

# How factors contributing to the success of the oyu tolgoi project work in the new...

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## **How Factors Contributing to the success of the Oyu Tolgoi project work in the New Railway Project**

In the previous section, the general background, the importance of the New Railway Project and the institutions and their roles are discussed briefly. As we discussed in the previous chapter, national consensus, Mongolia`s Third Neighbor policy, political promises and financial crisis were the main factors that made Oyu Tolgoi project successful. Thus, the focus of this section is to analyze how these factors that contribute to the success of the Oyu Tolgoi Project work in New Railway Projects.

### **National Consensus and Coalition Government**

A consensus is a form of decision-making which as a process of reaching a decision which has a long tradition as an alternative to majority rule and the use of formalized rules and parliamentary procedures (Gentry, 1982). Hence the consensus is crucial in a democratic decision-making process. If decision makers are not able to reach on consensus, any kind of mega project would not be implemented successfully. For instance, numerous mega projects such as Tavantolgoi mining project, Sainshand Industrial Complex, and the fifth Thermal Power Plant project were discussed for a long time since 1990s, but none of them were implemented except Oyu Tolgoi project which we discussed in the previous chapter, simply because of decision makers could not reach the consensus.

In the Oyu Tolgoi case, higher public officials such as president, and the prime minister somehow could reach the consensus, despite they were affiliated with different political parties. By contrast, regarding the New

Railway Project, the decision makers could not reach the consensus and even they divided by their conflicting interests. As the consequence, the project ceased, and the public divided into two parts.

The New Railway policy adopted by parliament in 2010 upon the proposal of the government of Mongolia. The cabinet proposed the policy was the coalition government which was the cabinet that successfully dealt with the Oyu Tolgoi project. At the result of 2012 parliamentary election, DP won 34 seats of total 76 seats in the parliament. However, it was not enough to organize cabinet on their own, and the election result required the establishment of another coalition government. nevertheless, that coalition government could not reach the consensus on pushing the New Railway project towards to success.

Lack of consensus revealed by the politics around the railway gauge. The numbers 1435 and 1520 have become familiar to anyone who is interested in Mongolian politics. Those numbers are the width between the two rails of the railway. 1435 mm is the standard railway gauge used in much of the world, including China. And the second is the wider Russian gauge, 1520 mm. It is also one of the most contentious issues in contemporary Mongolian politics. When the Mongolian parliament was discussing the State Policy on Railway Transportation, the parliament decided that the gauge track shall be the 1520mm, which will be directly connected or intersected with the current railway line.

However, “ gauge track of the railway designed for cargo transportation in the direction from the processing factory at the mineral deposit whose

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product is to be directly exported, to border checkpoint shall be resolved upon the submission of it to Parliament of Mongolia by the government” . later on, this provision has become the reason for unreasonable public debate.

In June 2014, Mongolian televisions broadcasted the documentary titled “ 100 important topics: Independence at Edge” produced by Hero Entertainment, which already became famous for Mongolian audience producing series of documentaries with different topics. The main argument of nearly 100 minutes long film was that building railroads using the standard (Chinese) gauge was a dangerous proposition for Mongolia. If Mongolia builds the railway with the 1435 mm gauge, then Chinese workers who are going to involve the railway construction would migrate to Mongolia, and Chinese armies would follow the settlers to protect their interest. The man behind the scandalous film was the current president of Mongolia, Kh. Battulga, who proposed and pushed to adopt the State Policy on Railway Transportation until it has become official Parliament Resolution when he was a minister of Road, Transport, Construction and Urban Development.

Despite the aforementioned resolution, the battles over gauge track issue continued and intensified. The key point of contention was the building of a railway to one of the world’s largest coal deposits, the Tavan Tolgoi. But many in the Mongolian business community and political circles believed that a much better idea was to build a rail track with a standard gauge from Tavan Tolgoi directly to the Chinese border, only 267 kilometers away. Even, the ministers affiliated with the same party and same cabinet had a different

position on the new railway project. For instance, the former Minister of Economic Development Nyamjavyn Batbayar who affiliated with the DP submitted a draft bill to the Mongolian Parliament, requesting approval for the construction of three railway sections with the 1435 mm gauge. But, the former Minister of Road and Transportation Gansukh Amarjargal who is also affiliated with the DP agitated the danger of building the railway with the 1435 mm gauge in the scandalous film.

In short, the national consensus was seen as a contributing factor that made the Oyu Tolgoi project successful. However, regarding the case of the New Railway Project, it was not successfully implemented because of lack of national consensus.