

# The Study of Mutual Benefits and Potential in China-Mongolia Agricultural Trade

Siriguleng Bao\*

Business School, National University of Mongolia, Ulaanbaatar 14200, Mongolia

\*Corresponding author: Siriguleng Bao, [ncdbsrgl@126.com](mailto:ncdbsrgl@126.com)

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**Abstract:** This article aims to explore the mutual benefits and potential of agricultural trade between China and Mongolia, analyzing the current situation of agricultural resources, trade history, and policy environment of the two countries. The study finds that China-Mongolia agricultural trade shows significant economic complementarity. Trade activities not only promote economic growth in both countries but also deepen social and cultural exchanges. However, technical standards, political risks, and logistics costs remain major challenges facing trade cooperation. By strengthening policy coordination, investing in agricultural technology and infrastructure, and expanding the variety and markets of trade, the potential for cooperation in China-Mongolia agricultural trade can be further enhanced. These measures will help improve the efficiency and benefits of bilateral trade, achieving a win-win development.

**Keywords:** Agricultural trade; Mutuality; Potential; Agricultural technology

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## 1. Introduction

The agricultural trade between China and Mongolia, two neighboring countries with rich and distinct agricultural legacies, plays a pivotal role in the economic interactions along their shared border. This trade not only supports the agricultural sectors of both nations but also serves as a critical conduit for promoting bilateral relationships, enhancing regional stability, and facilitating cultural and social integration. Given the substantial economic and strategic significance of this trade, it is essential to examine its dynamics, opportunities, and challenges thoroughly. This paper delves into the mutual benefits and potential growth of China-Mongolia agricultural trade. This study explores how these two geographically and economically linked countries leverage their unique agricultural strengths to foster a reciprocal trading relationship that benefits both economies <sup>[1]</sup>. The study investigates how China's diverse and voluminous agricultural production complements Mongolia's robust livestock sector, creating a symbiotic trade relationship that supports economic growth and regional stability. However, this trade is not without its challenges. Technical barriers, varying standards of quality and safety, political and economic uncertainties, and logistical hurdles stand as significant impediments that need addressing to harness the full potential of this bilateral trade. Through comprehensive analysis and review

of current literature, this paper aims to provide insights into the effectiveness of existing trade policies, the impact of geopolitical dynamics on trade flows, and the infrastructural and technological investments required to overcome present obstacles. This aims to provide strategic recommendations to enhance the efficiency and profitability of China-Mongolia agricultural trade, thereby paving the way for stronger economic cooperation and shared prosperity between the two nations.

## **2. Analysis of the current state of agricultural trade between China and Mongolia**

### **2.1. Overview of agricultural resources in China and Mongolia**

Both China and Mongolia possess unique and abundant agricultural resources. China's agriculture is highly diverse, spanning a vast geographic area from south to north, with different climate zones supporting the growth of a variety of crops. The southern regions primarily cultivate rice and fruits, while the northern areas focus on wheat and corn. China's fisheries and tea production are also highly developed <sup>[2]</sup>. In contrast, Mongolia is renowned for its extensive grasslands and primarily engages in livestock farming, especially the production of beef and mutton. Mongolian agriculture is largely concentrated on the cultivation of cold-resistant crops such as wheat, barley, and potatoes, significantly influenced by climatic conditions.

### **2.2. History and current status of agricultural trade between China and Mongolia**

The agricultural trade between China and Mongolia has a long history, with livestock and grain trades being particularly prominent. As a major trading partner of Mongolia, the Chinese market has a consistent and stable demand for Mongolian livestock products such as beef and mutton. In recent years, as the economies of both countries have grown and trade policies have been optimized, there has been a significant increase in the agricultural trade volume between China and Mongolia. Specifically, China exports mainly vegetables, fruits, and processed foods to Mongolia, meeting the Mongolian market's demand for high-quality agricultural products. Conversely, Mongolia's exports to China are primarily focused on fresh and frozen meat products, which are popular in the Chinese market due to their high quality. In addition to food products, non-food agricultural products such as Mongolian cashmere also hold an important position in bilateral trade, bringing significant economic benefits to Mongolia <sup>[3,4]</sup>. Overall, the agricultural trade between China and Mongolia not only promotes the complementary development of the economies of both countries but also deepens cultural and social exchanges, bringing extensive benefits to both sides.

### **2.3. Bilateral trade policies and their impact**

The trade policies of China and Mongolia have a critical impact on the development of agricultural trade between the two countries. Both governments have actively signed multiple trade agreements, working hard to reduce trade barriers, including tariff reductions and simplification of border customs procedures, significantly enhancing the convenience of trade. Particularly, China's inclusion of Mongolia in the "Belt and Road" initiative has not only promoted infrastructure construction but also strengthened regional economic integration, thus facilitating agricultural trade between the two sides. The cooperation between the two countries in food safety and animal and plant quarantine standards also ensures the quality and safety of agricultural trade, meeting the demand for high-quality agricultural products in each market. The implementation of these policies not only directly promotes the volume and quality of agricultural trade but also deepens the economic cooperation between China and Mongolia, bringing broader economic benefits to both countries and laying a solid foundation for future cooperation <sup>[5]</sup>.

### **3. Analysis of the mutual benefits of agricultural trade between China and Mongolia**

#### **3.1. Economic complementarity**

China and Mongolia exhibit significant economic complementarity in terms of agricultural resources and demands. China's agricultural output is diverse, especially in the production of vegetables, fruits, and grains, which meets the extensive market needs both domestically and internationally. Mongolia, on the other hand, leverages its vast grasslands to focus on livestock farming, particularly the production of beef and mutton, which have a stable consumer base in the Chinese market. Mongolian cashmere and other animal fiber products are also highly regarded in international markets, bringing significant foreign exchange income to Mongolia. This complementarity of resources and outputs enables mutually beneficial cooperation in agricultural trade between the two countries, optimizing their respective economic structures and market supply and demand.

#### **3.2. Trade promotes economic growth**

Agricultural trade has a direct and positive impact on the economic growth of China and Mongolia. For Mongolia, exporting livestock products such as beef and mutton to China not only increases the country's foreign exchange income but also promotes the modernization and scaling of its local livestock industry, enhancing production efficiency. For China, importing high-quality livestock products from Mongolia meets the diverse needs of the domestic market and also promotes economic development and employment in border areas. Agricultural trade also drives the development of related industries such as logistics, storage, and retail, further accelerating economic activity in both countries <sup>[6]</sup>.

#### **3.3. Social and cultural impact**

While promoting economic complementarity, China-Mongolia agricultural trade also greatly enriches social and cultural exchanges between the two countries. This trade deepens the understanding and respect of the people of both countries for each other's lifestyles, dietary habits, and cultural traditions, and promotes the development of a more diverse society. For example, the popularity of Mongolian meat products in the Chinese market has given Chinese consumers a deeper understanding of Mongolian dietary culture and has also promoted the acceptance and dissemination of Mongolian culinary culture in China. Conversely, the popularity of various Chinese agricultural products like tea, fruits, and processed foods in the Mongolian market has given Mongolian people a more direct experience of China's agricultural achievements and dietary culture. Cultural festivals and market activities facilitated by agricultural trade have strengthened the interaction and friendship between the peoples of the two countries, enhancing mutual trust and understanding. These cultural exchange activities not only enhance the market value of agricultural products but also promote deeper cooperation and harmony between China and Mongolia in the political and economic realms, laying a solid socio-cultural foundation for the long-term stability of bilateral relations <sup>[7]</sup>.

### **4. Challenges facing agricultural trade between China and Mongolia**

#### **4.1. Technical and standard barriers**

Agricultural trade between China and Mongolia faces numerous challenges in terms of technology and standards. Firstly, there are differences in quality control and safety standards for agricultural products between the two countries, which can lead to delays and increased costs in the trade process. For instance, Mongolian meat products must meet China's strict import quarantine and quality standards, requiring Mongolia to elevate its production and processing standards to fit the Chinese market. Inconsistencies in technical specifications and certification procedures also increase compliance costs for businesses, hindering the smooth flow of trade <sup>[8]</sup>.

## **4.2. Political and economic risks**

Geopolitical and economic policy instability are significant risk factors for China-Mongolia agricultural trade. The political relations and economic policies of both sides may change due to internal and external influences, potentially impacting trade terms and conditions abruptly. For example, political tensions could lead to trade restrictions or additional tariffs, while economic instability (such as currency depreciation or inflation) could affect the cost-effectiveness of trade. These risks require both countries to have a high degree of flexibility and adaptability to maintain and promote agricultural trade.

## **4.3. Logistics and transportation issues**

Logistics and transportation present another major challenge in agricultural trade between China and Mongolia. Due to geographical location and infrastructure limitations, cross-border transportation costs are high and efficiency is low. Particularly, Mongolia's transportation infrastructure is relatively underdeveloped, leading to high logistics costs for its products entering the Chinese market. Complex customs procedures and border management also affect transportation efficiency. To address these challenges, concerted efforts from both governments and related enterprises are necessary to invest in infrastructure development, simplify trade processes, and adopt modern logistics technologies, thereby reducing costs and enhancing transaction efficiency<sup>[9]</sup>.

# **5. Enhancing the potential and strategies for agricultural trade cooperation between China and Mongolia**

## **5.1. Enhancing policy coordination and cooperation**

To maximize the potential of agricultural trade between China and Mongolia, the two countries can establish a more favorable trade environment through enhanced policy coordination and cooperation. This process includes jointly developing and adjusting trade policies, negotiating unified quality standards and quarantine measures, and establishing mutually recognized certification processes. These measures can effectively eliminate trade barriers and enhance the efficiency of bilateral trade. Additionally, by establishing bilateral or multilateral framework agreements, holding regular high-level trade talks, and forming special joint working groups to address and solve specific problems encountered during the trade implementation process, the consistency and enforceability of policies can be further strengthened. Such policy coordination and cooperation not only promote the free flow of agricultural products but also help the two countries establish deeper cooperative relationships in broader economic fields, bringing more extensive economic benefits and development opportunities to both countries. Through this multi-level policy interaction, China and Mongolia can more effectively address the challenges and opportunities in the global economy, jointly promoting the prosperity and stability of the regional economy.

## **5.2. Investing in agricultural technology and infrastructure**

Improving agricultural production efficiency and optimizing transportation networks are key to enhancing the potential for agricultural trade cooperation between China and Mongolia. Investing in agricultural technology can help farmers in both countries increase crop yields and quality, reduce production costs, and enhance adaptability to environmental changes. For instance, the use of advanced irrigation technologies, seed improvements, and pest management systems are effective ways to increase productivity. Moreover, improving and expanding transportation infrastructure, especially in border areas, will significantly enhance logistics efficiency and reduce transportation costs. This includes building more roads and railways and optimizing customs facilities to facilitate the rapid transit of agricultural products and reduce transit times.

### **5.3. Expanding trade varieties and markets**

To reduce dependence on a single market and product, China and Mongolia can diversify agricultural product types and expand into new markets to lower trade risks. This includes developing and promoting new agricultural products and entering new international markets. For example, Mongolia could increase its promotion of high-quality cashmere and organic meat products, while China could introduce more specialty agricultural products such as tea and fruits to the Mongolian market. The two countries can also jointly develop third-party markets, utilizing their respective geographical and economic advantages to explore broader international markets. Such strategies not only enhance the international competitiveness of agricultural products from both countries but also effectively diversify economic and political risks, enhancing the sustainability of trade.

## **6. Limitations and future directions**

Despite a detailed analysis of the mutual benefits and potential of China-Mongolia agricultural trade, the study still has some limitations. Firstly, due to constraints in data acquisition, some trade data may not be comprehensive or up-to-date, which could affect the accuracy and depth of the analysis. Secondly, the focus of the article is mainly on the macroeconomic and policy level, which may overlook specific implementation details and regional variations within the trade <sup>[10,11]</sup>.

For future research directions, several aspects should be considered: Firstly, a deeper investigation into the dynamics of specific agricultural trade processes, including supply chain management, the actual impact of trade barriers, and their optimization strategies should be undertaken to reveal more operational details and solutions. Secondly, as global emphasis on environmental protection and sustainable development increases, future studies should pay more attention to the impact of agricultural trade on the environment and the development of eco-friendly agricultural trade models. Additionally, exploring the application of emerging technologies such as blockchain and the Internet of Things in cross-border agricultural trade, analyzing how these technologies can enhance trade transparency, reduce costs, and improve traceability, represents an important research area where technological advancement and trade practice converge. Lastly, more interdisciplinary research should be conducted, combining perspectives from sociology and cultural studies, to comprehensively assess the socio-cultural effects of China-Mongolia agricultural trade, fostering long-term cooperation and mutual understanding between the two countries. These research directions not only offer practical strategies but also promote a deeper integration of theory and practice, providing more robust support for the future of agricultural trade between China and Mongolia <sup>[12]</sup>.

## **7. Conclusion**

This article has conducted a thorough exploration of the mutual benefits and potential development of agricultural trade between China and Mongolia, highlighting its crucial role in promoting economic complementarity between the two nations, enhancing social and cultural exchanges, and fostering regional stability. Despite facing multiple challenges such as technical standards, political and economic risks, and logistics and transportation issues, these problems are likely to be effectively resolved through enhanced policy coordination, increased investment in technology and infrastructure, and diversification of products and markets. To achieve more sustainable and profound trade cooperation, both countries need to continually optimize their cooperation mechanisms and strengthen communication and collaboration to address various challenges that may arise in the future.

## Disclosure statement

The author declares no conflict of interest.

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