

TRANSPORT

PROGRESS AND ACHEIVEMENTS

Policy on providing transportation service to the rural and poor people, and achievements of implemented actions

1. The Millennium Road project which was started in 2000 is being implemented in Mongolia with a plan to construct paved roads of 7546 km long connecting Mongolia's east to west horizontally (2653 km) and five parallel vertical axes from Russian Federation to China by 2016, and Ulaanbaatar will be connected to all aimag centers by paved roads. It is planned to build a total of 3097 km of road by 2012 in order to improve transport access of residents living in rural and suburb areas.

Currently totally 2597 km long paved road, 1961 km gravel road, and 1902 km of improved road have been built. The Mongolian Government, with an aim to plan road construction investment efficiently, is creating a legal framework that can attract investment from private sector to road construction on a re-imbusement basis.

2. Mongolian Railway network which includes the Trans-Asian railway and connects Mongolia's three biggest cities is the most reliable alternative transport with 1810 km in length and it is going to expand its length by building new railway lines to major mine sites in Gobi region, which is planned to be financed mostly by private sector. This will enable residents of Gobi aimags to travel all year round and give open access to Ulaanbaatar and border cities. Depending on season and weather, there are more than 12 domestic and 7 international air destinations in Mongolia.

3. During 2006-2007, GoM financed the activities to build the Transportation Service Center under the Ministry of Road and Transportation, and other local transportation centers and purchased buses for inter-city transportation. As a result of this investment auto road is ensured to be the most accessible transportation mean to connect population spread around wide steppe to the market.

Removing subsidies on fuel

4. The Government of Mongolia announced that transport services and transport users will not be subsidized by Government except in special cases (established by Government specific directives). Although, the oil market is fully dependent from the Russian Federation and international market fluctuations, Mongolia attempts to maintain a stable price on fuel. Currently small amount of unprocessed oil is exported, and the Government provides tax removal on fuel imports in order to safeguard domestic market from foreign oil price pressure

Encouraging energy efficiency

5. The Government approved the Liquefied Petroleum Gas (LPG) Program by the resolution in 2006, and the companies PETROVIS LLC and ORGIL Oil LLC started to sell bio-ethanol fuel "eco-92" in Ulaanbaatar in October 2009 and that was 10% cheaper than imported fuel. The UNIGAS LLC, established in 2004 in partnership with Japanese Sumitomo Corporation, ICHITAKA LLC and New Tel Card LLC placed auto equipment of liquefied petroleum gas next to PETROVIS service stations. Most private taxi service providers attracted as UNIGAS customers benefiting from economically efficient and cheaper prices. Since 2005, UNIGAS started the supply of LPG to industrial customers. In order to increase the use of LPG, the Government is planning to provide support in purchasing 2000 taxis that use LPG.

6. Coal-to-Liquids technologies are being studied by private sector such as the Industrial Corporation of Mongolia and the Coal-to-Gasoline project

(<http://icm.mn/gazoline.html>) to be completed by 2013 is being implemented successfully. And the project is supported by the Government of Mongolia and NCCI and Petro-Erch Company.

Providing the poor with reasonable alternative transportation

7. The low income poor people mostly live in pre urban and mountainous areas that are far from centralized infrastructure and they have limited access to public transport. In some newly established districts, private minibuses run to connect them to central routes of the public transportation, which makes transportation cost of an individual double, and we are working to solve this issue. Discounted travel fee by public bus is provided to low-income people, 50 percent discounted rate for students and full coverage of fees for elder persons and children under age of 8

Regional and global transport system integration encouraging efficient choices

8. The Government supported the concept of ‘horizontal’ and ‘vertical axes’ of transport development in coordination with the Regional Development Policy of Mongolia. In particular, Mongolia will continue its close collaboration with and participate in the Central Asia Regional Economic Cooperation (CAREC) initiative to diminish physical and legal barriers to international trade and transport.

9. Mongolia joined the transport networks of Asian Highway and Trans-Asian Railway Network of UNESCAP and is implementing the Trans-Mongolia Project. Mongolia is now being connected to Asian Highway system and routes of AH3 (1009 km), AH4 (758 km), and AH32 (2325 km), which positively influence Mongolia to get closer to the international market and provide an opportunity to create workplaces and to reduce poverty.

Urban transport planning and policies

10. Due to urgent need to approve a revised integrated transport strategy and action plan, improvement of the transport strategies prepared with support from the World Bank and ADB. Ulaanbaatar City Development Master Plan study has been carried out with the support from JICA, and projects related to the traffic light, sign renovation and camera setting are being implemented by the loan from the Korean Government.

11. In accordance with the Government Program of 2008-2012, some of objectives of which are to reduce pollution in Ulaanbaatar through improving public transportation means and shifting public transport on natural gas, the Law on Road and Transportation was amended in 2009 respectively to shift the public transportation fully on electric and natural gas fuels. This will be enforced starting from January 1, 2012.

12. As part of public transportation renovation work, the Government purchased 400 big buses from South Korea and these buses are now substituting the insufficient public transport service in Ulaanbaatar. The minibuses which used in down town area are now moved to serve in pre-urban areas.

Policy on increasing vehicle efficiency and reducing emissions of toxic smoke

13. In order to reduce negative impact of automobiles on environment and human health in 2007, Mongolia has freed import taxes on hybrid vehicles and increased taxes on used cars depending on the age of cars according to the new Excise Duty Tax Law of 2006. According to the law and new standard MNS 5012:2008 on public transport issued by the Mongolian National Standardization Center, the usage of public transportation vehicles that are more than 12 years old and cars used for 10 years in taxi services will be prohibited, starting from April 2011.

14. Actions have been taken to revise the standards on toxic emission from automobiles and improve their control. Standards on “Permitted maximum level of diesel engine car emission and their measuring methods” - MN S5014:2004, and “Permitted level of benzene engine automobile emission and their measuring methods”-MN S5013:2004 were redeveloped by the Road and Transportation Policy Department of the Ministry of Road, Transportation and Construction, Urban development, Transportation Service Center, Electric Techniques and Machine Research company in collaboration with Air quality service authority.

15. With an aim to reduce impact of fast growth of automobile on human health and the environment, to improve the security of transportation means, reduce number of traffic accident, and decrease the number of unqualified automobiles, during 2003 and 2005, over 24 auto diagnostic inspection centers were established in all aimags and big cities. This enabled transportation authority and Traffic police to have an integrated information database to control emissions of vehicles and efficiency of fuel usage.

Transportation technology research and development (at public and private sector levels)

16. Mongolian electric transportation company is assembling trolleybuses from parts imported from Russia, Korea and China. The Government supports this trolleybus production, based on fuel and energy efficiency. Mongolia lacks of experience on succeeding transportation technology as all the transportation means are imported.

Adjust and revise road, rail and marine systems construction standards in connection with climate change impacts (sea level rise, and increased frequency and severity of weather events)

17. Extreme weather condition of Mongolia and its hot summer and cold winter negatively contributed to the quality of the road condition and reduced the operational period of the road. The technology used in road construction system is outdated. It is needed to upgrade current technology to the level of international standards.

Capacity building needs to carry out assessment on transportation activities in order to develop integrated plan (movement in the city, reducing traffic jam, movement without motor engine automobiles, develop program to increase automobile efficiency, establish the amount of financial incentives and system to coordinate various of luggage transportation),

18. One of the critical issues in Ulaanbaatar is traffic jam on the road and slow traffic flow. The first urban planning of Ulaanbaatar city was developed for 10 times less automobiles than today therefore it requires renovation of transportation techniques and sufficient investment for rapid public transportation means.

19. Although foreign practices are used to develop auto transportation sector master plan, adaptation to the climate, geographic location and socio-economic context of the country requires improved capacity of national professionals and promoted proper public awareness. Also, there is a need to increase private sector participation in public transportation, set up government incentives and remove barriers especially on those entities and citizens who serve low income citizens in pre urban areas, *gher* district, and to organize methodological and awareness activities to change old mentality in this sector.

20. As substitute of having expensive foreign experts, there is an increasing need for capacity building of national staffs through trainings and extensive exercises in public transportation, transportation, urban planning, auto road research, decision making system and development of alternative options. Also it needs to reform and qualify the curriculums of academic institutions that prepare specialists in transportation sector.

CURRENT EMERGING ISSUES, CHALLENGES AND TRENDS

21. In economic transition period before 2009, Mongolia faced difficulties on public transportation due to technical inefficiency and the non renewal of formerly state owned public transport companies. The Government of Mongolia has given consent to private sectors to run intercity transportation services through establishing contracts with private companies. However, the quality of service is not good enough to have modern comfortable and safe transportation, because of their poor financial capacity.

22. Construction process of paving the roads in pre-urban areas of Ulaanbaatar city is going very slow and becoming as sources of dust, air pollution and causes difficulty in social services as people have to walk long to reach bus stops. This is an issue that requires a complex solution in tight connection with urban planning, land use, investment and management issues.

23. The government has been taking tax incentives for hybrid vehicles and tax burden on old vehicles more than 10 years. But those old cars are being sold to rural area where they are creating another problem on environment. There needs to be coordination and policy on this matter.

24. As the quality of petroleum is not classified by lead content toxics impact on human health is not taken into account, this should be changed and it is required to introduce revised strict classification.

25. The State Great Khural approved a Law on Technology Transfer in 1998 and the Law on Science and Technology in 2006 in order to improve legal condition for transfer of modern technology for development sectors including transportation. There is a need to modify related regulations in association with this law and improve implementation.

26. Transport sector lacks investments that ensure sustainable development based on climate change reduction and adaptations

27. It is very challenging for Mongolia where there is no clear strategy on cleaner vehicles and fuel economy to reach 50 percent efficiency improvement in line with IPCC recommendations.

28. There is a limited economic capacity and know how technology to reduce urban air pollution, reduce green house gas emissions, increase savings from avoided imports of oil, reduce health impacts, reduce energy dependence and in general a contribution towards a move to low carbon/ green economies. Measures should include cleaner fuels standards, limiting the import of old used vehicles, tax incentives, etc.

29. However, progress in terms of improved fuel and emission technologies is ultimately offset by the ever increasing demand in transport. Human capital for regular monitoring of emissions standard along with more sustainable modes of transport is essential.

Potential ways for improvement

30. For Mongolia, railway road is the most efficient means of transportation, however, due to limited number of passengers, railroad service in Dornod aimag and Ulaanbaatar-Baganuur route have been stopped. But there is a research carried out by two private companies and "Ulaanbaatar" Russian-Mongolian joint railroad company about feasibility of connecting Umnugobi aimag to the railroad in the east to Mongolia, which is a main Trans-Asian railway. And it is vital in increasing passenger transportation service.

31. Financial support from the Government and foreign donors in supporting private sector led energy efficient transportation is urgently needed.

32. It is needed to support import of Lead-free petrol through removing tax and excise duty taxes and to develop relevant standards requirements.

33. Public mass transportation systems in urban areas with improved affordability, efficiency and convenience are required to reduce automobile use. Expansion of the roads, construction of bridge gateways may accelerate traffic flow, but it will encourage the use of automobiles more and thus, will never solve traffic jam and associated environmental impacts. New policy, strategy and economic incentives are needed to improve integrated approaches including land use planning and transport strategies to encourage patterns that reduce demand and improve the affordability, efficiency and convenience of multimodal transportation in Ulaanbaatar.

34. The further from Ulaanbaatar city, the higher is the fuel price, and rural customers have no options rather than using expensive fuel. Therefore a measure should be taken to maintain fuel price lower in the rural areas. Although, bio-ethanol and LPG have been started to be used in Ulaanbaatar and other bigger cities, rural residents have no access to such fuels.

35. Innovation of standards and technologies for road maintenance that are suitable to weather conditions in Mongolia is essential. Strengthening national capacity by learning from experienced countries is required accordingly.

36. Policies to avoid intensive use of transport for example, through better spatial planning, time regulation of public transport, creating infrastructure for walking, shift to cleaner modes of transport /non motorized transport/ are required to be devised and implemented

37. Implement activities to promote use of electric automobiles and public transportation, create automobile-free days & streets and increase capacities of environmentally friendly transportation means.

38. Need to take immediate measures to decrease green house gas emission and air pollution, reduce the use of imported oil, and, reduction of human health impacts through energy efficient transportation system and to bring positive impact on socio-economy through reduction of dependency on energy application as well to develop clean fuel standards, to ban the import of second hand automobiles using tax means.

