



МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

“ALTANBULAG” FREE ZONE



2017 он



МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

CONTENT



• **INTRODUCTION**

• **INVESTMENT**

• **LAW LEGISLATION**

• **TODAY IN FREE ZONE**

• **ISSUES FOR DISCUSS**



INTRODUCTION

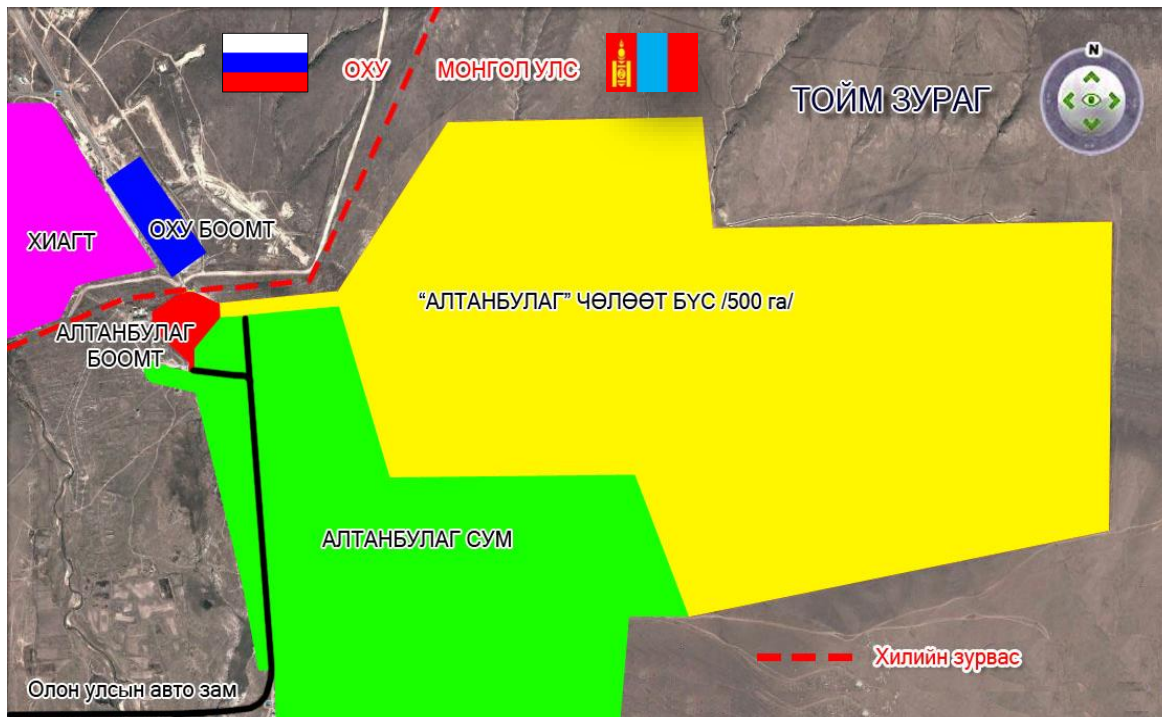


AIM OF “ALTANBULAG” FREE ZONE

To become modern and international standard free zone assign to increasing investment, raise competitiveness of product, speed up economic development which is possible to develop investment of Mongolia, by “Altanbulag” free zone.

GOAL OF “ALTANBULAG” FREE ZONE

To implement general goal of free zone, develop transport and logistic, facilitate the trade, encourage the tourism by import and export, introducing new technologies, develop the trade in traditional link between Mongolian and Russian bordered region.





1. INTRODUCTION

“Altanbulag” free zone open ceremony 2014.

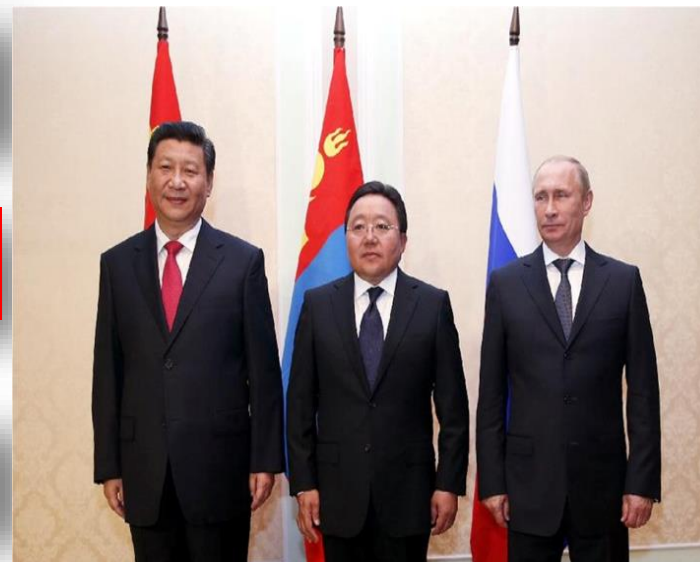
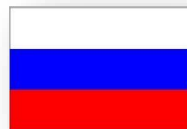
According to government rule number 153, “Altanbulag” free zone started to stable operation in 22nd of June,2014. 37 entities where participated in this exhibition, 349.4 thousand USD product have been supplied.





POSSIBILITY OF ECONOMIC AND POLITIC

RUSSIA-MONGOLIA-CHINA ECONOMIC CORRIDOR

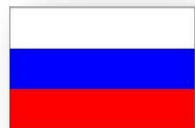


1. The 3 countries president's meeting were held, September 2014, in Dushanbe, Tajikistan.
 - ❖ The strategy developing of three countries are accommodating to each other. It's possible to implement the aim of 1+1+1=3, which is built the economical corridor between Mongolia, Russia, China. The infrastructure between three countries, which is auto road, railway should be intensified.
2. "To conclude the economical corridor memorandum letter" of in Ufa, Russia July 2015.
 - ❖ 5 issues were discussed which is new way of economical development between Mongolia, Russia, China.
3. The 32 project and 3 issues of economical corridor between Mongolia, Russia, China, will be implementing in Toshkent and Uzbekistan in June, 2016.



МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

INVESTMENT



PRODUCT TAX,
FUND FINANCE

RESOURCE OF PRODUCT
AND FINANCIAL FLOW



ALTANBULAG
FREE ZONE

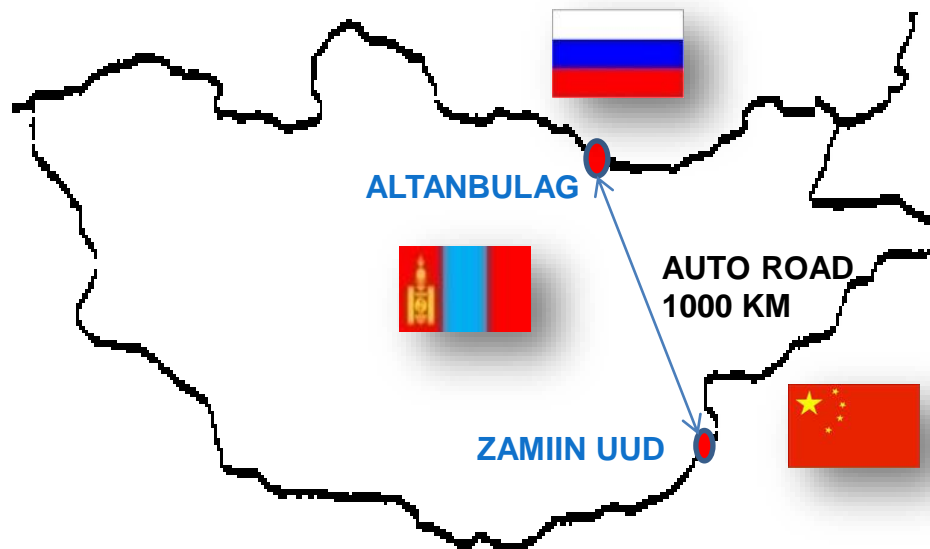
TRANSMEDIATE
TRASPORT LOGISTIC
SERVICE



PRODUCT TAX,
FUND FINANCE

RESOURCE OF
PRODUCT AND
FINANCIAL FLOW

- ❖ IT'S POSSIBLE TO TRANSPORT THE PRODUCT AS STANDARD AND SAFE BETWEEN EURO- ASIA.
- ❖ "ALTANBULAG" FREE ZONE LOATING ALONG TO H-3 AUTO ROAD OF EURO-ASIA.
- ❖ THE ROAD WHICH IS CROSSING MONGOLIA, AND CONNECTING EURO- ASIA, IS NEAR BY WATERWAY 350 KM HOUR, BY RAILWAY 1140 KM.
- ❖ "TIANJIN-ULAANBAATAR-ULAAN-UDE" FOR TRANSPORT FREE ZONE THROUGH, BUILT WEREHOUSE IN FREE ZONE OPPORTUNITIES



The Government of Mongolia, have been built the double- sided covenant to support the investment and protect, and “To reduce the double tax” with 32 countries.

OPPERTUNITIES TO ACCESS INTO THE EUROPEAN UNION AND JAPANIES MARKET

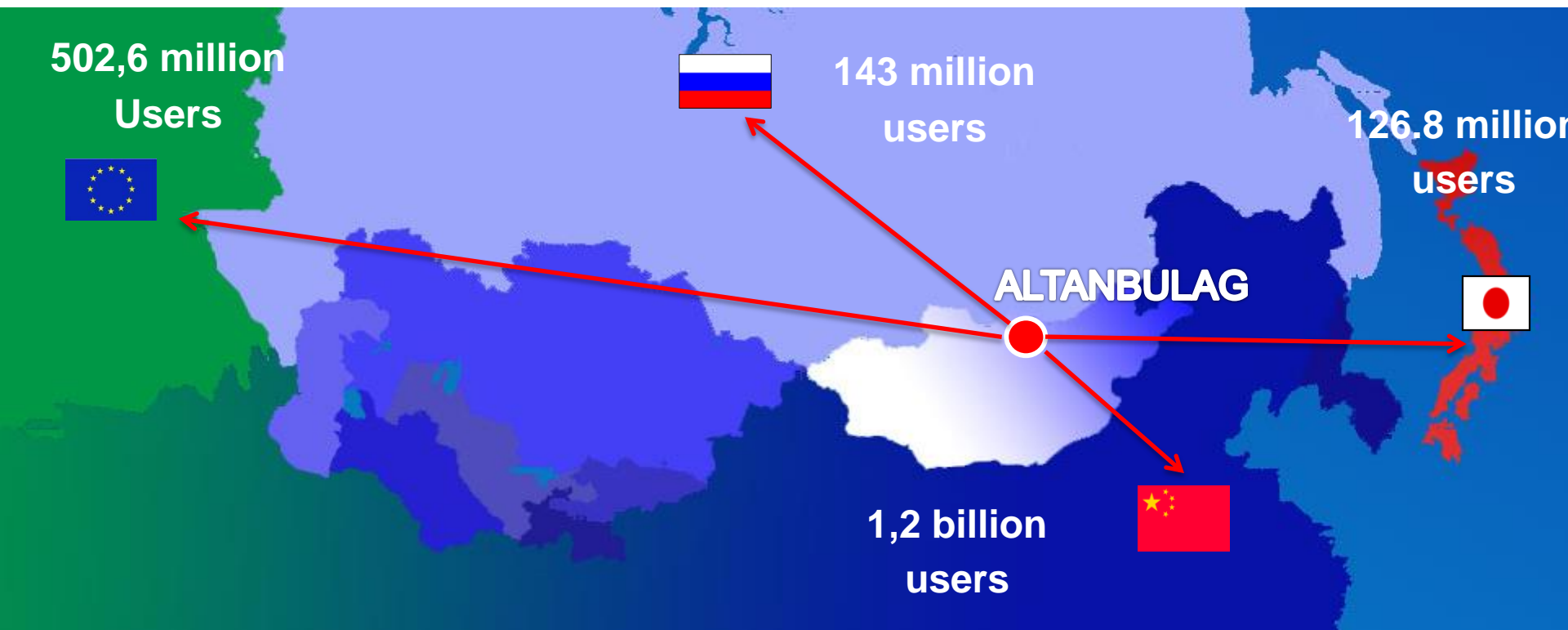
EX GENERAL DISCOUNT SYSTEM

- ▶ 99 GROUP 7200 TYPES
exempt tax of import

JAPAN EPA (EU GSP+)

- ▶ 97 GROUP 5700 TYPES
IMPORT CUSTOM TAX WILL BE EXEMPT
DIRECTLY, AND STEP BY STEP IN FIRST 10 YEARS.

RULE OF ORIGIN: MADE IN MONGOLIA



INVESTMENT



East Siberian economical territories which is near with Altanbulag free zone:

- **Irkutsk province**

Capital – Irkutsk city

Population - **2,7** million

80% of total square is forest.

There is 50 industries in this territory.

- **Republic of Buriatia**

Capital – Ulaan-ude

Population - **983** thousand

83% of total square is forest.

1995

CONTENTION OF
ECONOMICAL
FREE ZONE

2002

“ALTANBULAG”
TRADE FREE
ZONE LAW
LEGISLATION

THE LAW ON FREE
ZONE

2014

UNDER THE
GOVERNMENT
PROTOCOL 153,
FREE ZONE
PASSED ON
STABLE

2015

NEW EDITION OF
THE LAW OF
FREE ZONE IS
APPROVED



LAW LEGISLATION SPECIAL TAX ORDER



The facilities constructed and recorded in the register of a free zone shall be fully exempt from immovable property tax ; /16.5.2/

VAT shall be charged at "0" rate when Mongolian goods are brought into a free zone from the customs territory; /16.1.3/

No taxes shall be charged for goods entering a free zone, which are previously imported into the customs duties, VAT, and excise tax. Deduction shall be made from other taxes against presentation of payment receipts for taxes paid in the customs territory; /16.1.2/

**TOURISM
BANK, FINANCE
TRADE, INDUSTRY
GAMBLING /18.1./**

Goods imported from overseas to a free zone shall be exempt from the levy of import tax, customs duties, VAT, and excise tax; /16.1.1/

No taxes shall be levied on goods exiting a free zone to overseas ;16.1.6.

In addition to goods referred to in Clause 38.1.4 of the Law on Customs Tariff and Duties, goods purchased by a visitor not exceeding a total value of MNT 3.0 million shall be exempt from the customs duties and VAT when entering the customs territory from a free zone 16.1.4/.

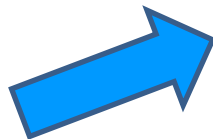


МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

LAW LEGISLATION RELIEF AND EXEMPTION FROM LAND FEES



TRADE,
SERVICE,
TOURISM



LAND FEE
ENGAGED 100 % FIRST 5
YEAR /23.1/



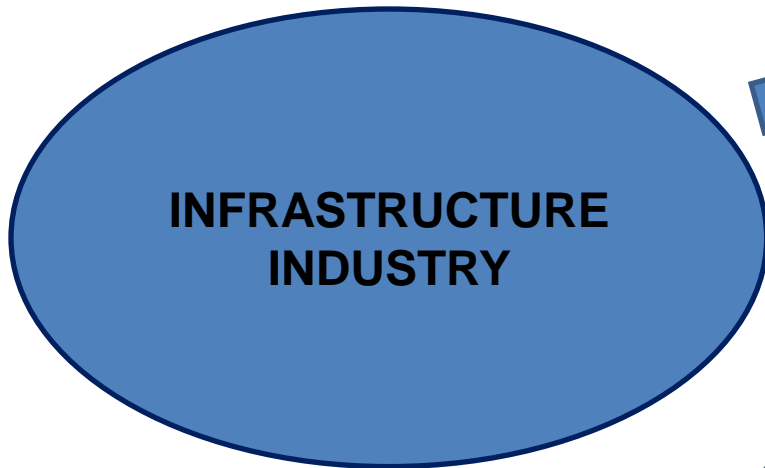
LAND FEE
ENGAGED 50% NEXT 3
YEAR /23.1/

INFRASTRUCTURE
INDUSTRY



LAND FEE
Shall be fully exempt from
land fees in terms of land
used or possessed in such
free during the first 10 years
of its operation together with
its branch. /23.2/

**LAW LEGISLATION
EXEMPTION OF INCOME TAX**



INCOME TAX
Infrastructure – over 500.000 USD investment will be relief 50% /16.4.1./

INCOME TAX
Industry, service - over 300,000 \$ investment will be relief 50%. /16.4.2./

INCIME TAX
Innovation and high technology, income tax during the first five years from its commencement of economic operation. /16.5.1./

INCOME TAX
Losses incurred by an entity investment to a free zone as shown in its tax statement shall be deducted from the taxable income of such entity during the first five years from its commencement of production or operations following its target construction. /16.4.3./

LAW LEGISLATION EMPLOYMENT



Employment

NO LIMIT TO
EMPLOYEMENT OF
FOREIGN MANPOWER
(15.1)

FOREIGN NATIONAL,
WHO DERIVES
INCOME FROM SUCH
EMPLOYEEMENT OR
SERVICE, IT SHALL
BE EXEMPT FROM
EMPLOYMENT FEE
(15.2)

IF A LEGAL PERSON
OPERATION IS A FREE
IMPLEMENTS AN
EMPLOYEE SKILLS AND
CAPABILITIES BUILDING
PROJECT OR PROGRAM,
THE COST SHALL BE
DEDUCTED FROM THE
TAXABLE INCOME OF THE
GIVEN YEAR (15.3)



МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

INVESTMENT MADE IN MONGOLIA: “PRODUCT MANUFACTURED IN FREE ZONE”



The term “good manufactured in a free zone” means any goods, value added cost of which is generated in such free zone for more than 40 percent of it;

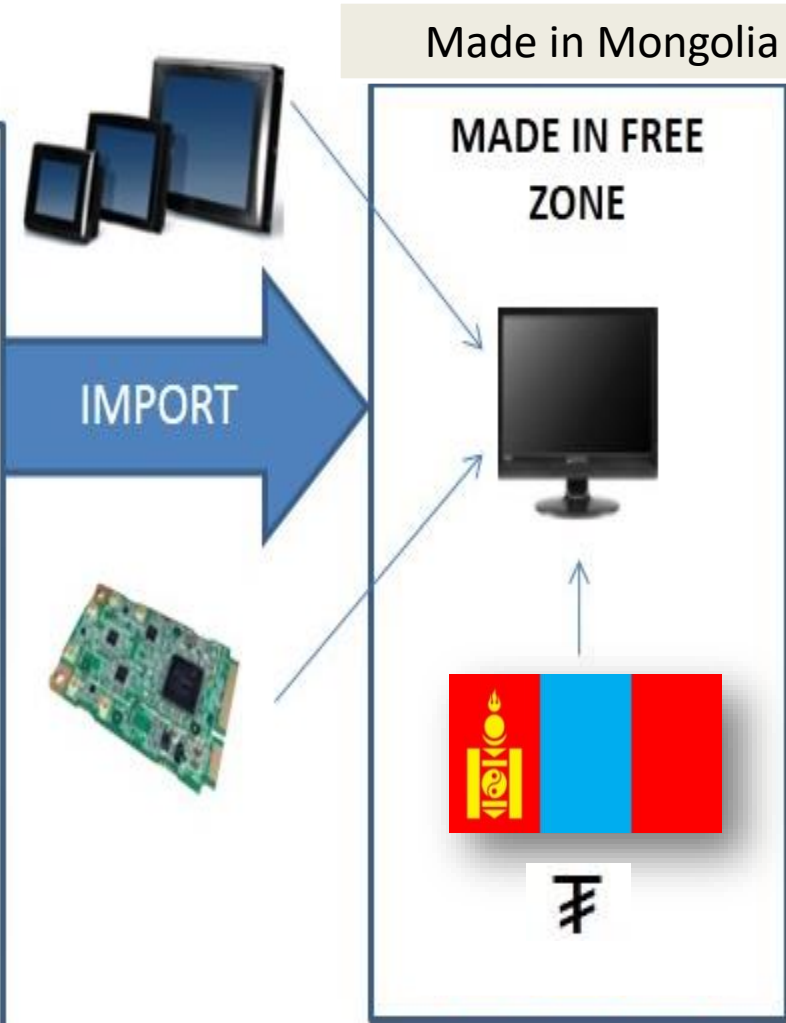
* Qualifying Value Content QVC > 40%

Raw product

Made in Mongolia

Market

Raw product section showing flags of Russia (₽), Mongolia (₮), and China (¥).



Market section showing flags of the European Union (€), Russia (₽), Mongolia (₮), and Japan (¥).

- Mongolian government's 2016-2020 Action Programme.

SECOND.ECONOMICAL SUSTAINABLE GROWTH POLICY

- 2.1. To map of the Mongolian industrialization and develop heavy industry development program.
- 2.11.To encourage the free zone operation, and cooperate with foreign and domestic investment companies.
- **5.6.** The implementing arrangement of foreign cooperation companies.
- 5.6.1.The Russian strategy partnership, and improve a full strategy partnership between Mongolia and China, trade, mutually beneficial cooperation, and through access the 2 neighbors seaport, and transit transport on the road of 2 countries.
- 5.6.2. According to the Economical Corridor, preconcert project within infrastructure, and start the warrant of technical economical condition, and built center of origin cooperation, under the cooperation mechanism between Mongolia, Russia, China.
- ❖ **SUGGESSION FROM “ALTANBULAG” FREE ZONE IN TO THE PROCOAL OF 20TH COMMISSION BETWEEN MONGOLIA AND RUSSIAN GOVERNMENT, COOPERATION OF TECHNICAL, SCIENCE TRADE AND ECONOMIC**
- **2.17.** to built the working group, to make research the possibility free product supply condition between Russian region near by board, and Mongolian free zone
- **2.18.** To make research the way to directly connect with Kiakhta to free zone “Altanbulag”.
- **2.19.** To built the transport 3 side logistic company in “Altanbulag” free zone, under the Asian AN-3 direction road header.



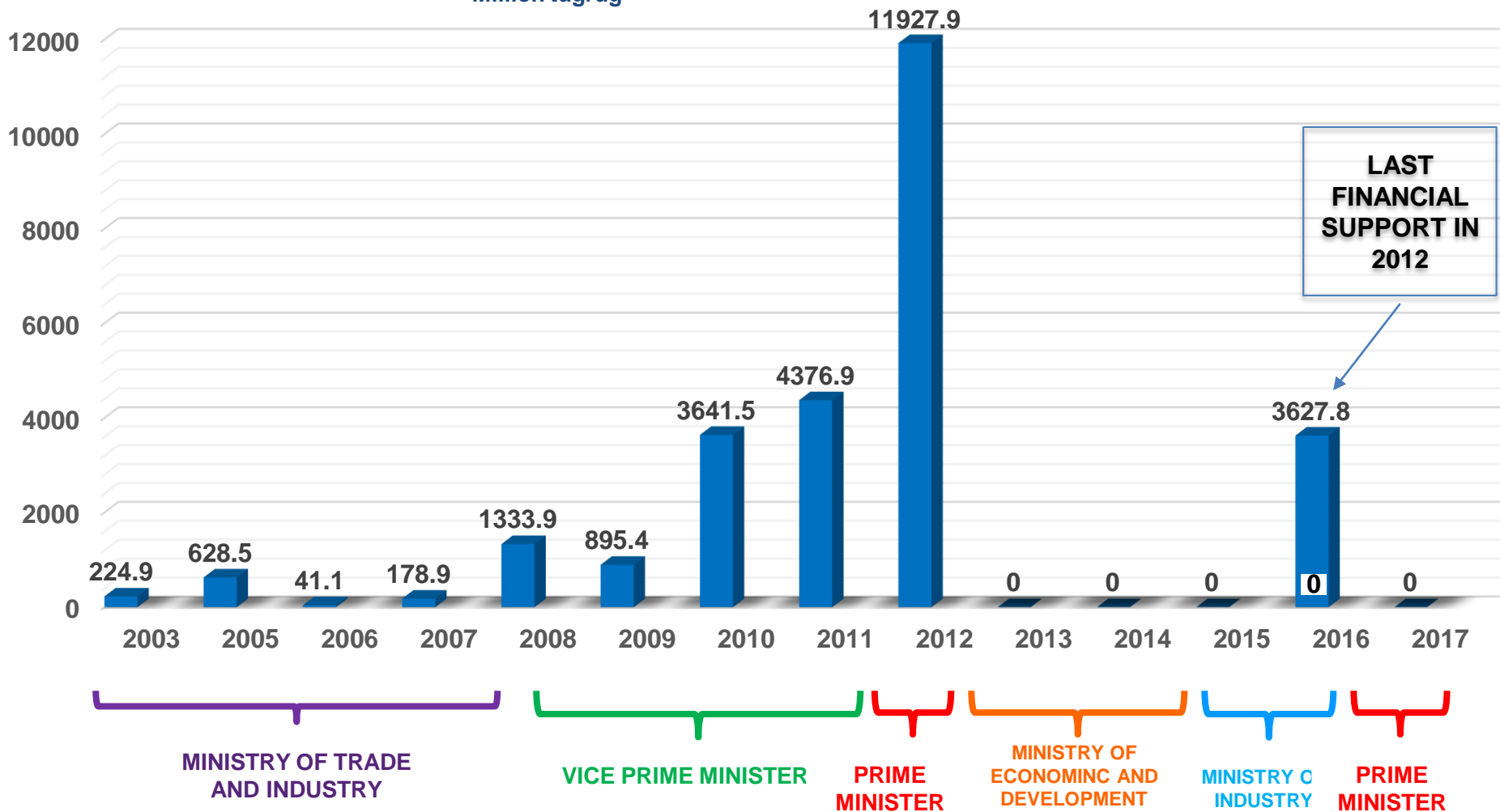
МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

TODAY IN FREE ZONE



State budget investment 26,876.94 million

Million tugrug



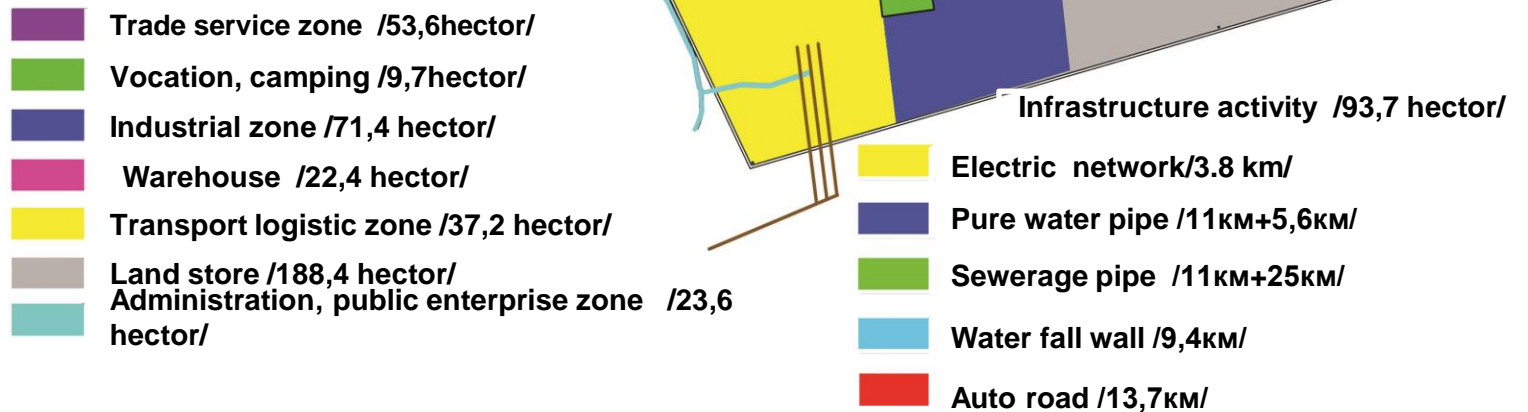
IMPLEMENT OF GENERAL PLAN

NUMBER	Construction, building category	Required capital /mill.tug/ master plan of 2004	First:	Implementing in 2017 /mill.tug/	Implementing percent
			Capital/mill.tug/		
1.	Administration, enterprise construction	4,900.00	4,900.00	1,983.09	40%
2.	Culture, public service building	8,900.00	5,100.00	-	0%
3.	Apartment	21,200.00	21,200.00	-	0%
4.	Heat supply	24,000.00	23,200.00	748.21	3%
5.	Pure water supply, sewerage	3,800.00	3,300.00	21,436.41	564%
6.	Electric supply	1,700.00	650.00	365.63	22%
7.	Telecommunication	8,900.00	6,700.00	-	0%
8.	Transport improvement	28,300.00	26,800.00	2,069.45	7%
9.	Truck gardening	650.00	650.00	-	0%
Total investment		102,350.00	92,500.00	26,602.80	26%
Other unforeseen cost (20%-25%)		25,650.00	22,500.00	274.14	1%
TOTAL INVESTMENT		128,000.00	115,000.00	26,876.94	21%

TODAY IN FREE ZONE

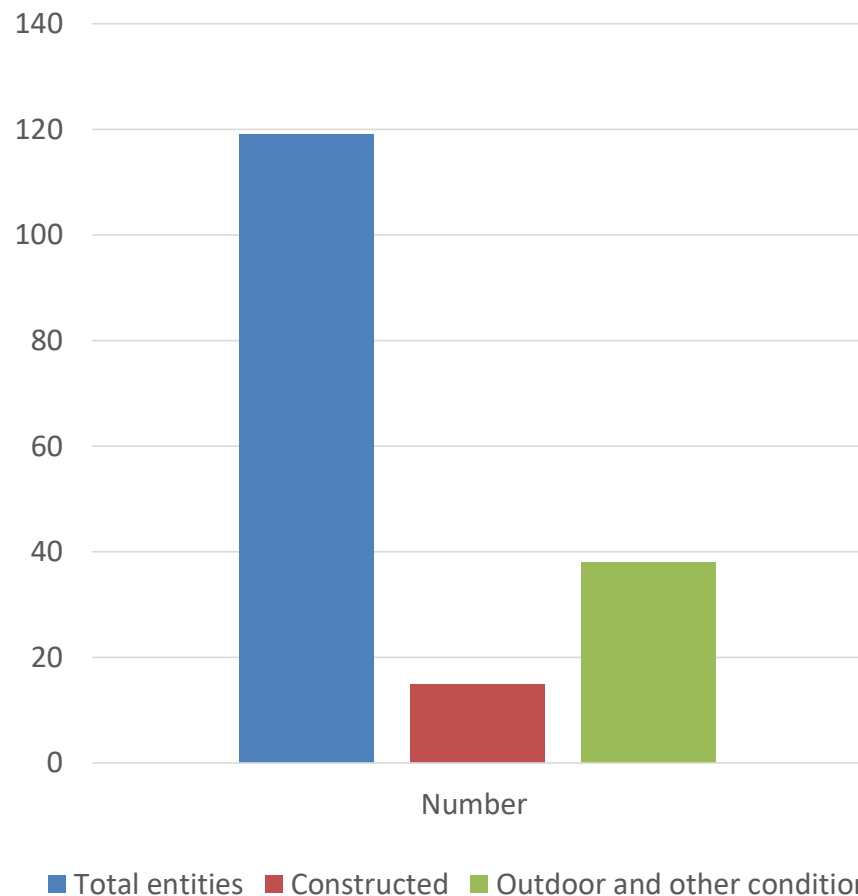


REGIONAL SCHEMA INFRASTRUCTURE



Land owning entities

- Total registered 108 entities, 15 companies were build construction on their land. 13 entities were activated, and 49 entities were make investment / outdoor, drawing/ 81 container entities which is total 6.2 billion private tugrug investment were investigated.
- Total 16 entities were paid, land rent, 24.6 million tugrug to state budget.
- Post, construction materials, auto spare shop, tourism entities are now developing.





МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

TODAY IN FREE ZONE



- About 13 entities are working by trade and service operation. About 40 geminate group products are selling.

number	Year	Visitors			Transport		
		Domestic	Foreign	Total	Domestic	Foreign	Total
1.	2014	15620	426	16046	4854	112	4966
2.	2015	16172	140	16312	4335	1	4336
3.	2016	33859	180	34060	12369	28	12397
4.	Total	65651	746	66418	21558	141	21699





МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

TODAY IN FREE ZONE



The construction work in future by foreign investment



"NEW TRADE CITY" PROJECT

- ❖ 8,33 MILLION DOLLAR
- ❖ 1400 KM.M SQUARE 3 STEP
- ❖ MARKET, COOLING STORE, OFFICE...



TO DISCUSSING ISSUES



1. To approve the State Ikh Khural, the general plan.
2. To complete and finish infrastructure./State budget,concession,AID et.c/
3. Cooperate with Custom and other organization to encourage the free zone.
4. To discuss the following issues between Mongolia and Russian government commission meeting.
 - To discuss and research the new way to direct connect between “Altanbulag” free zone and Kyakhta border point of Russia, and process the drawing.
 - Make possibility of free enter and exit between economical special condition of Russia and Mongolian free zone, and establish the work group.
 - To make a research, way of reduce the tax, which is importing the product from Mongolia to Russia, and establish the workgroup.
 - Make a research, to possibility of supply the cheap electricity to “Altanbulag” free zone from Russia.
 - To establish workgroup to make research the possibility of establishing the multinational free zone between Russian and Mongolia.
5. To built rule of adjustment / Mongol Bank/ specialized bank, which is currency flow in free zone.
6. To approve, rule of GAMBLING in free zone /Ministry of Justice/
7. To encourage and discuss the transportation route by through free zone which is “Tianjin - Ulanbaatar – Ulaan-Ude“.
8. To discuss the condition of developing the free zone by transport and logistic system.



МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

ALTANBULAG
FREEZONE



THANK YOU FOR PAING ATTANTION

TELL: (976-51) 261430, (976-51)261435

FAX: (976-51) 261430

E-MAIL: info@altanbulag.gov.mn

WEB: <http://www.altanbulag.gov.mn/>

Facebook: www.facebook.com/altanbulag