
INDIA, MONGOLIA TO INK PACT FOR PETROCHEMICAL UNIT

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India and Mongolia are expected to sign an agreement this week for the construction of Mongolias first petrochemical refinery that is expected to cut some of its dependence on Russian fuel. When signed, the project will be the largest being undertaken by the government of India under its Lines of Credit programme, two people familiar with the matter said on Sunday.

The petrochemical refinery -- near Sainshand in southern Dornogovi province -- is to be built at an approximate cost of \$1.25 billion utilising the \$1 billion line of credit announced during Prime Minister Narendra Modis visit to Ulan Bator in 2015. It is expected to be completed by 2022.

As of now the negotiations are on, many issues are resolved and others narrowed down," said one of the people cited above. The decision to use the line of credit offered by India to set up the petrochemical plant was taken by the Mongolian government, a second person cited above said. On Indias part, this is the largest project being undertaken by the government of India under its line of credit scheme," the second person said.

The ground-breaking ceremony for the petrochemical plant took place in June 2018 during the visit of home minister Rajnath Singh to Mongolia.

Mongolia has its own oil fields producing enough crude for its requirements. However, almost all of its crude oil is exported and all of its finished petrochemical products are imported. The establishment of this refinery will be a significant step towards reduction of import dependence and will ensure energy security for the country," the second person said.

When built up, the capacity of the refinery will be 1.5 mmtpa (million metric tons per annum), with diesel and gasoline as the primary products and LPG (liquefied petroleum gas), fuel oil and jet fuel being produced as secondary products.

According to news reports, products from the Mongolian refinery could be sold to China. Mongolias big southern neighbour produces around 3.8 million barrels per day (bpd) of crude, and imports more than 9 million bpd, according to official government data. Mongolia produced 7.6 million barrels of oil in 2017, about 21,000 bpd, amounting to 6% of its total export earnings, a Reuters report said.

Besides the petrochemical complex, India will also be taking up work for the construction of 27 kilometres of railway line, 17.5 kilometres of road and 19 kilometres of power transmission line to connect the refinery to existing networks. These are to be completed by September 2019, the

second person cited above said.

Ties between India and Mongolia date back centuries with Buddhism seen as a major binding factor between the two countries. In more recent times, the two countries have set up mechanisms like the India-Mongolia Joint Working Group for Defence and the India-Mongolia Joint Committee on Cooperation (IMJCC)" chaired at ministerial level besides others to cement cooperation.

For Mongolians, India is one of counter-weights to their neighbours (Russia and China), a spiritual neighbour," a declared third neighbour and strategic partner and centre for pilgrimage," says a background note on bilateral ties.

New Delhis attempts to boost cooperation with Mongolia come against the backdrop of China making inroads into South Asia--Sri Lanka and Nepal besides Myanmar--considered Indias periphery. In recent years, New Delhi has increased interaction with countries like South Korea, Japan and Vietnam--all countries seen as on the periphery of China. Analysts say Indias interaction with Mongolia gives New Delhi much needed diplomatic and strategic leverage vis a vis the big countries in Mongolias neighbourhood.

<https://www.livemint.com/industry/energy/india-to-sign-pact-with-mongolia-to-built-its-first-petrochemical-refinery-1557664893129.html>

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