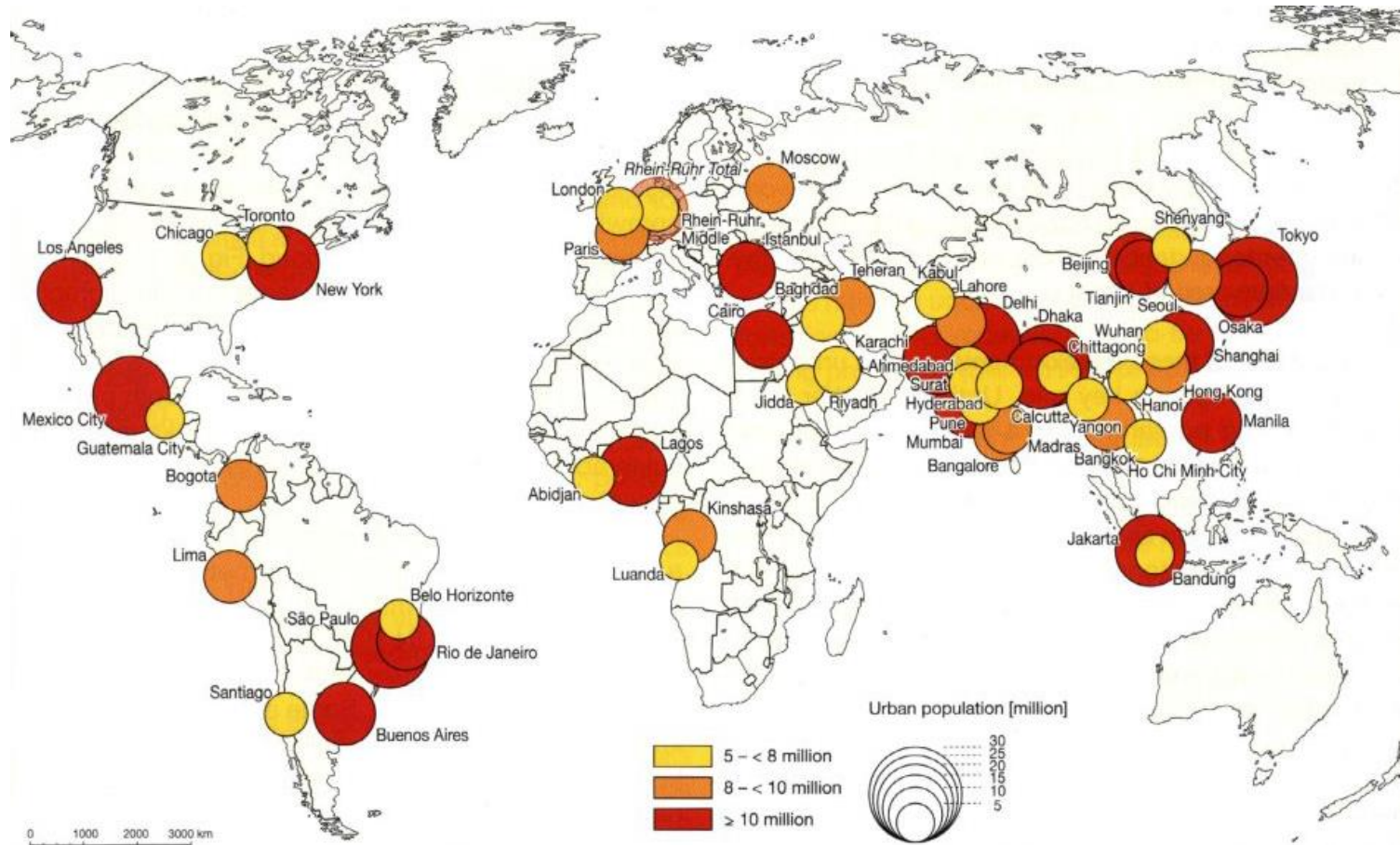
■ ASIA

- Rise of the middle class
 - 500 million Chinese by 2030,
 - 475 million Indians by 2030

■ ASIA

- Rise of the middle class
- Globalization
- Urbanization

Megacities



ASIA: 275 → 354↑ by 2030

■ ASIA

- Rise of the middle class
- Globalization
- Urbanization
- Technological revolution
- Government accountability, personal expression, liberal values (democracy & human rights)

- **FUTURE OF ASIA**
 - No one dominates
 - Even more connected and integrated



**THE
EAST ASIAN
ECONOMIC
UNION**



■ **FUTURE OF ASIA**

- No one dominates
- Even more connected and integrated
- More prosperous & conscientious
- More liberal & democratic
- Taking advantage of the new economy
- Unprecedented opportunities
- **Mongolia is ready to contribute**

THANK YOU

