

INDEX CARDS BY COUNTRY



MONGOLIA

FREE ECONOMIC ZONES



Index cards realized by the University of Reims, France

Conception: F. Bost
Data collected by F. Bost and D. Messaoudi
Map and layout: S. Piantoni

Official Terms for Free Zones

Free Economic Zones

Year of promulgation of the first text of law concerning the Free Zones

2004

Exact number of Free Zones

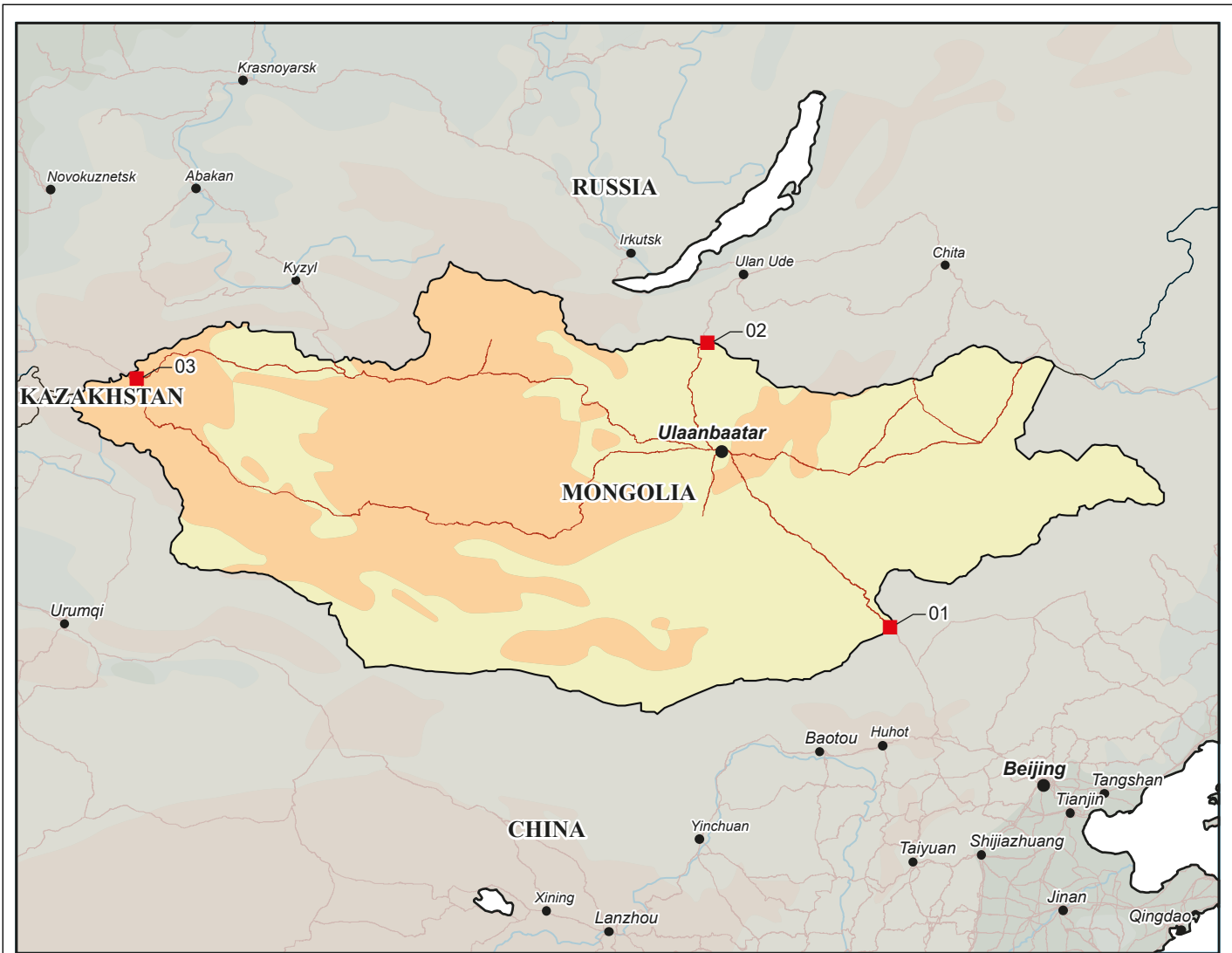
3

Possibility to be established as Free Points

No

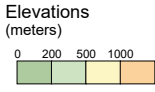
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FREE ZONES IN MONGOLIA

- International borders
- Cities
- Free Zones



- 01 - Zamyn-Uud Free economic zone
- 02 - Altanbulag Free Trade Zone (AFTZ)
- 03 - Tsagaan Nuur FreeTade zone



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 Map Projection: WGS 1984

GENERAL INFORMATION

Official definition

"Free zone shall mean part of the territory of Mongolia under special conditions for business and investment and which should be considered to be separate in terms of custom and taxation. Free zone shall be of trading, industrial, agricultural, tourism, economic form. Activities aimed at improving packaging, storage and protection of products and goods without losing their quality, increasing their value and sale transactions shall be carried out in a free trade zone.

Activities aimed at developing advanced, export oriented technology and production of market competitive products shall be carried out in a free industrial zone. Activities aimed at developing intensive agriculture and husbandry, production and sale of foodstuff shall be carried out in a free agriculture zone. Various services shall be offered by a tourism free zone where adequate facilities and infrastructure up to international standards will be established".

Source: Law of Mongolia on the Free Zone of 2002

http://ilo.org/dyn/natlex/natlex4.detail%3Fp_lang%3Den%26p_isn%3D82771%26p_country%3DMNG%26p_count%3D135

Number of free zones	3 Free Economic Zones. https://www.adb.org/sites/default/files/project-document/66546/36027-07-reg-tacr.pdf
Main sectors of activity	Industrial, commercial, and tourism-service (factories of audio and video equipment, home appliances and electronic goods, production of textiles and clothing, furniture and its details, warehouses, business, exhibition centers, commodity exchange, parceling, bottling, packaging of goods, banking, financial services, information and communication center).
N. of act. comp. in Free Zones	No information.
Total job numbers	No information
Distribution of investors	Japan, Russia, China and South Korea.
Exports and sales	No information
Free zones contribution to the nat. eco.	No information
Corporate Tax and Incentives	<p>Value added tax, customs and excise tax:</p> <ul style="list-style-type: none"> • Goods imported to FTZs are not subject to value added tax (VAT), customs and excise taxes. If goods are to be transferred from the customs territory to the FTZs, there will also be no such taxes on those goods and any previously paid taxes will be reimbursed accordingly based on related documents. • Zero VAT will apply on domestic goods to be transferred from custom territory to FTZs. • In addition to purchases per article 38.1.4 of Law on Custom Tax and Tariff which refer to goods for passengers' personal use, purchases in the FTZ up to MNT 3 million made by passengers are exempt from VAT and customs when entered into the customs territory. • No VAT will apply on goods and services manufactured/provided and sold in FTZs by individuals and businesses registered in FTZs. <p>Corporate income tax :</p> <ul style="list-style-type: none"> • Businesses that have invested USD 500 thousand or more in such infrastructure projects, as energy and heating source, pipeline network, clean water supply, wastewater sewage, auto road, railway, airport, and basic communication line shall receive Corporate Income Tax (CIT) credit equal to 50% of their invested capital in FTZs.

- After completing the development stage, businesses can utilise their accumulated tax losses, reflected on their CIT return, within 5 consecutive years.
- Entities using innovated and enhanced technology in their businesses shall be fully exempted from CIT for the first 5 years starting from becoming profitable.

Land payments and property taxes:

- Individuals and businesses may request a land ownership and usage right in FTZs through either project bid or auction.
- Businesses operating in trade, tourism and hotel sectors are fully exempted from land ownership and usage right payment for the first 5 years from the operation start. This payment is further reduced up to 50% for the following 3 years.
- Businesses operating to improve such infrastructures, as energy and heating source, pipeline network, clean water supply, wastewater sewage, auto road, railway, airport, and basic communication line will be fully exempted from land payment for the first 10 years from the operation start.
- Buildings and facilities built and registered in FTZs are fully exempted from the immovable property tax.

Source: https://www.pwc.com/mn/en/publication/assets/dbg_2015.pdf

Free Zone law

-The Law of Mongolia on the Free Zone was adopted in 2002 ("Government Bulletin" issue No 27.).

http://ilo.org/dyn/natlex/natlex4.detail%3Fp_lang%3Den%26p_isn%3D82771%26p_country%3DMNG%26p_count%3D135

In 2015, Mongolia issued a revised version of the Law on FTZs:

- The law on the Legal Status of Zamyn-Uud Free Economic Zone was adopted in 2003.
- Resolution No.17 on the Development of the Zamyn-Uud Free Economic Zone was adopted in 2004 by the Parliament of Mongolia.

LIST OF OPERATING FREE ZONES

1 - Zamyn-Uud Free economic zone

Location	Located in Zamyn-Uud border point town in the southern part of Mongolia. It is situated in 780 km from Ulaanbaatar, the capital city of Mongolia, 230 km from Sainshand, the center of Dornogobi province and 8 km from Erlian town of China.
Surface Area	900 hectares http://www.carecprogram.org/uploads/events/2009/Joint-PRC-MON-Dissemination/Joint-Dissemination-Session2.4-Zamyn-Uud-Free-Economic-Zone.pdf
Contacts	PO Box 38/147 Ulaanbaatar 211238 Tél: (976-51) 264301 / (976-11) 330294 / 330462 - Fax: (976-11) 318168 E-mail: info@zfv.gov.mn Web: www.zfv.gov.mn
Observations	Established in 2004. « The Law on the Legal Status of the "Zamyn-Uud" FEZ envisages to develop the zone with three major sections – industrial, commercial, and tourism-service. 1. Industrial section It is envisaged to establish and develop therefore environmentally friendly industrial production. This would include assembling factories of audio and video equipment, home appliances and electronic goods on the order of foreign companies and the production of textiles and clothing, furniture and its details, souvenirs and other products for export.

2. Commercial section

The commercial part would include warehouses, business, exhibition centers and commodity exchange, and parceling, bottling and packaging of goods, and banking, financial services, information and communication centers.

3. Tourism and services section

Implementation of projects aiming to develop tourist camps, hotels, restaurants, cafes, fast food shops and entertainments, golf course, horse racing , camel polo and a casino."

<https://investmongolia.wordpress.com/category/law-on-economic-zones/>

2 - Altanbulag Free Trade Zone (AFTZ)

Location	Located in the northern part of Mongolia with a planned area of 500 hectares. It is adjacent to Khiagt border port of Russia, 335 km away from the capital city of Ulaanbaatar and 25 km away from Sukhbaatar city of Selenge province. AFTZ is directly accessible by an automobile road from Ulaanbaatar city and Sukhbaatar railway station of Russia-Mongolia-China international railway network. Passenger, freight and container transportation is convenient.
Surface Area	500 hectares
Contacts	Mongolian Customs General Administration Ikh Toiruu 81/1 Sukhbaatar District Ulaanbaatar 14193 Mongolia Tel: (976-11) 350053 - Fax: (976-11) 350048 Email: icd@customs.gov.mn
Observations	Established in 2014. « FTZ will give opportunities for companies, enterprises and other economic organizations as well as individuals both in and out of Mongolia to establish enterprises, joint ventures and other economic organizations to handle businesses related to the FTZ main functions-international trade, import and export processing and warehousing. The operations in AFTZ will include, the reprocessing of first stage processed and semi processed products using advanced and modern technology and exporting of the final products to foreign markets; storage of export and imported products, sorting, packaging, classification of these products, affixing logo on them and other related operations, as well as activities of industrial and service nature, including selling the products in foreign countries and regions." https://investmongolia.wordpress.com/category/law-on-economic-zones/

3 – Tsagaan Nuur FreeTade zone

Location	North Western part of Mongolia and at 1.700 km from Ulaanbaatar, 65 km from Bayan-Ulgii city centre 28 km from Russian borders entry point. The free zone is also found to be on the Euro-Asian international highway AN-32.
Surface Area	708.4 ha
Contacts	Mongolian Customs General Administration Ikh Toiruu 81/1 Sukhbaatar District Ulaanbaatar 14193 Mongolia Tel: (976-11) 350053 - Fax: (976-11) 350048 Email: icd@customs.gov.mn
Observations	The Tsagaan Nuur FTZ was established in November 2005 to catalyze the development of the western region of Mongolia. Business priorities: <ul style="list-style-type: none"> • International trade between China, Kazakhstan. Mongolia and Russia, • Heavy and light industries, hotels, resorts, service industries.

CONTACTS

Mongolian Customs General Administration

Ikh Toiruu 81/1 Sukhbaatar District Ulaanbaatar 14193 Mongolia

Tel: (976-11) 350053 - Fax: (976-11) 350048

Email: icd@customs.gov.mn

Ministry of foreign affairs Mongolia

Peace Ave – 7a, Ulaanbaatar, Mongolia

Fax: 976-11-322127

Email: info@mfa.gov.mn

Information center:

Email: press@mfa.gov.mn

FREE ZONES WEB SITES SELECTION

- <https://investmongolia.wordpress.com/category/law-on-economic-zones/>
- <http://www.zfz.gov.mn/>
- <http://zfz.gov.mn/w/wp-content/uploads/2017/01/Uil-qjilgaa-erhleh-zuvshuurul.pdf>
- http://pdf.usaid.gov/pdf_docs/Pnadb647.pdf
- http://pdf.usaid.gov/pdf_docs/Pnadb647.pdf
- http://ihale.tobb.org.tr/dosya/3247_Invest_Mongolia_2016.pdf
- <https://www.adb.org/sites/default/files/project-document/66546/36027-07-reg-tacr.pdf>
- https://www.pwc.com/mn/en/publication/assets/dbg_2015.pdf
- http://www.erina.or.jp/wp-content/uploads/2016/11/naer42-6_tssc.pdf