

## Comments: A Mongolian Perspective

Bat-Erdeniin Batbayar and Ganbold Baasanjav

Mongolia has a vast territory, and its easternmost province lies in Northeast Asia. It can thus be included in the economic integration process of Northeast Asia. That province should be linked with neighboring Chinese Inner Mongolia and China's northern region through infrastructure such as roads and energy. The recent discovery of oil deposits in Mongolia's eastern province has become a good stimulus for development. However, the current absence of any sort of infrastructure linking Mongolia with China greatly limits the potential for development. This year, a bridge will be built connecting Mongolia and China; eastern Mongolia is already connected to Russia by rail. The issue of connecting this area of Mongolia with China's Erlian city has increasingly become a topic of discussion among experts. The oil in Eastern Mongolia is well suited to the Chinese market, and a large amount of oil can be transported by rail and by pipeline in the future. A significant amount of coal in Northeast China is currently being transported through its interior regions. Eastern Mongolia has unexplored coal deposits. Mongolia can also be connected to this region by exports of coal. The infrastructure that would connect Mongolia and China represents the closest outlet for Mongolia to the sea—through the Korean peninsula, a distance of less than 1,000 kilometers. These are some of the projects waiting for financial support.

Mongolia is certainly in favor of establishing the Northeast Asian Development Bank. Currently Mongolia is implementing several programs with the World Bank related to infrastructure development. Now we have to work out programs for infrastructure development specifically for the eastern part of Mongolia, step-by-step through private and public lending. We will start with smaller projects and then proceed to the larger ones.

Since 1998, Eastern Mongolia has exported 10,000 barrels of oil annually to China along a 300-kilometer road. The construction of pipelines is commercially viable, taking into account the size of the reserves discovered. A pipeline from Tamsag in Mongolia to Daching in China awaits financing, as does the needed expansion and technical renovation of the current electrical system. Those

projects will be on the agenda for the government, international NGOs, and research institutions in Mongolia in the near future.