

Stronger bi-lateral relations between China and Mongolia

The recent visit to Mongolia by Chinese President Xi Jinping has provided impetus for stronger bi-lateral relations between China and Mongolia. Cross border trade between the two nations is likely to be boosted as a result and this is good news for Terra Energy as it commences coal shipments to China.

Examples of media coverage of President Xi Jinping's visit follows.

Xi's Mongolia visit lauded as significant to bilateral ties, regional development

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BEIJING, Aug. 23 (Xinhua) -- Chinese President Xi Jinping's fruitful visit to Mongolia is of great practical significance to the further development of bilateral relations, officials and experts said.

The just-concluded two-day trip, which embodies the philosophy of "amity, sincerity, mutual benefit and inclusiveness" in China's diplomacy with its neighbors, has also infused new vigor into regional development, they added.

Mongolian Deputy Prime Minister Dendev Terbishdagva, who also co-chairs the Mongolia-China intergovernmental commission, said the speech Xi delivered Friday at the Mongolian parliament impressed him a lot.

What Xi said about Chinese history and world peace helped better understand China's policy of peaceful development, said the senior Mongolian official.

Xi citation of the proverb that "If you want to go fast, go alone; if you want to go far, go with others" showed that China will support the development of its neighboring countries, Terbishdagva added.

Mongolia and China are good neighbors and good friends, and what Xi remarked on China-Mongolia and international relations are extremely important, he said.

Sanjaasuren Oyun, Mongolia's environment and green development minister and also a lawmaker, said Xi's speech was "cordial and friendly, deep and comprehensive."

Mongolia and China are neighboring countries and the development of each of them is important to that of the other, she said, adding that the deepening of bilateral ties will set an example for other Asian countries.

Migeddorj Batchimeg, a Mongolian lawmaker, said Xi's speech elaborated China's Mongolia policy, specified Mongolia's standing in China's foreign policy, and blueprinted the development of bilateral ties in the next decade.

In the eyes of Alexander Larin, a senior researcher with the Institute of Far Eastern Studies of the Russian Academy of Sciences, China, as a major country in the world, is showing its strength by broadening economic relations with other countries.

China has established a series of diplomatic strategic plans, among which building a community of shared destiny and interests is directly related to Mongolia, Larin said.

The joint declaration signed by Xi and Mongolian President Tsakhiagiin Elbegdorj shows that China considers Mongolia as a completely equal partner, the researcher said.

Upgrading China-Mongolia ties to a comprehensive strategic partnership, Larin added, will help the two countries deepen cooperation in various areas for the benefit both nations and also their international reputations.

Jabin Thomas Jacob, deputy director of India's Institute of Chinese Studies, said Xi's short but fruitful visit to Mongolia on Thursday and Friday showed a comprehensive upgrade of diplomatic, economic and trade relations

between China and Mongolia.

During Xi's visit, the two sides signed a host of cooperation documents, covering such areas of trade and economy, mineral resources, electricity, transportation, and finance. That demonstrated China's great strength on the global economic stage and can be a major boost to any country that cooperates with China, Jacob said.

Xi's speech was very sincere, and particularly his comments on bilateral cooperation manifested China's demeanor as a major country, Jacob said.

He noted that Xi cited the Chinese proverb that "A good neighbor is not to be traded for gold," which showed the president will spare no efforts to establish good relations between China and its neighboring countries.

Mohamed El Saket, a former ambassador of the Arab League to China, pointed out that China attaches importance to improving relations with neighboring countries and strengthening cooperation with them.

China has one of the largest numbers of neighbors, and there is great potential for cooperation with those neighboring countries, El Saket said, adding that China fostering good relations with its neighbors is also critical to regional stability and development.

Mongolia shares the longest section of China's land borderline, and the two countries enjoy great economic complementarity, he said, urging the two sides to use these advantages to promote cooperation and exchanges in various fields.

Cha Jae-bok, chief researcher with South Korea's Northeast Asian History Foundation, said one of the highlights of Xi's trip was economic cooperation.

Noting that China's economic importance to Mongolia is self-evident as it has been Mongolia's largest trade partner and source of investment for many years, he said further boosting bilateral cooperation is conducive to achieving common development.

He added that upgrading China-Mongolia relations and enhancing their win-win cooperation are key to safeguarding regional security, and that China-Mongolia relations have bright prospects, just as Xi described in his signed article "Gallop toward a Better Tomorrow for China-Mongolia Relations."

South Korea, as one of China's neighboring countries, is glad to see China developing mutually beneficial relations with its neighbors, Cha said.

Timur Katayamovich Kuvatov, director of Kazakhstan Today News Agency, said China's economic boom has brought a lot of opportunities to many countries, including China's neighbors.

China pays high attention to its neighbors and has been trying to foster an amicable and stable neighborhood, which shows China's commitment to peaceful development, Timur said.

The cultivation of a good neighborhood will not only provide a peaceful environment for China's development but benefit China's neighboring countries, he added.

Azamat Attokurove, a Kyrgyz economist, said closer cooperation between China and Mongolia will promote the development of the whole Asia.

Mongolia has become an international transportation hub thanks to its unique geographic advantages, and China

and Mongolia are planning to jointly promote the construction of a rail artery between Asia and Europe, he noted.

Besides, he added, Mongolia is poised to actively participate in the construction of the Silk Road Economic Belt proposed by China, which will exert positive influence on the development of Central and South Asia.

Ichinaga Kitanaka, vice chairman of the Tokyo branch of the Japan-China Friendship Association, said Xi's visit was aimed at deepening relations with Mongolia.

Xi's inviting other countries to take China's train of development is a very good proposal, Kitanaka said, adding that he welcomes China's economic development and the consequent gradual formation of a new world economic system.

Sun, Aug 24, 2014, 7:41AM EDT - US Markets are closed

Mongolia eyes economic boost from China president's visit

*** China, Mongolia sign deals on mining, finance cooperation**

*** Xi tells Mongolians more cooperation will benefit both sides**

*** Struggling economy forces Mongolia to tilt towards China (Recasts, adds China, Mongolia proposing summit with Russia)**

By Terrence Edwards and David Stanway

ULAN BATOR/BEIJING, Aug 21 (Reuters) - Chinese President Xi Jinping proposed on Thursday the expansion of bilateral trade with Mongolia to \$10 billion a year by 2020 as he arrived for a two-day visit aimed at deepening economic ties between the neighbours.

Xi's arrival marks the first Chinese presidential visit in 11 years to Mongolia which has been hit by plunging commodity prices and a rapid decline in foreign investment. It is keen to agree to new deals on transport, energy and mining investment with its dominant trading partner.

The two countries signed a joint declaration upgrading their relationship to a "comprehensive strategic partnership". They also signed agreements to cooperate further in areas such as economics, energy, mining and finance.

"Xi proposes to expand China-Mongolia trade to \$10 billion by 2020," China's Xinhua state news agency said.

Two-way trade was worth \$324 million in 2002 but rose to \$6 billion in 2013, accounting for more than half of Mongolia's total foreign trade, Xinhua said.

In an article written by Xi for Mongolian newspapers, Xi said China would do all it could to help Mongolia develop.

"China hopes that both countries can push cooperation on building inter-connecting railways and roads, the development of mines and processing," Xi wrote.

China already buys more than 90 percent of Mongolia's exports, mainly of coal and copper, and 49 percent of foreign enterprises registered in Mongolia are Chinese, Xinhua reported.

But while the focus remains on economic cooperation, persistent Mongolian worries about Chinese political hegemony in the region make a bigger breakthrough unlikely, analysts said.

"I don't think right now is the time to talk about breakthroughs in relations - the Mongolian economy is in a difficult situation but it isn't difficult enough to have any immediate impact

(on relations)," said Sumati Luvsandende, head of the Sant Maral Foundation polling organisation.

FALLING INVESTMENT

Mongolia aims to use its mineral wealth to modernise its isolated pastoral economy, but it has struggled to fund its plans. A 2012 law aimed at restricting foreign ownership in "strategic" sectors, since reversed, has also slowed foreign investment, which fell 70 percent in the first half of 2014.

Mongolia's economy grew just 5.3 percent in the first six months, slowing from 11.7 percent in 2013, official data showed.

Mongolia has previously sought to restrict Chinese firms from taking control of its assets, blocking a stake bid by state metals conglomerate Chinalco for the Mongolia-based miner SouthGobi Resources.

But slowing growth could persuade the government to allow greater Chinese involvement in its mining and infrastructure sectors, the two pillars of its long-term plans.

"Balancing Russia and China and introducing the participation of so-called third neighbours remains the broad outline of Mongolian policy," said Neil Ashdown, senior analyst with IHS Country Risk and Mongolia specialist. "What we are seeing is a lean towards China at the present time, and the clear reasons for that are the way the economy is going."

Mongolia is also keen to use China's rail network to deliver coal and other minerals to other markets, and a transshipment deal is set to be signed during Xi's visit.

"I think the most important deal we can get out of this visit is a rail transit agreement," said Bontoi Munkhdul, chief executive of the Ulan Bator-based Cover Mongolia consultancy. "Allowing rail access to seaports in China would allow us to export our commodities to other sea-borne Asian nations."

But while the deal could give Mongolia more options, analysts expect the bulk of its coal and copper exports to be sold to China for years to come.

The government in Ulan Bator has already agreed to form a joint venture with state-owned Chinese coal giant Shenhua Group to build a 13-km (8-mile) rail link that will help deliver Mongolian coal across its southern border.

During a visit to China last year, officials said a working group had been set up to build roads, railways and pipelines that would turn Mongolia into a "transit corridor" linking the Chinese and Russian economies.

China voiced support for a Mongolian proposal for a trilateral summit with Russia to increase consultation and cooperation among the three neighbours, Xinhua said.

Russia's President Vladimir Putin will visit Mongolia in September, with more cooperation deals expected.

Start of new era of Sino-Mongolian relations

Chinese President Xi Jinping has returned back in Beijing, wrapping up a two-day state visit to Mongolia. During his stay in Ulaanbaatar, he delivered a speech to the Great Hural, the Mongolian parliament. In his speech, President Xi said relations between the two sides had entered their best period in history. Before that, he had wide ranging discussions with top Mongolian leaders on bilateral relations and issues of common concern. They later watched a traditional Mongolian cultural event.

President Xi Jinping started his speech with a poem by a famous Mongolian writer Natsagdorj: "This is my native land. The lovely country. My Mongolia."

President Xi recalled his first visit to Mongolia when he was Vice President of China, back in 2008.

Mongolia was one of the first countries to recognize the New China. Xi Jinping said China had always appreciated that support in its early years.

"No matter what changes may come in terms of international or regional conditions, China will abide by the the Sino-Mongolian friendly cooperation treaty, respect the independence, sovereignty, territorial integrity of Mongolia, and respect Mongolia's own development path. This is a policy we will always uphold," he said.

In the past decade, China has been Mongolia's largest trading partner and investor.

Bilateral trade volume reached 6 billion US dollars in 2013, which is nearly 20 times that in 2002 and comprises more than half of Mongolia's total foreign trade.

Both neighbors share a border of around 4,700 kilometers. In 2013, over 1.3 million people crossed that border contributing to friendly relations between the two.

"It's fair to say that the time is now ripe to build a comprehensive strategic partnership. And it marks that Sino-Mongolian relations have entered the best time in history," he said.

Xi Jinping spent the second day of the visit holding talks with top Mongolian leaders, including President Elbegdorj, Prime Minister Altankhuyag, and Chairman of the Great Hural Enkhbold.

The talks were described as "pragmatic".

"The two sides decided unanimously to enhance the China Mongolia relationship to a comprehensive strategic partnership and issue a joint declaration. In addition, more than 20 cooperation documents have been signed in areas such as politics, economics, trade and culture."

Xi Jinping said the two sides should consider the building of the comprehensive strategic partnership as an opportunity, to bring Sino-Mongolian relations to a higher level.

Before Xi Jinping concluded his trip, he was treated by his Mongolian counterpart to a performance at the Naadam Fair.

The traditional Mongolian cultural event includes seven days' of archery, wrestling, horse racing, dancing and acrobatics.

Saturday, August 23, 2014, 11:43

Xi pledges to boost ties with neighbors

By Wu Jiao in Ulan Bator and Zhao Shengnan in Beijing



President Xi Jinping and his Mongolian counterpart Tsakhiagiin Elbegdorj attend the Nadam Fair, a traditional Mongolian pageant featuring entertainment and games on Friday in Ulan Bator. They were accompanied by their wives Peng Liyuan and Bolormaa Khajidsuren. (Ju Peng / Xinhua)

Beijing promised more shared development and less tension with its neighbors on Friday as President Xi Jinping delivered a speech in Mongolia focusing on China's neighborhood policy.

The speech, which emphasized China's need for and commitment to peace with its neighbors, was made against the backdrop of recent territorial disputes with some of them that have strained relations and stirred speculation of a "China threat".

China is willing to offer opportunities and room for common development to Mongolia and other neighbors, Xi told the State Great Hural of Mongolia, the parliament.

Xi, on the last day of his two-day trip to Mongolia, with which China shares its longest land border, dismissed concerns about a "China threat". He said these arose from either a misunderstanding or were "simply a distortion".

He said it is inevitable that neighbors will have disagreements, but the key is how to address them. Strengthening consensus and solving disagreements through dialogue and cooperation is the most effective way to achieve security in the region.

Xi stressed that China will seek a fair distribution of interests in its cooperation with developing countries.

"We will never do things that could result in 'one wins and the other loses' or 'one wins more and the other gets less.' We will take into consideration the other side's interests in some specific projects," he said.

"China will surely do what it has said and deliver on what it has promised," he added.

Xi said China will provide 1,000 training opportunities and 1,000 governmental scholarships for Mongolians in the next five years.

It will also train 500 Mongolian military staff members, invite 500 young Mongolians and 250 Mongolian journalists to visit China and offer 25 Chinese TV dramas in the same period, he said.

It is the second time that Xi has made a single-country foreign trip since becoming president in March 2013. Mongolia is also the seventh neighboring country he has visited since taking office.

All these visits involved a tight schedule, a large number of signed deals covering a wide spectrum, as well as activities and remarks highlighting close cultural ties between China and its neighbors.

Qu Xing, president of the China Institute of International Studies, said China needs stable and prosperous surrounding countries, which can help it to focus on its main task of development.

Neighboring countries would also benefit from China's support in financing and technology, especially when most of these nations' economies highly complemented China's, he said.

Wang Fan, vice-president of China Foreign Affairs University, said Beijing has shown its sincerity by initiating and pushing forward a range of proposals to benefit joint development in the region.

During visits to Central Asia and Southeast Asia last year, Xi proposed setting up the Silk Road Economic Belt, a 21st-century maritime Silk Road and the Asian Infrastructure Investment Bank.

In May, he proposed a new framework for security cooperation in Asia, which accounts for one-third of the global economy but faces challenges including territorial disputes, terrorism and interference by countries outside the region.

Efforts were also increased to strengthen public links between China and its neighbors, which Wang said could be a foundation for China's neighborhood diplomacy.

Hao Shiyuan, assistant to the president of the Chinese Academy of Social Sciences, said no country could choose its neighbors, and China's rapid growth and respect for its neighbors represented a "win-win outcome".

Mongolia eyes economic boost from China president's visit

BY TERENCE EDWARDS AND DAVID STANWAY

ULAN BATOR/BEIJING Thu Aug 21, 2014 2:25pm BST



Mongolia's President Tsakhia Elbegdorj (C) celebrates his re-election with members of his cabinet at Sukhbaatar square in downtown Ulan Bator June 27, 2013.

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ShanghaiDaily.com

Likely Mongolian deals boost shares

By Ji Xiang | August 23, 2014, Saturday |  Print Edition

SHANGHAI stocks rose yesterday as shares related to ports and the Shanghai free trade zone hoped to get a boost from economic deals to be signed by President Xi Jinping during his visit to Mongolia.

The Shanghai Composite Index rose 0.46 percent to 2,240.81 points. For the week, the barometer gained 11 points.

Xi's visit Mongolia may yield four deals to help the landlocked country export minerals to South Korea and Japan via Chinese ports in the north and northeast.

Changjiang Securities said yesterday that companies running ports around China's Bohai Sea got a boost. It also said ports in five northern provinces plan to link their transport networks.

Tangshan Port Group rose by the maximum daily limit of 10 percent to 5.12 yuan, while Jinzhou Port gained 9.93 percent to finish at 4.87 yuan.

<http://www.bloomberg.com/> Xi Upgrades Mongolia Relationship as Bilateral Trade Grows

By Ting Shi Aug 22, 2014 7:08 PM GMT+1000

China upgraded its ties with Mongolia to the level of “a comprehensive strategic partnership,” which covers political and security cooperation.

Visiting Chinese President Xi Jinping and his Mongolian counterpart, Tsakhia Elbegdorj, signed a joint declaration yesterday in which China said it supports Mongolia’s proposal to hold a tri-lateral summit with **Russia** that would “further strengthen cooperation among the three neighbors,” according to the official Xinhua News Agency. Russian President **Vladimir Putin** will visit soon, according to the Mongolian Foreign Ministry.

Mongolia’s southern neighbor has been its largest trading partner and biggest source of foreign investment for more than a decade. Mongolia, sandwiched between China and Russia, is seeking closer ties to take advantage of Chinese investment, while Xi wants more support from his neighbors at international forums as he pursues increased influence in regional affairs.

“The old Soviet legacy that could sustain ties between Russia and Mongolia is still palpable, but economically Ulaanbaatar relies on Beijing more than anybody else,” said Cheng Yijun, senior researcher with the Institute of Russian, Eastern European, Central Asian Studies at the **Chinese Academy of Social Sciences**. “Mongolia wants to utilize both factors and has no intention to offend either.”

China pledged to help Mongolia join the Asia-Pacific Economic Cooperation mechanism and play an active role in East Asian security cooperation. Xi invited Elbegdorj to attend a meeting among China’s partners on the sidelines of APEC, due to be held in Beijing in November. China and Mongolia will set up a strategic dialogue mechanism between their foreign ministers and initiate mutual visits in their defense sectors.

“Third Neighbor”

Mongolia, once part of China’s empire and later a de-facto Soviet satellite, has been seeking to develop a more balanced strategy it calls the “third neighbor” foreign policy. It entails a plan to boost engagement with its virtual neighbors -- those beyond China and Russia -- including the U.S., the EU, other Asia-Pacific countries and various international organizations.

“The ‘third neighbor’ approach complicates the trilateral relations between Mongolia, China and Russia, but it also gives Beijing an opportunity to pull Mongolia closer to its

pursuit of greater regional clout and win more support in international affairs,” Cheng from CASS said.

The joint declaration said the two countries will strengthen cooperation in events sponsored by the **United Nations**, the Asia-Europe summit, the Shanghai Cooperation Organization and the Conference on the Interaction and Confidence Building Measures in **Asia**. The last one is a new security platform Xi proposed at a regional summit in May.

Dalai Lama

Mongolia canceled a visit by Tibetan spiritual leader the **Dalai Lama**, which was originally scheduled for late August, according to the Hong Kong Chinese newspaper Takung Pao. The joint declaration says China appreciates Mongolia’s “correct stand” on issues related to **Tibet**, **Taiwan** and Xinjiang, and emphasizes that neither country will conduct or participate in any activity that will impair the other’s sovereignty, security and territorial integrity.

Xi’s visit is the first in 11 years by a Chinese head of state to Mongolia, Xinhua reported, and only his second single-country state visit since he became president in March 2013.

The two countries established “a partnership of mutual trust” in 2003 and elevated the ties to “a strategic partnership” in 2011. The latest upgrade reflects both sides’ intention to push the ties “on to a fast track,” according to the joint declaration.

Chinese Investment

On the economic front, China agreed to offer sea ports and railway transport access to Mongolia and help finance a number of projects in medical care, education, railroad and residential community construction, according to Xinhua.

China and Mongolia also inked a memorandum of understanding on setting up a bilateral free-trade zone and a deal on currency swaps. Thursday’s declaration set a bilateral trade target of \$10 billion by 2020, from \$6.2 billion last year, according to data by Bloomberg.

Mongolia said it stands ready to join the Silk Road Economic Belt initiative, which was first proposed by Xi in September, and also the construction of an Asian infrastructure investment bank as a founding member. The agreements will “inject fresh impetus” into trade between China and Mongolia, Xi was quoted as saying by Xinhua.

To contact the reporter on this story: Ting Shi in **Hong Kong** at tshi31@bloomberg.net

Apollo News

Chinese Leader Xi Jinping Visits Mongolia

By Apollo News | August 22, 2014

Chinese Communist Party head Xi Jinping is visiting Mongolia on Aug. 21 and 22, his first since assuming office two years ago, also the visit from a Chinese regime leader in over a decade. Analysts predict trade and security discussions to top the agenda.

In light of China's recent territorial disputes with countries to its south and east, i.e. Japan, Korea and India, Xi may seek closer collaboration with its northern neighbor to strengthen its influence in the region.

China's official press Xinhua describes Xi's trip as "akin to visiting a relative". Liu Jianchao, China's Assistant Foreign Minister said during a press briefing held earlier this month, "Chinese government attaches high importance to China-Mongolia relations and takes developing relations with Mongolia as a priority in its policy of neighborhood diplomacy."

Xi's visit has been in the works for several months. Mongolian President Tsakhiagiin Elbegdorj traveled to China in May for the Conference on Interaction and Confidence-Building Measures in Asia (CICA) summit in Shanghai. While in China, Elbegdorj met with Xi Jinping and invited him to visit Mongolia. In June, Chinese Foreign Minister Wang Yi traveled to Mongolia, and arrangements for Xi's visit were presumed to be high on the agenda.

China has good reasons to be interested in Mongolia. They share a long border and Mongolia exports much of its coal and copper to China. The China Coal Industry Association's vice president Lu Yaohua predicts China will import around 300 million tons of coal this year, 1/10 of which will come from Mongolia. According to Info Mongolia, three Mongolian coal-mining companies recently became signatories to a memorandum of understanding ensuring the export of 1 billion tons of coal to Shenhua Energy Group of China in the next 20 years.

China has been Mongolia's largest investor and trading partner for the past decade. Bilateral trade has soared to US\$6 billion in 2013 from just US\$120 million in 1994 and makes up more than half of Mongolia's total foreign trade.

Growing US interest may have also nudged China into forging closer ties. With U.S. Department of Defense assistance and cooperation, Mongolia and the U.S. jointly hosted "Khan Quest 06," a peace-keeping exercise involving troops from Mongolia, the United States, and 5 Asian-Pacific nations, in the summer of 2006 and "Khan Quest 07" a year later.

US Pentagon chief Chuck Hagel visited Mongolia in April and signed a "joint vision" statement with Defense Minister Dashdemberel Bat-Erdene, calling for expanding military cooperation through joint training and assistance.

However, Bat-Erdene ruled out the possibility of hosting U.S. bases, which currently exist in Japan and South Korea. When Mongolian president Elbegdorj met with Chinese president Xi Jinping in May, Xi mentioned his hope that China and Mongolia could move beyond economics, increasing the number of political and military exchanges, which is seen by some as China's response to the "joint vision" statement from one month earlier.

Mongolia has also reached out to East Asia. On the 40th anniversary of establishing bilateral diplomatic relations, Mongolia's President Tsakhia Elbegdorj and Japan's Prime Minister Shinzo Abe met in Tokyo on July 22, 2014, to sign a Joint Statement on affirming the final roadmap toward instituting an Economic Partnership Agreement (EPA).

China-Mongolia trade opportunities abound

Xinhua, August 22, 2014

Delegates at an ongoing trade fair near the China-Mongolia border are buzzing with anticipation about a slate of new government policies that will boost cross-border business opportunities.

Excitement at the China-Mongolia-Russia Economic and Trade Cooperation Fair in Erenhot of north China's Inner Mongolia Autonomous Region heightened on Thursday as President Xi Jinping started a two-day Mongolia visit, his first since taking office in March 2013 and also the first by a Chinese president in 11 years.

Li Pengyuan chose the occasion to launch his online trading platform targeting customers in Mongolia.

"During trial operation over the past few days, we received dozens of orders every day. We are very confident about our business future," he said at the fair.

Li, who spent two years in Mongolia working in the rice and timber trades, said online shopping has become more and more popular among Mongolians, but there are few online trading platforms in Mongolian.

His cosmetics, clothes and home appliances website, XOT DELGVVR.com is in Mongolian, which he says will make it much easier to use than English-language alternatives.

According to Li, his decision to launch the site was based on the sound bilateral relations between China and Mongolia.

"Chinese businessmen engaged in trading with Mongolia have realized that China-Mongolia relations are in a honeymoon period," he explained.

This is because of a number of recently introduced and upcoming regulations and developments making trade across the border smoother.

In October, Mongolia passed the new Investment Law, reducing restrictions on foreign investment.

In June, the State Council, China's Cabinet, approved Erenhot to pilot preferential policies in finance, taxation, investment and industries.

And it seems more such moves may be on the cards. Upon his arrival, Xi and Mongolian counterpart Tsakhiagiin Elbegdorj signed a joint declaration to "upgrade bilateral ties to a comprehensive strategic partnership."

"The strong complementarity between our economies makes mutual benefit the defining feature of our cooperation," Xi said in an article published in Mongolian newspapers on Thursday.

Private enterprises and investors are well aware of the present opportunities.

According to organizers of the fair, which opened on Wednesday and runs until Friday, Chinese, Mongolian and Russian enterprises have so far signed deals concerning 15 projects, with a total contract value of 1.23 billion U.S. dollars at the event. The deals cover mining, infrastructure and tourism.

Wang Qi, sales manager with cement company based in Inner Mongolia, said cooperation between the two countries is greatly benefiting his company.

The firm's Mongolian clients have grown in number from two to more than 20 since 2012, with a daily cement export volume of 1,000 tonnes.

"At the fair, we have made extensive contacts with Mongolian customers," Wang added.

Alatengdalai, manager of a Mongolian food processor based in Hohhot, capital of Inner Mongolia, said he was excited about setting up a business in the cross-border economic cooperation zone the Erenhot government is considering establishing.

"I'm eager to have more Mongolians enjoy Inner Mongolian dried beef and cheese, which are very different from theirs," Alatengdalai said.

Border town bustling with business as China-Mongolia trade takes off

21:44, May 31, 2010

At Erenhot, exports of electronics, machinery, and construction materials from China to Mongolia had surpassed those of food, clothing and household commodities, because of a boom in infrastructure construction, said Cai Yajun, an official in charge of statistical work at the Erenhot Customs.

Meanwhile, China imports coal, metals and oil from its northern neighbor.

Across the Inner Mongolia region, home to nine China-Mongolia trade ports, bilateral trade shot up 142 percent year on year in the first four months this year to reach 920 million U.S. dollars.

"Bright prospects still lie ahead for the two countries to strengthen economic ties," Meng said. "Trade is set to flourish as China remains a huge, untapped market for Mongolia."

China, the world's third largest economy, has been Ulan Bator's top trade partner for 11 straight years and its largest source of foreign investment for 12 years.

Chinese Premier Wen Jiabao will visit to Mongolia on Tuesday, the third leg of his four-nation Asia tour after the Republic of Korea and Japan, and before Myanmar.

Wen, the first Chinese premier to visit Mongolia in 16 years, is expected to meet senior Mongolian officials, attend a trade cooperation forum and witness the signing of agreements on finance, energy resources, science and technology, and infrastructure, said Chinese Vice Foreign Minister Zhang Zhijun.

In addition to Erenhot, other border ports in Inner Mongolia are abuzz with business as bilateral trade ties grow.

"About 700 or 800 trucks cross the border daily. Some have to wait overnight at the border due to traffic congestion," said Ren Chen, a customs official at Qeh Port, Ejin Banner (County) in western Inner Mongolia.

Qeh neighbors mineral resources-rich provinces in Mongolia and officials and entrepreneurs here expect leaders of the two countries to sign joint exploration deals, guaranteeing abundant opportunities for them.

Liu Yushan, deputy head of Ejin banner government, said annual trade volume at Qeh Port this year was expected to double and Qeh had the potential to become the largest China-Mongolia trade port in 10 years.

For Tsogt, a Mongolian driver employed by a transportation company in Qeh, the expansion of bilateral trade could mean more job opportunities and better pay.

"More than 70 Mongolians are working as drivers like me. If I work the whole month, I can earn as much as 10,000 yuan (1,460 U.S. dollars) a month," said Tsogt. "This is a very high salary in my country."

However, Meng Xiandong said infrastructure and transport facilities, particularly in Mongolia, had yet to catch up with the rapid growth of economic and trade ties.

The volume of goods from Mongolia in May fell markedly as rail transport failed to cope with the burdens.

Meng said China should consider helping Mongolia improve its infrastructure.

According to China's Foreign Ministry, one of major focuses during Wen's visit to Mongolia will be "closer cooperation in economy and trade, especially in the development of mineral resources, infrastructure and financial services, for the expansion of common interests."

Meng said Erenhot had begun to draft plans to build more roads, markets and hotels to accommodate the influx of business people from both sides.

"We expect a better future because the huge potential has yet been tapped," he said