



Mongolia: Economic and Investment Environment

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Ministry of Economy and Development

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1 ECONOMIC SITUATION



CURRENT ECONOMIC SITUATION

NEW RECOVERY POLICY 2020

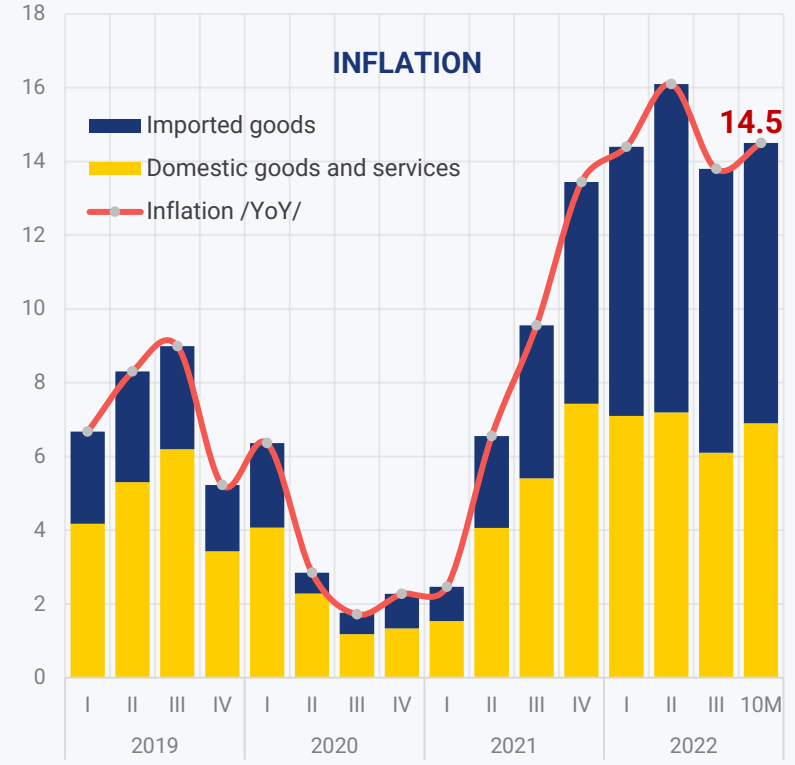


Economic growth has not reached pre-pandemic level.



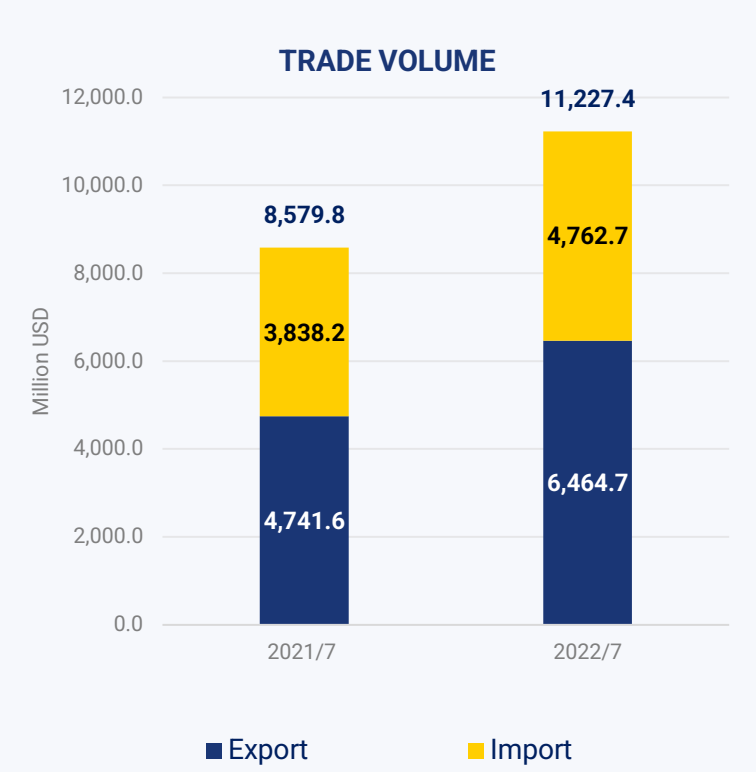
Real GDP growth averaged **6.3 percent** in 2017-2019 and reached 3.7 percent in the third quarter of 2022.

Inflation above the target level.



Before the pandemic, the inflation of imported goods accounted for about **30 percent** of the total inflation, but as of October 2022, it accounted for **53 percent**.

Recovery of Foreign trade.



Total turnover increased by **2.7 billion USD (31%)** from the same period last year.

POLICY PRIORITIES FOR 2023 AND POTENTIAL RISKS

POLICY PRIORITIES FOR 2023

- 1**  Macroeconomic Stability
- 2**  Promoting Private Sector Development
- 3**  Increase Export amount to Pre-Pandemic levels
- 4**  Liberalization of Specific Sectors
- 5**  Transparency in the operation of SOE
- 6**  Improving access to Financial Source
- 7**  Improve Cross Border Logistics Infrastructure
- 8**  Level up process of mineral and agricultural products

OVERVIEW OF POTENTIAL RISKS

- 1**  The war in Ukraine
- 2**  The Global Economic Slowdown
- 3**  Financial System Vulnerabilities
- 4**  Power Supply Shortage
- 5**  Global Supply Chain, Logistics Challenges
- 6**  Climate risk, outbreaks of livestock diseases
- 7**  Risk of Pandemics
- 8**  Financial Sanctions Risks



ACCELERATING ECONOMIC GROWTH

2023 Macro Economy Policy



Bringing the mining industry back to **pre-pandemic** levels.



Stabilizing the economy:
tighter fiscal and monetary policy.



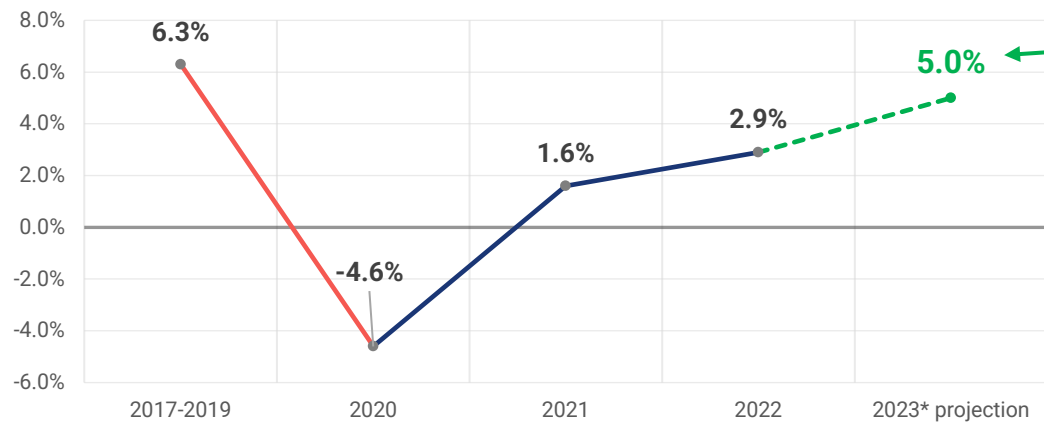
Diversifying the economy.
(food production, tourism, light industry)



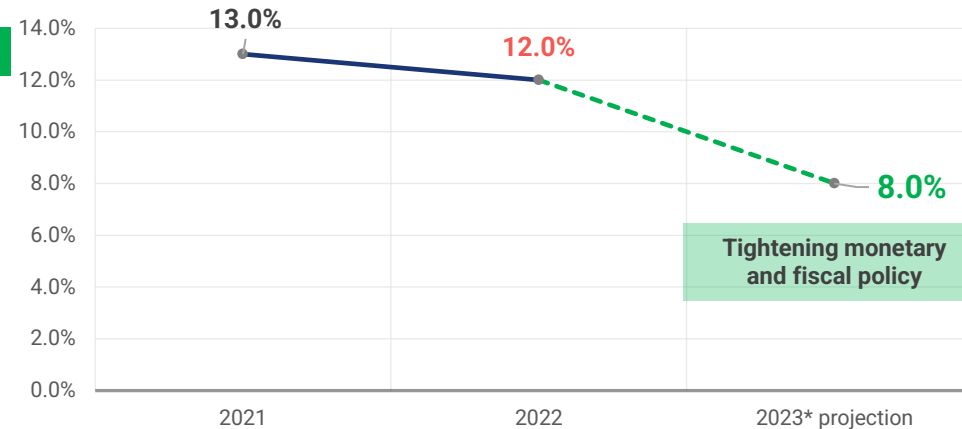
Liberalization of specific sectors.
(energy and transportation sectors)

By supporting exports, private sectors and implementing policy measures

GDP growth estimation



Inflation is expected to be higher than the target level.



Source: Ministry of Economy and Development estimation, (NSO statistics)

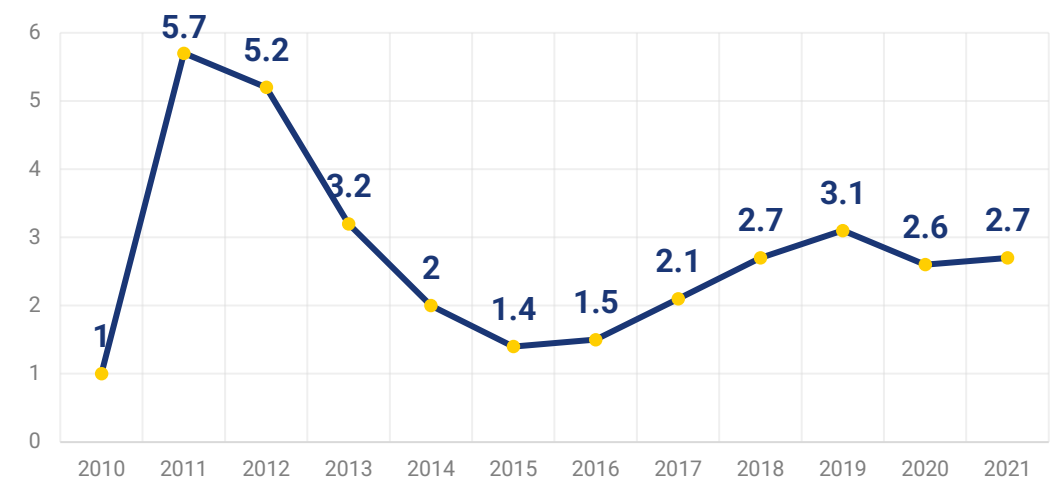
2 INVESTMENT ENVIRONMENT



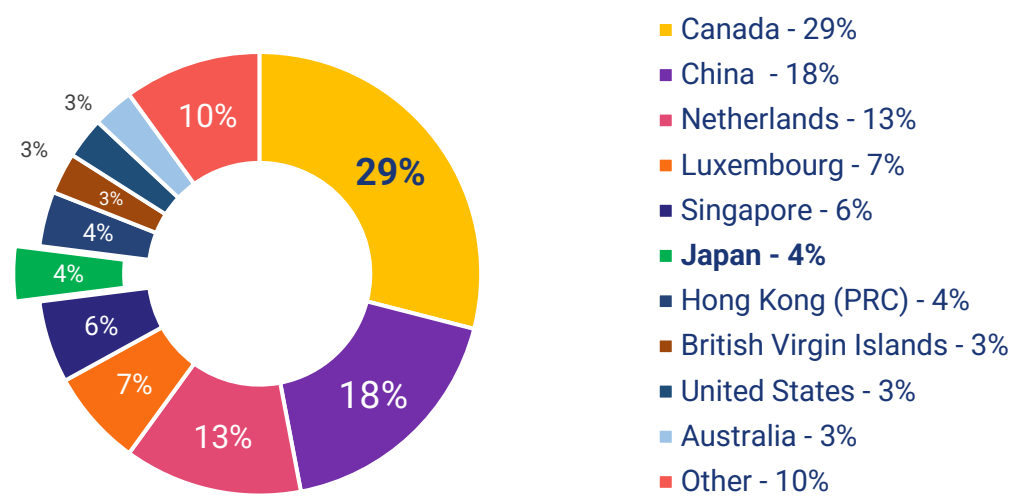
FOREIGN DIRECT INVESTMENT

Total FDI of Mongolia since 1990
\$ 37.9 BILLION USD

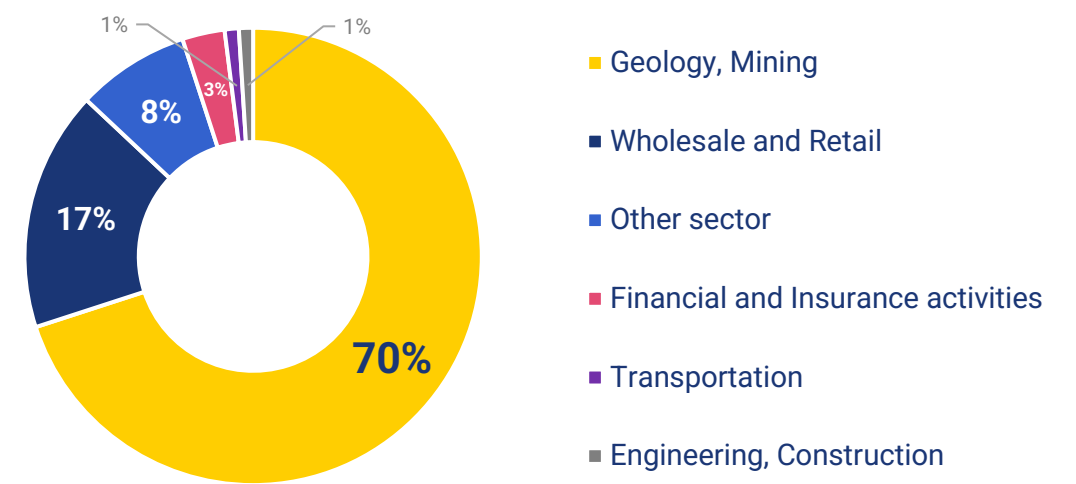
Total FDI stock, billion USD



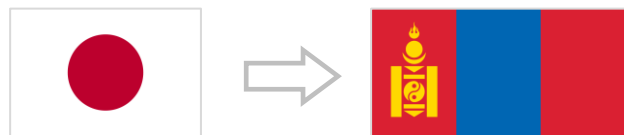
FDI by Country of Origin



FDI by types of economic activity



FOREIGN DIRECT INVESTMENT FROM JAPAN

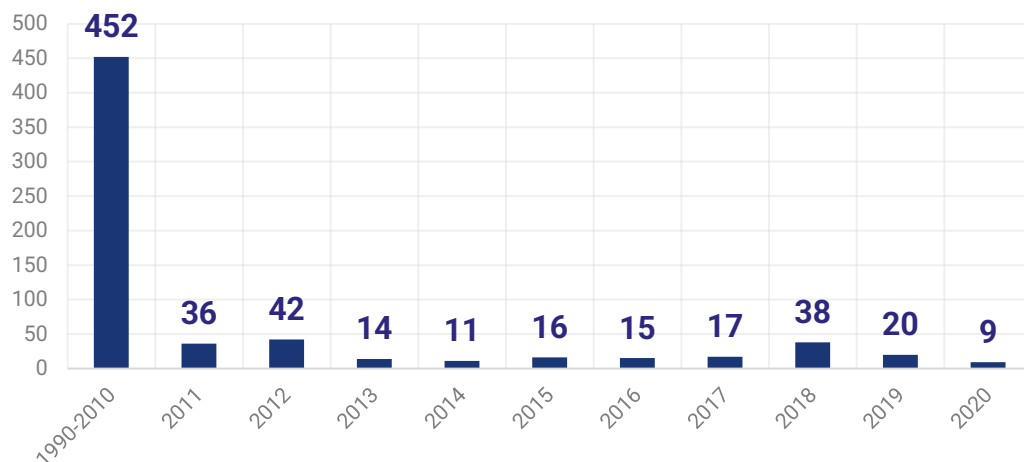


Total investment since 1990

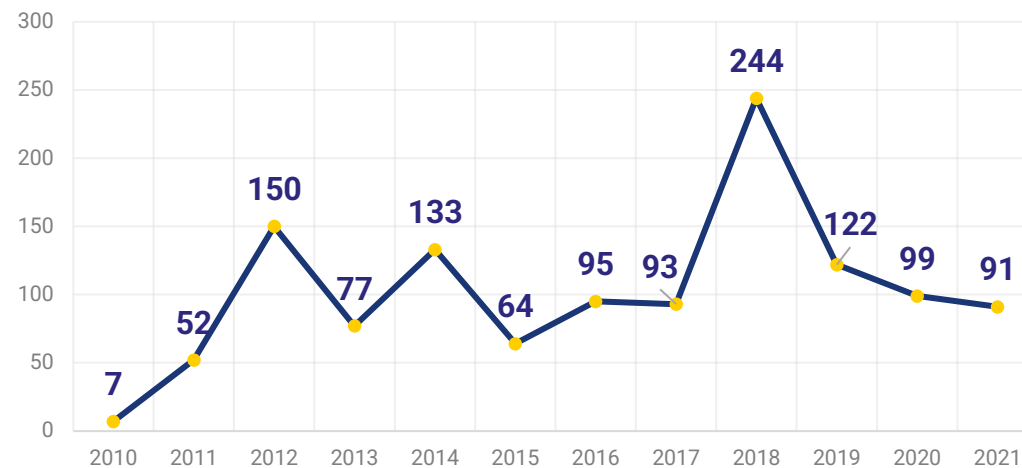
\$ 1.49 BILLION USD

Japanese-Invested Enterprises **670**

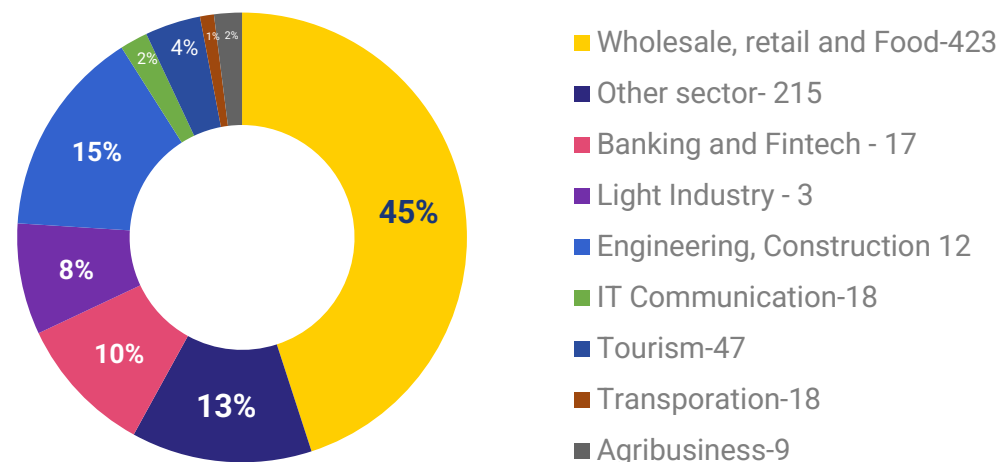
Number of **Newly established** Japanese-invested Enterprises



Total FDI from Japan - million USD



Industry breakdown of FDI from Japan



IMPROVING THE INVESTMENT ENVIRONMENT



Legal Reforms

- ✓ Public-Private Partnership Law Revision
- ✓ Law on Permitting
- ↻ Investment Law Revision



Investor Protection

- ✓ **Online Investor Grievance system** (SIRM) activated and widely used
- ✓ Dispute **Resolution**
- ↻ **Investment Protection Council** under the MED



Re-establishing FIFTA

- ✓ FIFTA will be operational starting from 1st of January 2023
- ↻ The agency will be in charge of investment promotion and protection



Support the priority sectors

- ↻ Promote Economic Diversification
- ↻ Announce and Support Priority Sectors
- ↻ Green Financing Proposal, Support the Initiative

INVESTMENT ENVIRONMENT

Access to the international market

JAPAN-MONGOLIA ECONOMIC PARTNERSHIP AGREEMENT (JMEPA)

- From Mongolia **5,700** products
 - From Japan **9,300** products
- (direct and phased exemption from customs duties on reciprocal imports)

ASIA PACIFIC TRADE AGREEMENT (APTA) (INDIA, PRC, SRI LANKA, ROK, LAOS, BANGLADESH)

- Tariff discount on **10,667** types of products in trade with the six member countries

EUROPEAN UNION GSP+

- Customs tariff off for **7,200** products to EU countries

International Investment framework



Double Taxation
Treaties



Foreign Investment
Protection and
Promotion Agreements



Seoul Convention on the establishment of MIGA



Washington convention on the Settlement of Investment Disputes

International indexes (2020)



**DOING BUSINESS IN MONGOLIA-
10TH** IN EAST ASIA & PACIFIC COUNTRIES

(in East Asia & Pacific countries)



DEALING WITH
CONSTRUCTION
PERMITS **6TH**



REGISTERING
PROPERTY **6TH**



GETTING
CREDIT **4TH**



PROTECTING
MINORITY
INVESTORS **6TH**



PAYING TAXES **7TH**

Credit Rating

S&P Global
Ratings

BB- Stable

MOODY'S

B1 Stable

FitchRatings

B+ Stable

WHY INVEST IN MONGOLIA

Our Advantages



ROBUST
ECONOMY



ACCESSIBLE
MARKETS



STRATEGIC
LOCATION



SKILLED
WORKFORCE
WITH COST
ADVANTAGE



CONTINUOUS
REFORM PROCESS



BUSINESS-
FRIENDLINESS



LUCRATIVE
INCENTIVES



SECTORAL
OPPORTUNITIES



3 NEW RECOVERY POLICY



THE PURPOSE OF A NEW RECOVERY POLICY



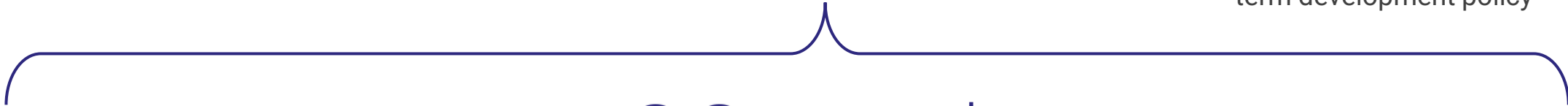
Reduce the negative impacts of the pandemic on the economy



Promptly address the binding constraints on the development



Create enabling condition for effective implementation of “Vision-2050” long-term development policy



INFRASTRUCTURE AND BORDER PORTS DEVELOPMENT



ENERGY DEVELOPMENT



INDUSTRIAL DEVELOPMENT



URBAN AND RURAL DEVELOPMENT



GREEN DEVELOPMENT



PUBLIC PRODUCTIVITY

Ensure macro-economic stability and structural transformation based on the active participation of **THE PUBLIC AND PRIVATE SECTORS AND INVESTORS**

PROJECT FUNDING

Project number



Infrastructure and Border ports projects

43



Energy development projects

21



Industrial development projects

16



Urban and Rural development projects

6



Green Development projects

5



Public Productivity projects

3

TOTAL

94

Estimated total cost:

24.6 Billion \$ USD

Under Implementation: 25

Under Development: 69

STATE BUDGET-INVESTMENT

2,5 Billion \$

22 projects

Under implementation: 8
Under development: 14

10.4%

DIRECT INVESTMENT

11.04 Billion \$

32 projects

Under implementation: 12
Under development: 20

44.8%

PUBLIC PRIVATE PARTNERSHIP

10.9 Billion \$

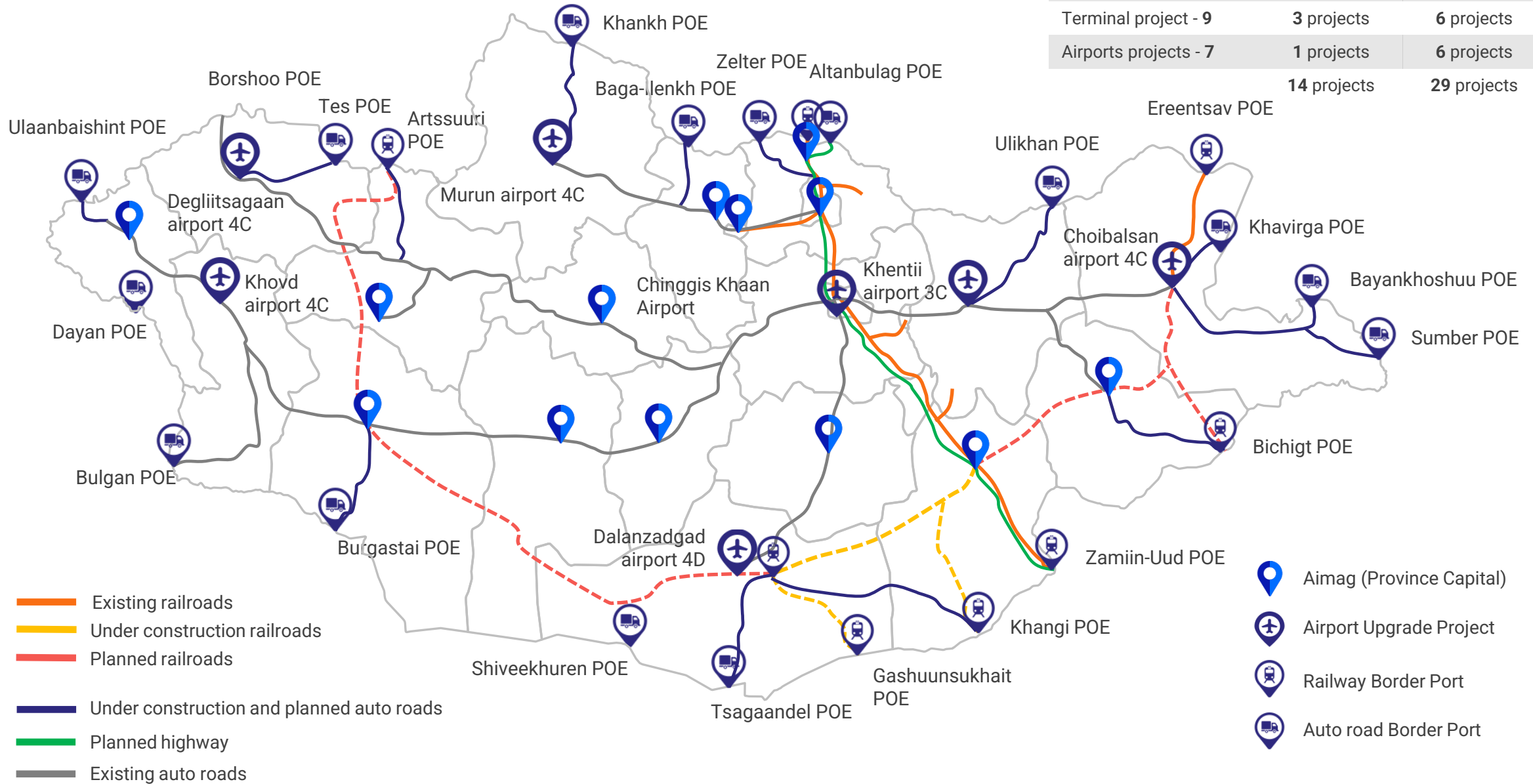
40 projects

Under implementation: 5
Under development: 35

44.4%

INFRASTRUCTURE AND BORDER PORTS DEVELOPMENT: 43 PROJECTS

	Under Implementation	Under Planning
Railroad projects - 11	4 projects	7 projects
Auto road projects - 16	6 projects	10 projects
Terminal project - 9	3 projects	6 projects
Airports projects - 7	1 projects	6 projects
	14 projects	29 projects

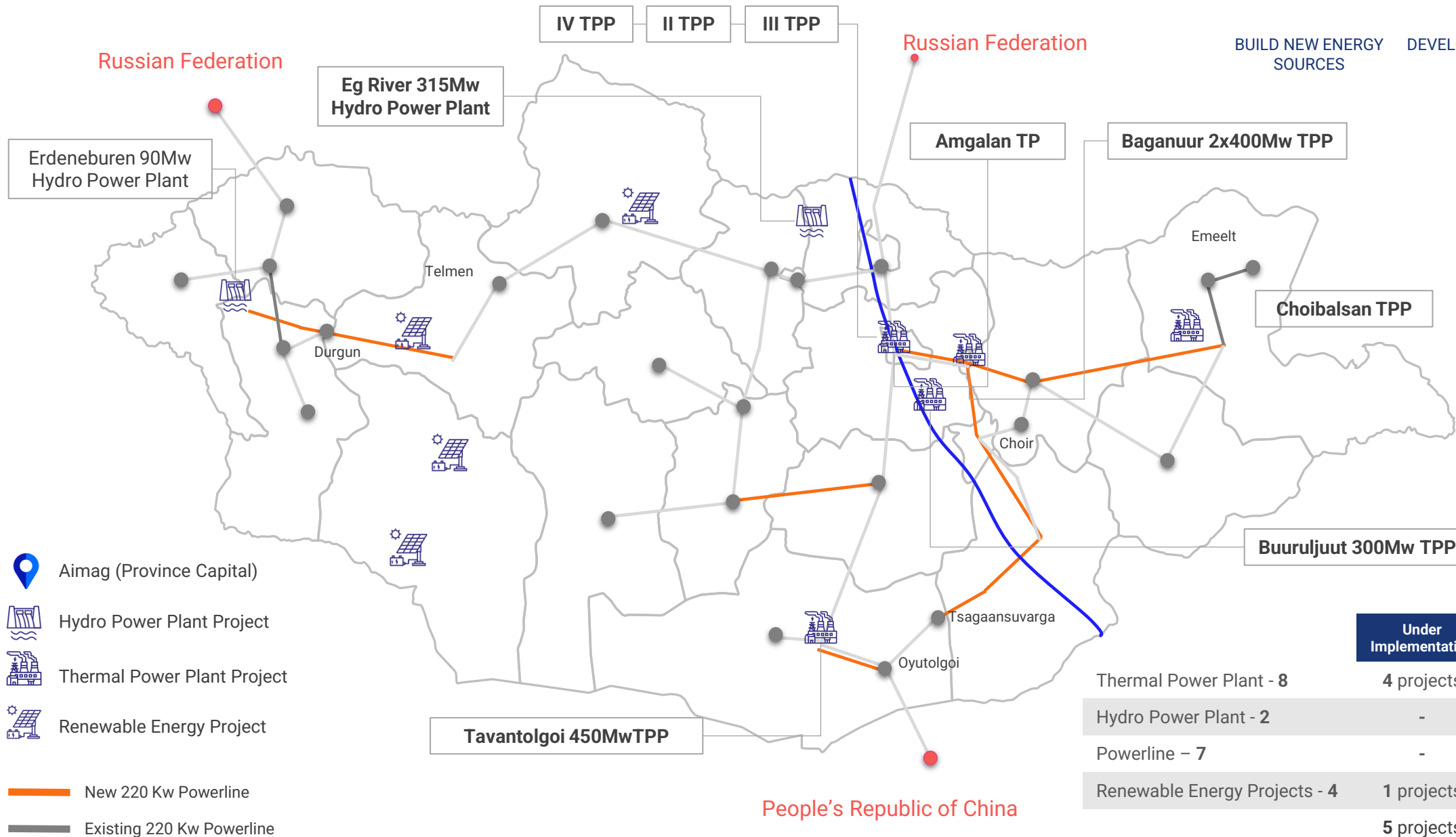


ENERGY DEVELOPMENT : 21 PROJECTS



BUILD NEW ENERGY SOURCES

DEVELOP RENEWABLE ENERGY



- Aimag (Province Capital)
- Hydro Power Plant Project
- Thermal Power Plant Project
- Renewable Energy Project

- New 220 Kw Powerline
- Existing 220 Kw Powerline

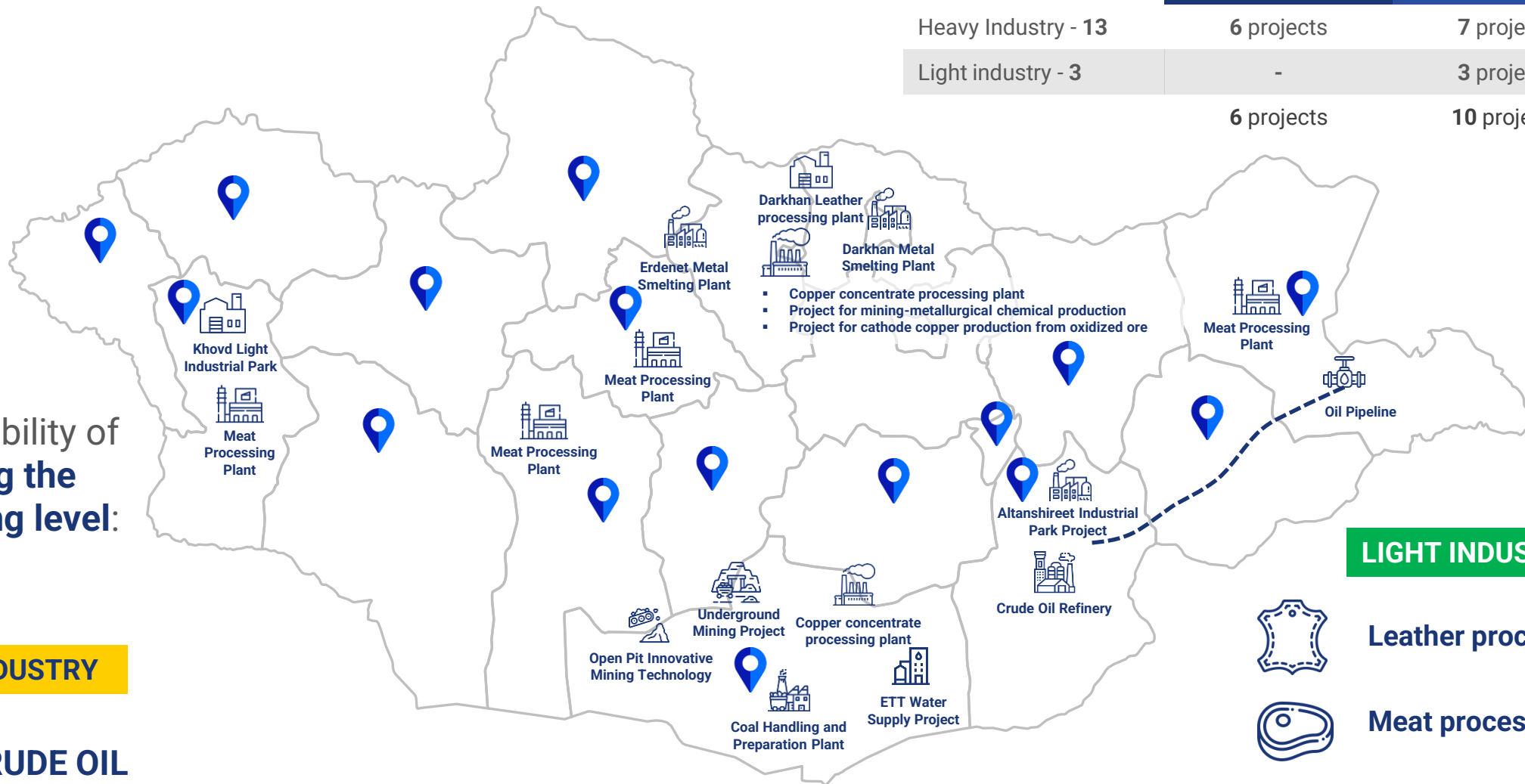
	Under Implementation	Under Planning
Thermal Power Plant - 8	4 projects	4 projects
Hydro Power Plant - 2	-	2 projects
Powerline - 7	-	7 projects
Renewable Energy Projects - 4	1 projects	3 projects
	5 projects	16 projects

INDUSTRIAL DEVELOPMENT: 16 PROJECTS

	Under Implementation	Under Planning
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Heavy Industry - 13	6 projects	7 projects
Light industry - 3	-	3 projects
	6 projects	10 projects

The possibility of increasing the processing level:



HEAVY INDUSTRY



CRUDE OIL

- Oil Refinery
- Pipeline



COPPER

Copper Processing Plant



IRON ORE

Darkhan's Steel Factory



COAL

Coal Washing and Processing Plant

LIGHT INDUSTRY



Leather processing



Meat processing



VISION-2050 FIRST-10-YEAR POLICY TARGETS

GDP **3.6x** ↑

GDP PER CAPITA **3x** ↑

POVERTY RATE **2x** ↓

**MIDDLE AND
UPPER CLASS** **85%** ↑



Thank You For Your Attention

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see the pitchbook



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