



Monument to Independence unveiled

Ceremony held to inaugurate 'Independence Square'



A towering monument now marks the center of Mongolia's historical struggle for independence

B. Ooluun

On June 5, 'Independence Square' was inaugurated in an area of Ulaanbaatar City which has been inseparably connected with Mongolia's national independence. The square is located in front of Chandmani Center, formerly Lenin's Museum, earlier named Square of 'Yalalt (victory)' and 'Erkh Choloo (liberty)'. In the center of the square a monument symbolizing Mongolia's statehood, historical tradition and the struggles of generations was unveiled.

In history, wise people and scholars who were looking for land to establish Bogd Khuree, chose a terrace on the southern slope of Chinggeltei Mountain (behind present Chandmani Center) and laid a foundation for the Ikh Khuree in 1778.

In 1911, when the revolution of National Liberty brought victory, Bogd Khaan decreed to impose taxes on merchants and traders of foreign firms. The merchants and traders organized many demonstrations in front of the present Chandmani Center. Also, on July 6, 1921, the Mongolian army and units of the Red Army headed by D. Sukhbaatar, gathered at the square, in front of the present Chandmani Center and moved to the present day Sukhbaatar Square. Therefore

the square was named 'Square of Victory'. During the years of the democratic revolution in the 1990s, the square was also a podium of human rights, freedom, independence and democratic ideology and was renamed 'Liberty Square'. In connection with its historical sources, the City Council of Ulaanbaatar made a decision to name it 'Independence Square'. The decision is also connected with this year's celebrations for 2220th anniversary of the Foundation of the Hun Empire, the 805th anniversary of Great Mongolian Empire, 100th anniversary of Mongolia's Independence and 90th anniversary of People's Revolution.

Present at the inauguration ceremony were Prime Minister S. Batbold, Ulaanbaatar Mayor G. Monkhubayar, MPP General Secretary U. Khurelsukh, Chingeltei District Governor D. Ganbold, staff members of Ulaanbaatar City Government and Chingeltei District Governor Office, cultural representatives and citizens.

In his speech, the Prime Minister said, "We, Mongolians have a rich history that founded our statehood in the center of Asia, defended the nation, experienced rises and falls at some times, but revived its independence, to reach modern prosperity. The 2220th anniversary of the Foundation of its First Statehood, the Hun Empire

in Mongolian territory, the 805th anniversary of the Great Mongolian Empire founded by Chinggis Khaan, the 100th anniversary of the National Liberation Revolution, and the 90th anniversary of the People's Revolution are marvelous events that are eternal in national memory and will be remembered forever. These historical anniversaries witness the proudest deeds that make up the great history of Mongolia and all coincide this year. We have to mark these great anniversaries perfectly and create deeds to be remembered forever. Clear evidence of making many creative works preceding the anniversaries is restoring and redesigning Independence Square. This majestic monument symbolizing Mongolia's independence, sovereignty, literacy, philosophy and will is a 'valuable memorial' for future generations and a 'symbol' for eternal existence. Our living peacefully and free in independent and sovereign Mongolia is the result of great deeds by our vigorous ancestors who overcame strict and hard challenges for the sake of the nation, land, freedom, and independence by ignoring their own life. This monument will remind later generations of the value of our ancestors' struggle, effort and independence. The independence

defended and inherited by our ancestors for us is the most valuable thing in the existence of our nation and to be esteemed by the people. The people of present and future generations must strengthen independence with sincere hearts and constructive realization of effort."

The monument unveiled in the middle of the square measures 19 meters, 11cms, symbolizing the year 1911 when Mongolia was liberated from Manchurian oppression and gained independence. It is made of granite and marble with depictions of symbols of Mongolia's statehood and independence. On the top, fire, sun and moon have been crystallized with copper and covered with golden plates. The pillar monument is covered with outlines of Nine White Banners of the State. The Soyombo is depicted in the higher part of pillar and teachings of Chinggis Khaan were carved in Mongolian old script in the lower part. S. Tsakhiur worked as general architect and sculptor D. Khiimor designed the sun, moon and fire on the top. Stone work was executed by Mr. Sukhbaatar and construction work was done by Mr. Ganzorig. During the inauguration ceremony, all art workers who created the monument were awarded.

No exploration licenses issued in 2011

B. Ooluun

Issuance of special licenses for exploration of mineral resources has been banned until December 31, 2011. When parliament discussed a Bill at its plenary meeting on prohibiting the issuance of the special license on the exploration of mineral resources, initiated by President Ts. Elbegdorj on June 3, 34 members out of 44 turnouts or 77.3 percent supported the bill. The law came into effect the day it was approved.

In accordance with a recommendation by the National Security Council, the same law initiated by the President was approved by Parliament before and issuance of special exploration licenses was stopped from May, 2010 to December 31, 2010. However, the President submitted another proposal in 2011 and the issuance exploration licenses was cancelled until April 30, 2011 because it was considered that actions to be taken in the minerals sector and further purposes of the sector have not been determined in legal frames during that period. The period of prohibiting license issuance finished early in May and they are still not issuing licenses.

At discussion about the new minerals law, President Elbegdorj said, "The National Security Council issued a recommendation on April 27, 2010, and gave instructions to the President to initiate a Bill on temporarily prohibiting the issuance of special licenses on minerals' exploration and submitted it for discussion in parliament. Why this issue was discussed at the National Security Council is that relations surrounding mineral resources became an issue connected with the common interest and national security of Mongolia. There is no issue about starting to issue licenses from April 30. The issuance must be stopped until a new law to regulate relations of mineral resources is made based on previous lessons. Also, instructions were given to stop license trading and re-issuance

Continued on page 4

Inside

- Presidential visit.....p3
- Incoming ambassadors.....p5
- Agricultural exchange law.....p7
- Takhi back home land.....p8-9
- USAID/Mongolia-20 years.....p12
- Mongolists met President.....p15

Bloomberg commodity price 2011/06/09

		Price
GOLD	USD/t oz.	1536.600
COPPER	USD/lb.	406.450
SILVER	USD/t oz	37.030
BRENT CRUDE	USD/bbl.	117.820
SUGAR	USD/lb.	23.930
WHEAT	USD/bu	757.500

NEWS-IN-BRIEF-From The MONTSAME AGENCY

● On June 14-17, President Ts. Elbegdorj will pay an official visit to the USA at the invitation of US President Barack Obama.

During the visit, the President will meet with President Barack Obama, Secretary of State Hillary R. Clinton, and John Andrew Boehner, Speaker of the House of Representatives. At the meeting, the sides are expected to consider issues for strengthening the present level of Mongolia-USA relations and cooperation, developing a comprehensive partnership, and prospects for the relations.

The visit also aims at maintaining the frequency of high-level political talks and widening relations and cooperation.

● S. Batbold, Prime Minister of Mongolia, is going to leave for a two-day visit to China in the middle of this month. The date of the visit is to be announced by the two countries' governments.

Within the visit, the sides will aim to elevate their relationship to a strategic partnership level, and determine the purpose of a USD 500 million soft loan agreement from China.

● On June 7, Prime Minister S. Batbold met Mr. Kurt M. Campbell, Assistant Secretary of State for East Asian and Pacific Affairs of the USA. The dignitaries exchanged views on Mongolia-USA relations and cooperation.

The same day, the Premier received Mr. Wang Xiaolong, Ambassador extraordinary and plenipotentiary of the People's Republic of China to Mongolia.

As supposed, rapidly developing in the last 20 years, Mongolia-China relations in many sectors, especially in economic sphere, may give the two sides a chance to be mutually beneficial.

Prior to the visit, the Premier intends to visit Hong Kong, special administrative region of China.

● On June 2, First Deputy Prime Minister N. Altankhuyag met a delegation in the Government House led by Dirk Meganck, Europe-Aid Director for Asia and Central Asia.

The First Deputy PM said he believes an agreement on partnership and cooperation to be established between Mongolia and the European Union (EU) would create good conditions to forward cooperation in many spheres. He thanked the EU for the decision to give eight million Euros in assistance to support Mongolia's policy on introducing the European standards to sectors of state administrative bodies and economics.

In turn, the EU delegation said it is important to drill the standards in the spheres of food safety, trade, investment and mining management first. The sides decided to discuss this issue later.

A special envoy of the Ministry of Foreign Affairs and Ambassador B. Batkhishig told the EU delegation about how Mongolia is introducing the standards of the EU.

● A contract will be signed between the Mongolia Opportunities Fund and the German Investment Corporation (GIC) in frames of a visit by a delegation headed by Peter Ammon, the State Secretary of the Federal Foreign Office of Germany to be paid on June 8-11.

On June 9, a signing ceremony for the contract will run in the Embassy of the Federal Republic of Germany (FRG) in Mongolia.

In accordance with the contract, the GIC will make an investment of USD 6.5 million to the Mongolia Opportunities Fund and will cooperate with Mongolia to introduce its experiences in environment protection and social matters.

Financing for the Mongolia Opportunities Fund will be granted with the purpose to collect fixed capital for small- and middle-sized enterprises.

● A seminar co-organized by the Presidential office and "Water resources group 2030" international organization for "Mongolia's water supply matters decision" is taking place at the "Ikh tenger" complex. Aims of the seminar are to determine Mongolia's development issues, Mongolia's water circulation supply resources, the amount of money needed, researching the socio-economic impact between water usage and supply, and ways to provide water in the future.

At the seminar, there were several speeches with the themes "Water resources group's activity in other countries", "Problems, policy, plan of Mongolia's water usage and supply", "Determining Mongolia's developing issues based on water resources supply".

● On June 3-5, a Mongolian delegation took part in 10th high-level forum of the Asian Security Issue co-organized by the International Institute for Strategic Studies (IISS) and the government of Singapore in Singapore.

The delegation was comprised of L. Bold, Defense Minister; Lieutenant-General Ts. Byambajav, head of the General Headquarters of Mongolia's Armed Forces (GHMAF); N. Tulga, Ambassador Counselor of Mongolia's Embassy in Singapore; D. Ganbat,

Director of the ISS; and M. Batchimeg, advisor to the State Head on national security policy.

During the forum, the gathered appreciated a proposal by L. Bold on creating a security mechanism to operate in case of disasters and accidents in the region. L. Bold held individual meetings with his counterparts from China, Vietnam, Singapore and Thailand, and with Michael Schiffer, U.S Deputy Assistant Secretary of Defense for Asian and Pacific Security Affairs, East Asia.

● On June 24, a forum themed 'Food safety in Mongolia-2011' will run in the Government House under auspices of the Prime Minister.

Co-organized by the Ministry of Food, Agriculture and Light Industry, the UN Food and Agriculture Organization, the Mongolian Association of Food Producers, and branch of Germany's Friedrich Ebert Foundation in Mongolia, the forum will attract some 1,500 representatives.

The gathered are expected to consider solutions to food safety and supply matters such as satisfying domestic needs with food products after agricultural industries are restored, augmenting the reserve of staple commodities to be used in case of disasters or economic unstable conditions, and increasing state support to reduce the nutrition shortage and spread of infectious and non-infectious diseases.

● On June 7, an international meeting on a 'Tea road' project has taken place. As a result, a special project will be co-implemented by Tourism department of Nature environment ministry of Mongolia, Tourism bureau of Chinese Inner Mongolia autonomous region and national tourism agency of Russia's Buryatia.

Present at the meeting were a Buryat delegation headed by the agency's leader L. Maksanova, and a Chinese delegation headed by the Vice Director of the bureau. The three sides discussed the 'Tea road' project's basic research and route and signed a memorandum on starting realizing the project within this September.

The tourism Tea road is supposed to cross the three countries' territories allowing each of them to advertise related products. An agreement to launch the project was established in 2009. A year later, a 'Winter Tea Trip' tour was organized along the traditional tea route by caravan, horse carts, and dog-drawn sledges from China to Siberia passing through Mongolia and trading tea products.

Works have started to research Mongolia's participation, seek archive materials, create the route, develop Mongolia's tea market and production, and to advertise tea culture.

● On June 7, a Mongolia-South Korea business forum started in the Chingis Khaan hotel under the theme "Mongolia-Korea Relations for One Asia". A speech was given by Prime Minister S. Batbold at the opening.

The Prime Minister noted that Mongolia is not only being recognized in the region, but also around the world by its growth in economics and economic opportunities. Mongolia is one of the few countries that is successfully transmitting within a short time into a democratic, humanitarian and market economy system from the planned economic system, he said. "We aim to put the advantages of mineral resources, animal husbandry and agriculture into economic circulation to create sustainable economic growth to ensure human development, and to improve living standards," S. Batbold stressed. He added that the Gross Domestic Product (GDP) of Mongolia is expected to increase by at least 15 percent and that the GDP per capita will augment 2.2 times.

The Prime Minister pointed out that the Republic of Korea is one of the countries that has wide relations in trade and investments with Mongolia, and that it is considered the third largest neighbor in foreign policy.

S. Batbold said Mongolia wants to widen mutually beneficial collaboration in all spheres and to deepen ties in the fields of humanity and culture by forwarding good neighborhood, friendly and cooperation partnership relations.

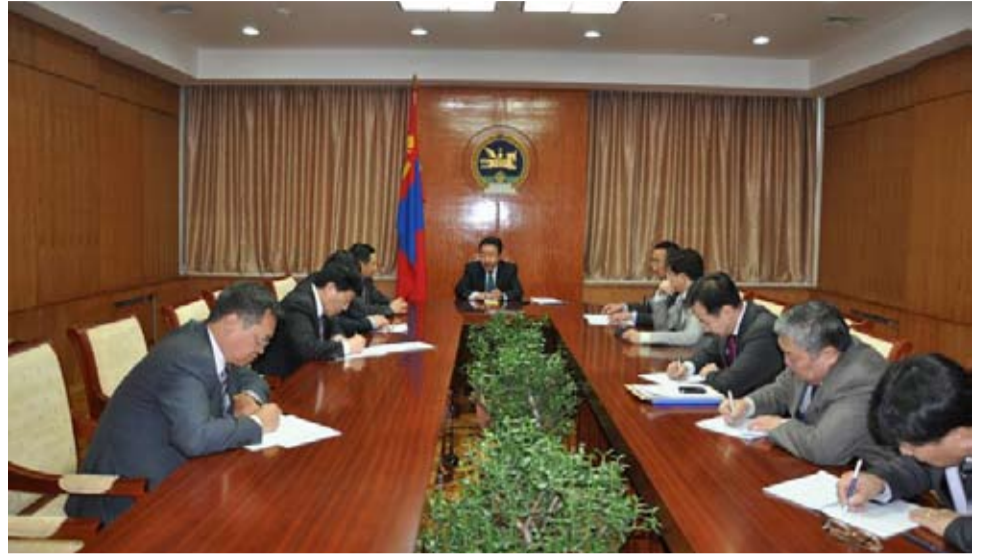
The Prime Minister expressed hope that the Mongolia-Korea business forum will become an effective measure for both sides to forward economic relations and share opinions on their possibilities.

● On June 16-19, a Mongolian delegation will participate in an international scientific conference that will run in Kazani, Russia, under a motto "Education, sport and culture".

The event will be co-organized by Russia's Ministry of Physical Culture, Sports, Youth and Tourism, Ministry of Education and Sciences, National Olympic Committee of Russia, government of Russian Tatarstan; organizing committee for Kazani 2013 Summer Universiade.

Representatives are expected from 60 countries and 300 delegates of Russia, including scientists, athletes and coaches. The Mongolian delegation is comprised of D. Bayasgalan, a member of the Executive Committee

Ministers assigned to finalize negotiations with Russia



President Elbegdorj instructs Ministers following his Russia visit

On June 8, President Ts. Elbegdorj convened with some cabinet members and other officials to give them obligations. He wants them to intensify the outcome of his recent visit officially paid to the Russian Federation (RF).

The President said this visit is vital for both sides in terms of reaching an objective understanding and bringing bilateral relations and cooperation to a new level. He said at meetings with the Russian President D. Medvedev and Prime Minister V. Putin, the sides reached a number of agreements such as updating the 1949 Treaty on Railways. They came to terms on many agreements 'except on two issues', and he obliged transport Minister Kh. Battulga to run negotiations with the Russians on these two.

An order was also given to the Minister of Food, Agriculture and Light Industry and the Minister of Foreign Affairs to attend to facilitating trade of some products. Then, he underlined the importance of the Russians' decision to supply livestock vaccines, and ordered T. Badamjunaï to study ways of selling meat and meat products to

the Russian market.

The Minister of Mineral Resources and Energy was told to carefully discuss the issue of providing specific parts of domestic oil needs with the cabinet and to submit it to the National Security Council (NSC).

D. Zorigt and S. Enkhbat were ordered to work on mineral resources issues, including the Tavan Tolgoi coal deposit, and to take it into account under a united policy with the Russians' interest in mind.

Present at the meeting were N. Altankhuyag, First Deputy Prime Minister; T. Badamjunaï, Minister of Food, Agriculture and Light Industry; Kh. Battulga, Minister of Road, Transportation, Construction and Urban Development; D. Zorigt, Minister of Minerals and Energy; S. Enkhbat, head of the Nuclear Energy Authority; D. Tsogtbaatar, State Secretary of the Ministry of Foreign Affairs; and O. Enkhtor, Director of the Foreign Ministry's Department of Neighboring Countries.

President meets with Green Campaigners



Climate change abatement is the Green Campaigners objective

On June 8, representatives of 'Mother earth's green development, silk ribbon' campaign called on the President of Mongolia to talk about their campaign.

Their aim is to appeal to world countries to unite against climate change, desertification, air pollution, soil contamination, and rubbish, they said. It also supports the Mongolian leaders' position on global warming and climate change issues, his speech given at the Copenhagen forum, and his decree on a Tree-planting national

public day, they stressed.

Within the campaign, some well-known activists against global warming are in Mongolia such as a Canadian Satish Siha, the World Miss of 2008, Ms. India Parvathy Omanakuttan, Ms. Kosovk Taraku Morena, a messenger of humanity and Ms. Montenegro Stanisc Nima.

Ts. Elbegdorj wrote 'Unite for mother earth's health and peace' on the green silk ribbon, saying that he has joined the campaign, and wished the visitors success.

Speaker D. Demberel met Steven Barnett

On June 6, Parliament Speaker D. Demberel met Steven Barnett, Deputy Division chief in the Asia-Pacific department of the International Monetary Fund (IMF). The Speaker said Mongolia's own characteristic considerably influences its macro-level policy of finance and economics, in particular, the growth of fuel has the main influence on the inflation rate. "We experienced a fuel shortage due to a delay in the fuel supply from Russia. However, it is not expected that the shortage will surge the inflation rate thanks to measures the cabinet has taken," he stressed.

"Grain significantly influences inflation as well. In recent years, our country has yielded abundant harvests, and it has a positive effect

on a food supply. We are warned against global food shortages and climate conditions," he went on. He emphasized the importance of a measure to prevent the shortage of meat, although the number of heads of livestock has reached 45 million.

In turn, Mr. Barnett said a new difficulty facing Mongolian economics might relate to heavy burdens on the budget. "In my observation, the speed of the inflation rate dropped last month. This is a result of cabinet actions to stabilize meat prices," Mr. Barnett said. He has said it is considered necessary to toughen the monetary policy for the macro-economic policy and to keep the current budgetary policy approved this year.

Editor-in-Chief: BORKHONDOIN INDR
English Editor: DAVID BROWN
Journalists: BATBAYARIN OOLUUN
Translator: MISHIGDORJ UNURZUL
DALKHJAV UNDRAKH
Layout/design: SARANTUYA MUNKHTULGA
The Mongol Messenger, P.O. Box 1514, Ulaanbaatar, MONGOLIA.
Telephone: 266740, Tel/Fax: (976-11) 325512,
Home Page: www.mongolmessenger.mn
E-mail: monmessenger@magincnet.mn
The Mongol Messenger is operated by the government news agency
MONTSAME and is printed by the MONTSAME

ISSN 1684-1883

WEATHER

Sunrise: 05.12
Sunset: 20.48

n Ulaanbaatar and Central Aimags: Night temps between 8°C and 13°C. Day time temps between 21° and 26°C.
Rain on June 12.

n Eastern Aimags: Night temps between 8°C and 13°C. Day time temps between 14°C and 18°C. Rain on June 13.

n Western Aimags: Night temps between 6°C and 11°C. Day time temps between 21°C and 26°C. Rain on June 14.

n Gobi Aimags: Night temps between 11°C and 16°C. Day time temps between 27°C and 32°C. Rain on June 8.



President Ts. Elbegdorj concludes Russia visit

Mongolian President received in Kalmykia



Kalmykia aspires to preserve the language and culture of Mongolia



President Ts. Elbegdorj visiting Gunzechoinei Monastery in Russia

On June 1, President Ts. Elbegdorj's official visit to the Russian Federation continued in the historic city of Saint Petersburg. The President travelled directly from 'Moscow' train station to Piskarevsky Memorial Cemetery where he laid flowers in memory of the residents of the city who heroically stood up against enemy siege during for nine hundred days during the Second World War. Residents and natives of Saint Petersburg are greatly proud of their heroic wartime history during which 1 million lives were lost in their city alone.

President Ts. Elbegdorj next travelled to the State Hermitage Museum which contains invaluable treasures and displays exhibiting the impact of Mongols in the history of mankind. This collection includes Hun Empire artifacts discovered during the Noyon Mountain expedition, the silver Gerege used in the times of Chinggis Khaan, a silver seal inherited through the lineage of Mongol khans and nobleman, diplomatic gifts and souvenirs sent to the monarchs of Russia in the 17th and 18th Centuries and so forth.

The President of Mongolia also visited the Institute of Oriental Manuscripts at the Russian Academy of Sciences. The institute holds a total of over eight thousand pieces of manuscripts and other artifacts in connection with the history and culture of Mongols and their samples were presented during President Ts. Elbegdorj's visit. The representatives of the Institute of Oriental Manuscripts stressed that when it was first established, the first research activities of the organization was on Mongol Studies.

The Museum of Anthropology and Ethnography named after Peter the Great was the next stop for President Ts. Elbegdorj's cultural tour. The President was acquainted with rare and valuable articles and unpublished photos illustrating pieces of Mongolian

history from the Mongolian section of the museum. The collection of the museum contains over forty-two thousand such photos representing different cultures of the world.

President Ts. Elbegdorj's official visit was remarked as of high importance as it opens new avenues of cooperation between academics of the two countries to cooperate in the field of Mongol studies and research of Mongolian historical and archeological artifacts.

During the official visit, talks were also successfully held between the Mongolian Academy of Sciences and their Russian counterparts to put invaluable articles and other items up for public display and host joint research in this field.

The same day, President Ts. Elbegdorj met with Ms. Valentina Matviyenko, the governor of Saint Petersburg city. The President underlined that his visit was not accidental because Mongolia wants to study all related valuable creations, findings and exhibits in Petersburg, show them to Mongolians, and exchange scientists and scholars. "Mongolia intends to persistently support studying and saving rare valuables of Mongolian history," he stressed.

Ts. Elbegdorj expressed satisfaction with keeping bilateral cooperation in the educational sector, noting the need to prepare energy, machines and mechanism industries experts.

In response, Ms. Matviyenko thanked the President for visiting their city and appreciated his proposal to cooperate in education, history and sciences. She said she wants to establish a partnership and cooperation agreement between the two cities. Then, Ms. Matviyenko sounded a proposal to host a business forum in Saint Petersburg to establish business ties between the cities.

On June 2, the President had breakfast with Mongolists at Hotel

'Baltiishkaya Zvezda' and expressed his support.

Later the President visited the summer palace of Peter, the Great, and the Gunzechoinei Buddhism monastery. Monks invited the President to the seat of honor, made offerings to God, and recited a mantra. The President gave them a Buddha statuette and wished them success in their deeds. The monastery was built in 1909 at the initiative of Agvaan Dorjiev and was funded by Mongolia's 8th Bogd. Unfortunately, it was completely destroyed in times of political repression but was rebuilt in 1993 with the sound help of Mongolians.

In the afternoon, President Elbegdorj left Saint Petersburg for Elista city of Russian Kalmykia Republic where he was cordially welcomed by Mr. Aleksey Orlov, head of Kalmykia; L. Ivanova, head of Kalmyk government; and A. Kochachko, speaker of the People's Great Khural.

The President met with authorities of Kalmykia Republic, Mr. Orlov and some members of the government. Mr. Orlov said he believes the Mongolian President's visit to Kalmykia will be a vital step to strengthen friendly cooperation between the people of Mongolia and Kalmykia and that it would also be beneficial for Russian, Kalmyk and Mongolian people.

In turn, President said, "I saw happy people and images of peaceful life while I walked through the garden to get to the Government House and conversed with Kalmyk people. It seemed very nice. For Mongolia, this year is full of wonderful historical anniversaries, the 2220th anniversary of foundation of first statehood, the Hun Empire, in Mongolian territory, 100th anniversary Liberation Revolution of Mongolia, 90th anniversary of People's Revolution of Mongolia, 90th anniversary of establishment of diplomatic relations between Mongolia and Russia, 50th

anniversary of Mongolia's joining to the UN, 30th anniversary of joint space flight of Mongolia and Russia and 50th anniversary of cooperation of scientific academies. This year's Naadam Festival will be celebrated more magnificently."

"Compared to previous years, bilateral trade turnover increased 40 percent from 2010. We are willing to maintain and increase this growth. Kalmykia has many proposals and aspirations. We need to help to put the good initiatives and aspirations businesses and people have into action. Mr. Orlov said that Kalmykia's beef is considered the best in Moscow. Therefore, a joint meat factory can be established in Kalmykia or Mongolia. This visit aims at giving more force to bilateral relations and cooperation. I have held meetings with the Russian President and Prime Minister to discuss pressing issues and we were able to reach agreements."

That day, a ceremony took place to present a Mongolian ger to Kalmykia in Elista, and a concert was given by Mongolian and Kalmykia artists such as the 'Tulip' national dance group, State Honored Artists of Mongolia, D. Sosorbaram and G. Ravdan, 'Overture', 'Khosogton' and 'Shurankhai' groups, and the 'Ev Eye' national song and dance group.

Later, the President held a meeting with senior people of Kalmykia. The latter expressed satisfaction with seeing the Mongolian President. "We never forget that we are part of the Mongolians. We are doing a lot to save our language and culture," they stressed, adding that state pays attention to it.

On June 3, the delegation led by the President paid tribute to the 'Eternal Flame' memorial place dedicated to Kalmyk soldiers who fought in the Red Army during World War II and visited the State University of Kalmykia to meet students and instructors. At the meeting, the President said, "I am

so happy to meet Kalmyk students. Originations of language, culture and religion connect us. Mongolia has a long history of collaboration and relations with Russia. While conducting a poll about which country we need to have close cooperation, over 60 percent of participants preferred to have it with Russia. The words of people are a guide for us. We are willing to cooperate with Russia in new sectors. I hope my visit can give impetus to it. I hope you will have contact with Mongolians and support each other. This is our common wish and aspiration. I felt it when I met senior people. We are willing to have close relations with Kalmyk, Torguud, Tuva and Buryat people."

Kalmyk students asked questions in Mongolian and Kalmyk languages. At the end, the President presented scholarships to five Kalmyk students to study in Mongolia. The State University of Kalmykia bestowed the title 'Honorable Professor' to President Elbegdorj.

After the meeting, the President visited the Golden Monastery of Buddha and President Ts. Elbegdorj got au fait with 'Oiratsky stan' farm, near the Elista city of Russian Kalmykia. The farm breeds cattle, horses and sheep. "The Kalmyk people left their homeland some 400 years ago but the cattle's genes have not changed, they can adjust to any weather," said farmer Ozaev. All the cattle have electronic chips in their ears to see information about their birth place, date, weight and registration number.

The farm breeds seven pedigrees of horses and sells them to Germany and France. The President had a cup of tea in the farmer's home. His spouse Tatyana Ozaeva said she erects several Mongolian gers in the summer to receive foreign tourists.

This was the last leg of the President's visit to Russia and he returned to home country on June 3.



Russian Academy of Sciences holds over 8,000 pieces of Mongol manuscripts and artifacts



Kalmykia people welcome Mongolia's President

No exploration licenses issued in 2011

Continued from page 1

of licenses given back by companies and individuals.”

The bill submitted by President Ts. Elbegdorj stated not to issue exploration licenses until a new minerals law is adopted. But MPs considered the law necessary to state a certain deadline to ban issuance of license. During discussion of the Bill, MPs asked about the process of drawing-up a revised bill on mineral resources. A working group comprised of over 10 people from the Economic Standing Committee and relevant officials from the Presidential Office, government, and many experts are working on the revised Bill. D. Zorigt, head of the Economic Standing Committee, responded that the Bill is expected to be submitted by mid June and it is possible to discuss the Bill during this spring session, or autumn session if it does not succeed.

MP D. Gankhuyag said that there is talk that over 40 special licenses have been issued since approval of the previous law on prohibiting issuance of exploration licenses and asked if the issue has been confirmed. He added, “The minerals sector has been so disorderly and it became a mine for dirty money. There are many negative incidents to export raw minerals very cheap, share monies beyond the border, avoid taxation, swindle the State by the guise of a Stability Agreement, use poisonous substances and not rehabilitate the environment.



Mining operations can be detrimental to the environment

For example, a ton of coking coal costs USD300 on the world market, but it is exported from Mongolia at just over USD50. Although Mongolia's coking coal is raw and unprocessed, there is much discrepancy in cost. There is no need for such a mineral resource sector. Can these issues all be resolved with the revised Bill?” D. Zorigt responded, “No exploration license was given since license issuing was prohibited and members of the standing committee went to the Mineral Resources Authority

and checked. The working group for the revised Bill made assessments to previous laws of mineral resources and are working to revise the law because there are many problems in the sector.”

As of 2011, a total of 14,734 licenses were issued since 1997 according to the studies. More than 600 deposits were registered in Mongolia and by 2000, all deposits were licensed. In 2000-2004, most of the minerals exploration licenses (7418) were issued.

Concerns rise as fuel supply falls

B. Oolun

The shortage of oil products experienced in the Russian Federation directly influenced Mongolia which relies on Russia for its domestic oil needs. Due to the shortage of diesel fuel, diesel fuel is sold with limits, there has been a consistent long queue and it burdened the normal activity of public transportation, railway and road maintenance works.

On May 27, Ulaanbaatar Railway transferred to an economical condition that limited operations allowing only passengers and transporting coal for thermo-power stations, and foods, closing some directions temporarily. After June 3, it returned to normal activity. Mining companies halted their activities and about 30 percent of buses for public transportation were stopped. As a result, public transportation companies raised their fare by Tgs100-200. Some road maintenance works in Ulaanbaatar stopped, even though roadwork companies are being distributed diesel according to a schedule made by the Oil Authority. Fortunately, a relevant agreement was earlier established with oil importing companies for spring sowing and there has not been any trouble in spring sowing. However, diesel is being distributed for planting vegetables and potatoes and family farmers with permission of soum governors.

N. Boldkhuu, deputy head of Fuel Policy of Minerals and Energy Ministry, said that citizens' extra reserve of petroleum than their needs makes artificial shortage. Profiteering by selling diesel fuel at higher cost occurs. A liter of diesel fuel costs Tgs3000-4000 in rural areas.

In connection with a decrease in the fuel reserve, Minerals and Energy Minister and relevant officials went to Russia and China and are making talks with oil companies. Minerals and Energy Minister D. Zorigt said, “We agreed to import 37,000 tonnes of diesel fuel from Rosneft Company of Russia within June. The cost for 15,000 tonnes of which has been settled and we will soon negotiate the cost of the remaining 22,000 tonnes. The abovementioned volume of diesel fuel is not sufficient to provide domestic needs; therefore, we ordered more diesel from other companies. We believe the situation will stabilize by late June or early July because it will take some days until Russia builds-up its diesel provision. However, Mongolia's companies whose activities were stagnant can reinstate this week. For instance, public transport companies, thermo stations,

railway and mining companies started operating normally. Also oil importers started distributing diesel fuel to card-holding users. Some petroleum stations that were closed re-opened.

From this week, diesel will be distributed to users with cards. Specialists who study Russian market said that it will take nearly two months until Russia completes recovering its fuel shortage. So we believe it will be normal by July.”

As a result of the visit to China, an agreement on 3,000 tonnes of fuel was made and is now being loaded. More talks are being made with relevant companies to add 7,000 tonnes. “In actually, we agreed with China to purchase 10,000 tonne of fuel every month. The volume of the fuel agreed with China connects with the capacity of transfer facilities in Zamyun-Uud, Mongolia. This year, it intends to continue building enlargement for a terminator to load in Zamyun-Uud with an investment of the State Budget. Works that were done last year will be continued this year. Government considers to reflect Tgs30 billion in the budget adjustment for building an oil reserve. Moreover, Tgs60 billion will be reflected in the budget for setting up containers to reserve fuel. The feasibility study and planning for the construction to reserve fuel have been made before. It can be built in accordance with the study,” said D. Zorigt. China's oil products are more expensive than Russia and currently, the commercial price has not settled.

Every time Russia changes its import duty on oil products, Mongolia's government makes monthly adjustments to its customs and excise duties to hold petroleum

prices stable. Currently, Russia's provision of oil products along border areas is insufficient; therefore, the transport cost of oil products rises.



Price-ups signal fuel shortages

CABINET MEETING

At its regular meeting on June 8, 2011, the cabinet discussed the following issues:

Boundaries set in protected areas

The cabinet members discussed an issue to partly set boundaries of protected areas with river sources and forests where minerals exploration and mining activities have been banned.

In connection, boundaries of areas with river sources and forests where minerals exploration and mining were banned in the licensed area of gold deposits have been approved as a supplement.

A relevant working group and Finance Minister were given a duty to decide on the amount of compensation to be given to special license holders of gold deposits in these areas and include money in the budget.

The estimated money for natural losses due to mining activities in protected areas with river sources and forests, closures of mines and rehabilitation costs will be issued from the government reserve and will be included in the budget adjustment for this year.

263,730 ha area to be taken for State special needs

In connection with implementation of the Oyu Tolgoi Project in Khanbogd, Bayan-Ovoo, Khankhongor, Manlai and Tsogtsetsii soums of Omnogobi Aimag, it was decided to take 263,730 ha area for building infrastructure systems, road, irrigation pipes, electrical transmitting lines and a communication station. The boundaries have been approved as supplement.

It was decided to give relevant compensation from the Oyu Tolgoi Project to those who possess areas within the 263,730 ha.

Special loan agreement to be signed

Within frames of the general agreement of a soft loan worth USD300 million to be given by China's government, two projects, the 'Residential apartment area and infrastructure', and 'Modernizing and repairing rolling stock railroad depot construction' projects will be implemented.

Cabinet members discussed and supported signing the special agreement loan.

The project 'Modernizing repairing rolling stock depot of railroad construction' is to be executed by CSR Corporation of China and CSR Shijiazhuang Co. Ltd. They have concluded a contract with the Ministry of Road, Transportation, Construction and Urban Development of Mongolia.

A contract has been concluded with the Beejni Construction Engineering Group Co. Ltd for the 'Residential apartment area and infrastructure' project.

According to the general agreement of loan, Mongolia's government is responsible to fund 15 percent of the total cost of the project.

Tender for construction of new airport to start soon

At the cabinet meeting, issues regarding the tender and the lack of

a financial source to fund the project of building a new international airport in Ulaanbaatar.

The Cabinet considered it necessary to fund the lacking financial source for the construction work implemented within frames of the agreement established between Mongolia's government and Japan's International Cooperation Bank. Funding for some of the construction and squares with ordinary technology will come from domestic sources.

The consultant company for the project completed the first plans of the project in January of 2010 and estimated the total cost to be 47.1 billion Yen which is more than 24.5 billion Yen than the preliminary estimation made by the Special Assistance Study for drawing up project.

Salary coefficient for pension calculations to be renewed

T. Gandi, Social Welfare and Labor Minister reported to the cabinet about actions to be taken for developing a pension insurance system and raising retirement pensions.

The cabinet meeting considered that it is necessary to renew the coefficient of salaries to estimate retirement pension from the insurance fund and asked the Social Welfare and Labor Minister and Finance Minister to make a presentation to the cabinet. It was also considered that suggestions of government members need to be reflected in the plan to develop the pension insurance system.

In brief

-The cabinet decided to allot Tgs1,132,200,000 (one billion, 132 million, 200 thousand) from the government reserve fund for eliminating losses caused by the fire that occurred before May, 2011 in some soums of Dornod, Dundgobi, Ovorkhangai, Selenge, Tov and Uvs aimags, and to recover the expenses for transporting Mongolians who were in Japan during the tsunami. In addition, the cabinet decided to give grants to five families that lost their homes due to fires that occurred in Tov Aimag's Tseel Soum and Dornod Aimag's Chuluunkhoroot Soum. Diesel power stations will be established in Bayankhongor Aimag's Baatsagaan Soum as well.

-340 tonnes of asbestos is required to ensure winter preparation, repair work, investments and technical organization work, and factories and companies of the mineral resources and energy sectors. The Darkhan metallurgical plant also urgently needs 1,080 asbestos fibers. The Cabinet approved to import them and to use them under supervision in accordance with appropriate technologies.

- The Cabinet discussed the matter on changing the status of some state-owned factories into state-owned incorporated companies. Accordingly, Khentii Aimag's 'Khargui' and Sukhbaatar Aimag's 'Talyn zam' state-owned factories will become state-owned companies.

- In accordance with the cabinet decision, a national committee will be set up to create and implement an E-one window system for facilitating external trade.

“Rising transportation costs influence petroleum prices. We cut all kinds of duties on oil products to zero. But it is impossible to recover the cost of its price and price is going up. It may continue until the situation and oil provision becomes normal. We often exchange views with oil importers. Unfair Competition Regulatory Authority controls the prices of oil products. The price issue will be discussed after the situation becomes normal,” said Minister D. Zorigt.

There is a rumor that Russia may restrict its supply of AI-92 petroleum, the Minister explained, “Russia is short of AI-92. We are holding talks on this issue even today.”

The shortage of oil products demonstrates the necessity to quickly build an oil refinery in Mongolia. The MPP Group in parliament heard reports on building a reserve of oil products from Minerals and Energy Ministry and Oil Authority officials.

They criticized them for being too slow-moving on the issue to establish an oil refinery and gave an assignment to make a certain plan on this issue. An issue to establish an oil refinery which can provide the eastern zone with oil products becomes a priority. “The Ministry will resolve issues for three refineries. By June 20, the foundation for the first refinery will be laid. Preparation work to build an oil refinery in Zuumbayan that can process 300,000 tonnes of oil every year is underway. Another refinery capable to process 121,000 tonnes will be built in Choibalsan. Moreover, a refinery capable of producing 200,000 tonne is intended to be built in Ulaanbaatar. They are expected to be complete by 2012-2014. By doing so, up to 50 percent of total domestic needs of Mongolia can be provided,” said N. Boldkhuu, deputy head of Fuel Policy of Minerals and Energy Ministry.

Five foreign ambassadors present credentials

Ambassador of the Republic of Iceland presented credentials



On June 6, Ms. Kristin A. Arnadottir, Ambassador of the Republic of Iceland to Mongolia, presented her Letter of Credence to President Ts. Elbegdorj.

At the meeting held after presenting the credentials, the President noted that Mongolia and Iceland have many similarities in ways of number of population, weather and other features. President Elbegdorj said that Mongolian aims to develop relations and cooperation with Europe's highly-developed countries including northern Europe with its transparent and multi-pillar foreign policy.

Mentioning that Mongolia is attracting other countries with business-agreeable conditions, the President said it invites the businesses of Iceland to cooperate. "It is important

to expand trade and economic ties in order to forward relations and cooperation", he added.

The President underlined the importance of boosting collaboration in the education sector and expressed willingness to train Mongolian students in Iceland.

In turn, Ambassador Arnadottir said she is ready to actively cooperate with Mongolia in the spheres of education, high-tech, and business.

Ambassador of the United Arab Emirates presented credentials



The Ambassador of the United Arab Emirates to Mongolia, Omar Ahmed Adi Nasib Al Bitar presented a Letter of Credence to President Ts. Elbegdorj.

After this ceremony the President said Mongolia wants to widen education, science, technology,

environmental, and defense ties with Arab Emirates as well as cooperate in mining, energy and agriculture.

The ambassador said Mongolia has an ancient history and rich traditions and culture. "We see Mongolia's future as positive; I will try to elevate our relations and cooperation to the highest level possible," he said.

Ambassador of the Republic of Singapore presented credentials



Peter Tan Hai Chuan-Tai, Ambassador of the Republic of Singapore to Mongolia, presented his Letter of Credence to Ts. Elbegdorj.

The President noted that developing bilateral and regional cooperation with Asia-Pacific countries is one of the priorities of Mongolia's foreign policy, and underlined that Mongolia aspires to deepen relations and cooperation

with Singapore.

President Elbegdorj said Mongolia wants to cooperate with Singapore in refining upon state service and the spheres of health, education, sciences, technologies, investment and financial markets. The President hoped that Singapore would support Mongolia in becoming a partner of the ASEAN talks and to participate in the East Asia Summit.

Ambassador of the People's Democratic Republic of Algeria presented credentials



The same day, the President received a Letter of Credence from Hassane Rabehi, Ambassador of the People's Democratic Republic of Algeria to Mongolia.

At the meeting after the ceremony, the President expressed willingness to expand cooperation with Algeria

in the infrastructure, mining, energy, agriculture and environmental sectors.

In response, the ambassador said Algeria can cooperate with Mongolia in the fields of tourism, energy, mining, education and environment.

Ambassador of Republic of Lithuania presented credentials



The Ambassador of Republic of Lithuania to Mongolia, S. Lina presented a Letter of Credence to the President Ts. Elbegdorj.

Ts. Elbegdorj said that Mongolia wants to strengthen cooperation with Lithuania in education, sciences, culture, art, infrastructure, mining, energy, agriculture, and natural environment.

The ambassador said Lithuania can cooperate in agriculture, in intensified livestock farming, and in hi tech spheres.

Rio Tinto makes \$100 million final installment

Oyu Tolgoi contract modification signed

Pursuant to the 2nd annex of parliamentary resolution #40 dated December 12, 2008, approving the basic principle and directive to establish an Investment Agreement to co-exploit Oyu Tolgoi copper-gold deposit, the government was given a duty to negotiate receiving a certain part of royalty and taxation as an advance payment.

Accordingly, the Investment Agreement was established on October 6, 2009 between the Government of Mongolia and Rio Tinto International Holdings Limited, Ivanhoe Mines Limited Corporation and Ivanhoe Mines Mongolia Inc., and it was agreed that the Mongolia side would receive an advance payment worth USD250 million through certain phases.

Advance payments were received in phases. Mongolia's government received the first part of the advance payment of USD100 million in October, 2009 from the investor and

the second part worth USD50 million on April 7, 2010.

Based on parliamentary resolution # 40 in 2008, the Finance Minister was authorized to build an agreement on receiving a certain part of the royalty and taxation of the Oyu Tolgoi Company according to government resolution # 164 'Giving authority to establish an agreement' was approved on May 25, 2011. It has the purpose to regulate relations regarding the remainder of the advance payment.

On June 7, a signing ceremony in accordance with the agreement was held at the Finance Ministry. Finance Minister S. Bayartsogt and Oyu Tolgoi Company President and CEO Cameron McRae concluded the agreement. As the agreement was signed, the last installment worth USD100 million of the advance payment was transferred to the Mongolian side. The installment carries an interest rate of 1.59 percent.



Big money changing hands at Mongolia's foreign ministry

Modifications to Mongolia-OT Agreement ratified



Mining executives and Ministers signing the contract modification

As the Oyu Tolgoi Investment Agreement and Shareholders' Agreement came into force on March 31, 2010, the Mongolian side became owner of 34 percent of Oyu Tolgoi Company's shares. During the period since the agreements were effective, issues on cutting the interest of the financing and resolving means and conditions of financing effectively to the Mongolian side were frequently

discussed at negotiations and meetings with the investor side.

1. The following amendments were made to the Shareholders' Agreement:

- Interest rate of financing and loans: As a result of the talks, it was agreed with the investor to change the interest of total financing and loans to be made within frames of the project into LIBOR plus 6.5 percent.

Previously, it was 9.9 percent plus the American consumer price index. Newly agreed interest of the financing and loans came to effect from starting January 31, 2011.

- The right of Mongolian side to finance: The sides agreed that the Mongolian side will have the right to make financing equal to its ownership in the total amount of money required for the project at

any time.

- Funding hedging options: In case LIBOR has a higher cost to the company and shareholders, depending on world economic and financial situations, the company will study funding to hedge options and take required measures. It was also agreed to reconsider the interest of funding and loans with the investor every 7 years.

- Project funding to come from third body: The Company will get project funding from a third body which is fruitful and suitable to Oyu Tolgoi from the international banking market in the first instance.

- Mongolia's ownership will not be lower than 34 percent: It was previously stated in the agreement that Mongolia's ownership of 34 percent will not be lowered. It has been confirmed not to lower Mongolia's ownership without its permission regardless of whether or not it made a resolution to make financing to the company.

- Preferential shares: With a purpose to completely change the issue in relation to preferential shares that was previously stated in the Shareholders' Agreement, it was decided to take it away from the agreement.

On June 8, the amended Shareholders' Agreement was signed at the State House by Erdenes MGL Company CEO, B. Enebish from the Mongolian side, President and CEO of Oyu Tolgoi Company, Cameron McRae, John Foniani, Executive

Vice President of Ivanhoe Oyu Tolgoi (BVI), and Sam Riggall, Executive Vice President of Business Development and Strategic Planning at Ivanhoe Mines Ltd.

2. On June 8, another agreement was signed to limit sale and transfer of shares.

According to this agreement signed by Minerals and Energy Minister D. Zorig, Finance Minister S. Bayartsogt and Nature, Environment and Tourism Minister L. Gansukh representing Mongolia's government and Andrew Harding, Chief Executive of Rio Tinto's Copper Group representing Rio Tinto International Holdings Limited, the investor side has to negotiate with the Mongolian government and receive permission in writing before Rio Tinto International Holdings Limited sell or transfer its shares in Oyu Tolgoi Company to any state-owned entity and/or persons who have direct and indirect connections with Oyu Tolgoi Company.

It was agreed with the investor side to cut interest of financing of the Oyu Tolgoi Project to LIBOR (The London Interbank Offered Rate) plus 6.5 percent, to have the Mongolian side have a right to make financing and take part in financing the project, to receive financing from a third body in the first instance, use funding hedging options if required, to alter the issue on preferential shares that was previously stated in the agreement as well as to not lower Mongolia's ownership of 34 percent in any case.

Wool and cashmere production supported Bonds worth Tgs300 billion issued



Greater productivity is expected in the cashmere industry

B. Oolun

Parliament authorized government to issue bonds worth Tgs300 billion with the purpose to support national producers and increase jobs. Government first submitted a bill to parliament to issue bonds worth Tgs110 billion for supporting cashmere manufactures. During the discussion, it was decided to issue bonds worth Tgs300 billion by expanding its scope to not only involve cashmere but also wool and small and medium sized enterprises. On June 3, Parliament approved its resolution on some actions to support national producers and increase jobs.

The first Bill was stated to issue bonds worth Tgs110 billion and disburse loans to 12 cashmere companies. It was criticized by some MPs that it did not cover the entire cashmere production, is late, and has conflicts of interest. As T. Badamjunai, Minister of Food, Agriculture and Light Industry explained, citizens are interested in receiving loans with a purpose to manage small and medium-sized enterprises, but the resource for loans is lacking; therefore, government was

working out a project on issuing loans not only for cashmere manufactures, but for other productions as well in order to circulate extra money in the banking and financial market. As MPs proposed, these two were combined.

Parliament resolved issuing loans worth Tgs100 billion from total bonds worth Tgs300 billion to producers of cashmere thread and cashmere end-products and the remaining Tgs150 billion to small and medium-sized enterprises. Remaining bonds worth Tgs50 billion will be spent on herders who prepared and sold sheep and camel wool to national industries as a bonus, and on national producers who process wool. It was considered necessary to give Tgs2,000 per kilogram of wool sold by herders to domestic industries. To do it, it was stated to give this bonus to herders who are members of a cooperative, with the added purpose to support cooperatives.

MP D. Gankhuyag said, "Good quality infrastructure, processing industries, tourism and construction sectors are priorities that need to be developed first. We need to improve their competitiveness when government supports it with relevant policies. Within these frames, the

state needs to support those who are working. For this reason, loans worth Tgs100 billion will be disbursed to the cashmere sector. Although the loan will cover 12 manufacturers, threading enterprises will also be issued. Therefore it will also support family production and small enterprises."

It will be an important impetus to support national industrialization. At the press conference, members of the Economic Standing Committee working group emphasized that the resolution aims to directly link animal husbandry sector with national producers by creating a mechanism for conveying raw materials from animal husbandry to industries. MPs believe that issuance of the bonds will support national producers and herders and it will also create 50,000-60,000 jobs. Within the last two years, loans for small and medium sized enterprises worth Tgs60 billion were issued to individuals and companies and it resulted in the creation of 12,000 jobs. Based on past performance, it estimated that each Tgs5 million creates one job. "Processing cashmere will bring Tgs300 million into the State Budget. Out of 60,000 jobs to be created thanks to issuance of Tgs300 billion, 35,000 jobs will be in Ulaanbaatar. Now we have a measure to raise the export duty on raw materials with the purpose to support national production," said MP D. Gankhuyag.

MPs said that banks demand collateral that is worth more than the amount of the loans individuals request. By considering it makes trouble for people to build small and medium sized enterprises, the loan should be stated to be issued with collateral worth 30-40 percent of the loan amounts when the resolution is implemented. The loan is expected to have a term of 5 years and interest rate up to 7 percent. Within frames of the government project, the loan will be issued in integrity with a policy that determines what industries will be established and in which aims. MPs underlined that the resolution is in accord with the Mongolian Livestock Program and the Law on Exchange of Raw Materials. Parliament intends to continue policy to support national industrialization stage by stage and issue a policy to support meat, milk and leather producers in the next stage.

Residents in new micro district to get free apartments



The old micro district will be leveled and new apartments built

A ceremony to lay the foundation for the '100 Ail' micro district was held in the end of May in the 10th khoroo of Sukhbaatar District, Ulaanbaatar.

The micro district covers 1.4 ha area and presently, this area has seven, two-story old apartments built in 1946 which have public toilets and do not have hot and cold running water or drainage systems.

In the first stage, the area will be cleared of the old buildings and residents will be accommodated in new, comfortable apartments, free of

charge.

The '100 Ail' micro district is a part of Government's housing program, 'Apartments for 100,000 families' and piecemeal general plan of the 7th apartment residential area approved by resolution #47 in 2008 of the Presidium of Ulaanbaatar's City Council.

'Gezegiin Khudag' Company attracted foreign investment and financing for this project which will be completed in 5 years.



Architectural drawing of the revitalization project

Mongolians Given Free Shares in Coal IPO

Jun. 3 – Every Mongolian has just been given shares in the Erdenes-Tavan Tolgoi IPO, as was suggested would happen by us earlier in the year. The offering, in a coal mining operation commonly referred to as "TT" (for Tavan Tolgoi), is designed to ensure every Mongolian national shares in the new wealth being created through the development of the country's mining sector.

Income from the global mining sector is pouring into Mongolia, lifting the current rate of GDP growth to 12 percent this year with predictions of it rising to 30 percent by 2015. Mongolia's stock exchange, which has recently entered into a partnership

with the London Stock Exchange, is soaring to previously unheard of highs, while the Mongolian national currency, the togrog, is the world's fastest appreciating currency unit. That is giving rise to concerns about inflation and fears that traditional industries such as agriculture and cashmere could face problems as costs rise in a competitive market.

The shares being distributed to all Mongolians will trade on the Mongolian Stock Exchange following a lock-in period yet to be defined. The stock market's index rose 138 percent in 2010, and is up 27 percent in 2011 to date. The total value of Mongolian stocks passed US\$1 billion for the

first time last year, while predictions of it hitting US\$10 billion by 2015 are rife. Much still needs to be done with many of the businesses listed, a large chunk being state-owned energy companies that need a complete overhaul to make them viable. Hence the creation of a sovereign wealth fund by the government for it to invest in some much needed infrastructure, and especially in the energy sector. Plans are to recapitalize some of these stocks, provide the companies with investment plans, and then sell additional shares – possibly in Hong Kong and London as well as on the domestic bourse.

Source-2point6billion, 03 June

Eximbank offers \$20 mil. loan to Mongolian bank

The Export-Import Bank of Korea (Korea Eximbank) signed a \$20 million inter-bank export loan agreement with the biggest Mongolian commercial lender Wednesday providing more opportunities for domestic exporters, the state-run lender said.

Korea Eximbank Chairman Kim Yong-hwan agreed with Khan Bank CEO Simon Morris to provide loans to Mongolian importers, who want to buy products from Korea.

Korea Eximbank said that with the agreement the lender can provide loan services for the Mongolian importers without opening its branches in the nation.

"We expect Korean exports, such as automobiles, daily necessities and construction machinery to increase with this agreement," said an official of Korea Eximbank.

Before the signing, Kim met Mongolian finance minister Bayartsogt Sangajav, and discussed how to cooperate on economic issues.

Sangajav thanked Kim for the lender's financial support from the Economic Development Cooperation Fund (EDCF), and asked for continual help for stable economic growth in the Asian nation. The EDCF is a policy fund, designed to support industrialization of developing nations, established in 1987.

Kim promised to enlarge the size of aid projects and vowed to enforce its financial support through various measures.

Currently, Korea Eximbank is providing \$60 million for six projects led by the EDCF, which include thermal power station construction,

modernization of government telecommunication cables and establishing emergency rescue information centers.

Of the \$60 million, 76.5 percent of assets have been used for information technology projects, while 14.8 percent of the fund has been allotted for energy programs.

According to Korea International Trade Association, the amount of trade between the two nations marked \$231 million last year. Korea exported \$192 million of automobiles and telecommunication devices among others to the Asian nation, and imported \$39 million of commodities and grains. Mongolia is a resource-abundant country with rich amounts of fluorite, copper and coal.

Source-Korea Times, 8 June 2011

FOREIGN PRESS ON MONGOLIA

Fuso Successful in Growth Markets

Mitsubishi Fuso Truck and Bus Corporation (MFTBC), one of Asia's leading commercial vehicle manufacturers and an integral part of the Daimler Trucks division, continues its success story in growth markets. At the end of May, the company produced its 1,000th Fuso truck in Russia. It also entered the Mongolian market in May.

Fuso reaches production milestone in Russia

The 1,000th Canter light truck rolled off the production line roughly only one year after truck assembly began at the Fuso Kamaz Trucks Rus (FKTR) manufacturing facility in Naberezhnye Chelny. FKTR is a joint venture, in which Kamaz and Daimler AG each have a 50 percent stake.

The joint venture was set up in late 2009 to handle importation, production and distribution operations for Fuso trucks in Russia. The joint venture's headquarters is in Kazan.

Fuso: No. 2 Japanese brand in Russia

Fuso has meanwhile become the No. 2 Japanese brand in the light truck segment in Russia. Furthermore, the distribution network for Fuso trucks in Russia was continuously expanded last year and now numbers 50 locations throughout the country.

"We are just getting started in the key Russian market," said Dr. Albert Kirchmann, Head of Trucks Asia, with reference to the production milestone. "We see great potential for our products here, especially as the Russian economy becomes more diversified with greater focus on services."

Market entry in Mongolia

strengthens the company's presence in Asia

Russia's neighbor Mongolia is also considered to be a growth market, and Fuso has had a presence there since mid-May. The move takes the company a step closer to achieving its strategic goal of international expansion into key markets with growth potential.

Fuso will initially offer the Canter light-duty truck and Fighter medium-duty truck in Mongolia. The trucks are being exported from Japan and sold through the dealer network of Mongolian Star Melchers Co., Ltd. (MSM), which is headquartered in the Mongolian capital of Ulaanbaatar.

"We see solid economic growth potential in Mongolia," said Kai-Uwe Seidenfuss, MFTBC Vice President of Sales and Service International, at a ceremony marking the delivery of the first ten Canter trucks to MCS Coca-Cola LLC in Ulaanbaatar on May 16. "Furthermore, with our products and comprehensive service offerings, we and our local partner MSM can help promote the development of the industrial sector in the country."

Fuso International Growth Strategy

Last year, MFTBC entered a number of new markets, including Russia, Pakistan, Cambodia, and Laos. As a result, Fuso is now active in more than 150 markets worldwide. The company will continue its expansion activities in 2011 and will enter new markets during the course of the year.

Source: Daimler, LogisticsWeek, 07 June

Livestock slated for tri-annual health treatments

Sh.Erdenechimeg

Understanding 'The 21st century herder' implies quite different meanings. The herder of the 21st Century now becomes a producer specialized in his occupation, qualified in skills and knowledge in economy and accounting. On June 3, Prime Minister S.Batbold announced this at the parliament session when he made a report on the methods, policy and directions implemented in the livestock breeding branch.

The PM stated that the government supports livestock breeders by uniting their efforts and cooperating to set up cooperatives, friendly partnerships and groups. At Mongolia's initiative, S.Batbold said, the UNO declared 2012 as "International Year of Cooperatives". Preparations for this year are underway in Mongolia and much attention is now being drawn to vet doctors working in rural areas to retrain specialists in livestock breeding, improve their skill and knowledge, and increase their numbers. The PM characterized this as one of the basic conditions to improve the final results of the government action program directed at livestock economy. The PM also reminded that starting from 2011, it was decided to involve heads of stock in vaccination, drenching and dipping them three times a year with the purpose to provide the Mongolian population with healthy livestock products. Healthy livestock has become a priority task for government.

Implementation of this task envisages seven western Mongolian provinces into the status of peaceful regions not affected by the anthrax outbreak and not involved in vaccinations. A request has been made to the World Organization for Animal Health to declare Mongolia's initiative internationally. "If there is a positive response to the request, we will be able to export animals, raw materials and products from western areas of the country", said Batbold.

Anthrax outbreaks have intensified in recent years in Southeast Asia and our neighboring states. In 2010, this serious disease occurred in eastern regions of Mongolia causing serious damage to livestock breeders and the country's economy. Thanks to timely efforts taken by the government, the disease outbreak has been completely eliminated and herders were compensated for their damages. From now on, it was decided to protect livestock in eastern provinces against anthrax outbreak and undertake

preventive actions. Research is now being conducted to produce anthrax vaccines at home with the help and under the framework of the International Nuclear Energy Agency.

The PM noted that in future, the government will adhere to the policy of producing good quality home-made medicines and bio products. Aside from the national factories producing bio products and medicine, support will be rendered to private industries to strengthen the material basis of private veterinary clinics, breeding stations and services, and grant them financial assistance such as loans and credits, and encourage them via taxation policy.

According to S.Batbold, US\$25 million in long-term credit, rendered from the Hungarian government on preferential condition, shall be spent for technical and technological modernization of the state-run "Biocombinat". With realization of the GMP requirements of the EU production sustainable practice and using it in veterinary clinics and services, it will enable Mongolian-made medicaments and bio products to be brought up to international standards.

The government also plans concrete actions for expanding the scope of veterinary clinics, breeding and services. This year for example, livestock will be protected from parasite diseases; the cattle population and elite breeding stock will be tagged, registered and taken under the united information fund. Standard numbering for the livestock population will include registration and "electronic chips" will be imbedded in horses thus guaranteeing the origin and security of animals, their raw materials, and products. The introduction of new technology will create conditions for supplying the raw materials and products of animal origins at domestic and foreign markets and in trading; it also will help to fight against cattle rustling.

According to the scientific research, over 70 percent of Mongolian pasturelands have deteriorated. The law on pasturelands has been drafted with an aim to improve pastures and stop desertification. According to parliament instructions, no less than 10 percent of the proposals forwarded by herders' households were included into this draft law. In order to perfect the animal insurance structure, the indexed insurance financed from the WB has been experimented with since 2006 in 3 provinces, and in 2011, the number of provinces increased



Routine sheep dipping and vaccinations are mandates for international sales

to 15. In 2012 animal insurance will be implemented in all Mongolian provinces.

Investment made by the government to improve pastureland exploitation is increasing every year. Tgs6.0-7.0 billion was spent in 2010 and 2011 for pasture irrigation, pest control, forestation, and building new pastures. Two new inter-aimag pasturelands were created, elimination of mouse voles, rodents and locusts were held on 2611.3 thousand hectare of land in 2008-2010. In the future, the government is planning to spend more funds to expand new pasturelands between aimags and soums, increase irrigation and fodder reserve and build cattle-pens and livestock enclosures at pasturelands to protect animals from strong winds and heavy snow.

A total of 36.0 thousand wells were drilled at pasturelands; 68 percent of them were artisan wells and 32 percent were engineering wells. Some 1000 engineering wells were drilled in 2008-2010, 1500 wells were repaired and 1600 artisan wells were dug with the help of livestock breeders. Professional organizations have calculated that more than 8000 new engineering wells must be drilled in order to ensure the rural population and 40.0 million head of stock with

reliable water sources. Definite provisions envisaged by the "Mongol Mal" government action program will be resolved in the near future, the PM underlined.

Some positive results have become evident in developing intensive livestock breeding in recent years. In the past 3 years, the number of animal farm economies engaged in intensive animal breeding increased from 458 to 1295. Six model complex dairy farms were built and elite breed cows were given to 44 farms and individuals under the program "To Support and Develop Intensive Livestock Breeding".

Under the "Suu" program, 20 cooling and preserving centers, 24 refrigerator equipment, 30 milk processing industries and workshops were put into exploitation among farmer's economies. Tgs1367.0 million in soft loans were granted to more than 60 citizens and business entities in recent years. Now, it is required to define the border lines and coefficient of regions which will be engaged in combined intensive livestock breeding and crop farming economies.

Mongolia is available to develop and combine the crop farming economy with intensive animal

husbandry, considers the government. In view of this, future attention will be focused on development of big national production economies by developing crop farms in the east and west regions and introduce new progressive technologies to receive good yields.

In 2009-2010 the government spent Tgs30 billion to expand small and medium enterprises and build new ones in aimags and soums to bring food and agricultural processing industries closer to raw material sources which as it is considered would be economically profitable for export and also for contributing to the development of remote regions, aimags and local development and making the lives of the rural population better. Parliament issued a resolution to assign Tgs150 billion in financial resources. The government is working to support the building of dairy and meat processing industries meeting international standards by effectively using foreign grants for this matter in order to ensure the domestic requirements in milk and meat as well as to export dairy and meat products to other countries because Mongolia has an enormous reserve of good quality meat, milk, wool, cashmere, leather and hides.

Agricultural stock exchange law approved



Cooperatives will unite the supply of raw products

B.Ooluun

On June 2, parliament approved a stock exchange law for products of agricultural origin and raw materials. The law shall come into force starting January 1, 2012 as preparations are

needed to implement the law.

According to this law, the stock exchange on products of animal origin and raw materials shall enable Mongolia to establish a mechanism for fair prices on products of animal origin and raw materials serving as an

income source for herders and people, create the possibility to sell them for a good price, to set up an initial complex structure of preparing animal-origin products and raw materials in 329 soums of the country, and for setting up the sales mechanism of raw materials prepared in healthy circumstances for market purposes.

According to the government bill, the stock exchange has been envisaged to be a state-run economic entity while members of relating standing committees and working group proposed operating the raw material stock exchange in the form of company, the later was supported. The law makers considered it appropriate to involve livestock breeders in the stock exchange relationship in the form of cooperative taking into account the market directions and the development prospects. MP Ts.Davaasuren proposed to provide herder/producers with independent participation in the stock exchange considering them as legal subjects but not forcefully pushing them to form business cooperatives. Most MPs supported the idea to form business cooperatives from joint efforts and prepare and supply raw materials in large quantities which, as they think, will meet the market demand. The herders would be able to unite in cooperatives and participate in stock exchange sales through their brokers.

According to the law, the lowest ceiling of live animals to be sold will be 100 head. The stock exchange

of products of agricultural origin and raw materials shall have the coordination council consisting from 13 members representing the state and non-government organizations, and the head of the council will be elected for 3 years. The coordination council will have its office, the rules related to its activities will be approved by the government, and the work performed by the service will be reported to the government.

MP D.Baldan-Ochir, head of the working group said the following about the stock exchange and preparations for the stock exchange: "We have to work hard to complete preparations in the remaining period of time to implement the law. The stock exchange center will be located in Ulaanbaatar. An electronic network will be necessary for communicating with rural regions at auction sales. In other words, the soum raw material cooperatives will communicate by electronic net or telephone on the particular stock exchange auction. It means 329 soums need electronic communications; therefore, a soft infrastructure for stock exchange needs to be built. It would be easy because more than 200 soums in our country are already connected by a fiber optic network. The setting-up of an inter-soum cooperative will be the key problem for the stock exchange. Soums could have many small cooperatives which already exist and all of them are member cooperatives. A key cooperative must be prepared

under the "Mongol Mal" program. It is planned to hold an experimental stock exchange auction before implementing the law. For that, we must educate and train stock exchange employees and the cooperative raw material managers. In the first stage, we will sell cashmere, wool, meat, animals and wheat. The herders must prepare raw materials according to the standard, which is very important. In previous years, our herders had the experience of supplying wool and cashmere to sales and purchasing agents and cooperatives. The reputation of the stock exchange is inseparable with the standard", said Baldan-Ochir.

"The cooperative will mediate by selling herders' cashmere and wool and will operate on a commission percentage of the raw materials income price. The herders will bring certain shares to run the cooperative business. Business of one cooperative will run on normal speed by accumulating an average Tgs80-100 million in capital. But we must think more about the family income of Mongolian herders and whether they would be able to collect this sum of money. If under the "Mongol Mal" program the team of hay-mowing or the construction of store premises are financially supported by granting low-interest and long-term loans, the cooperative business could radically be able to become profitable. This state policy need to be implemented". Today there are more than 2000 cooperatives of livestock breeders nationwide.

Takhi horses return to Mongolia

Czechs save Takhi from extinction



Dr. Evzen Kus caring for a Takhi horse at the Prague Zoo

By Borkhondoin Indra

On June 15, at the end of over 20-hours of travelling from Prague in the Czech Republic on June 14, four Takhi horses, 1 stallion and 3 mares, will arrive in Khovd Aimag and be transported to their native territory in the Khomiin Tal area in Dorvoljin Soum of Zavkhan Aimag. The aircraft will carry special wooden compartments to prevent the horses from injury during flight. The Director of Prague Zoo, a veterinarian, cameraman and horse keeper will be traveling with the horses in the aircraft. This is third time Takhi horses have been reintroduced to Khomiin Tal of Mongolia. Currently, there are 24 Takhi horses living wild in Khomiin Tal.

The Takhi wild horse disappeared to become nearly extinct in the 1960-1970s and only a few head survived with help of humans. Prague Zoo contributed much to save the Takhi horse from extinction with their program. 'Reintroduction of the Przewalski horses to Mongolia'.

Takhi reintroduction to Mongolia started in the 1990s by European organizations. With invaluable support of the Prague Zoo and within frames of a major project to

be implemented with sponsorship of some organizations and the Czech government, four Takhi horses will be brought to Khovd Aimag on June 15 on a special flight from Prague and will be reintroduced to the wilds in Khomiin Tal in Mongolia's western region.

Evzen Kus is visiting Mongolia from Prague. He graduated from the Department of Zoology of Charles University in Prague and has worked in the Prague Zoo since 1978. In the beginning of 1990, he started keeping a studbook of International Przewalski horses. Dr. Kus said, "We are bringing 4 young and healthy Takhi horses, 1 stallion and 3 mares to Khomiin Tal" aged 3 to 5 years. "We have more than 30 head of these horses in the Czech Republic including 21 in Prague.

We have good cooperation with our Mongolian friends to return the last wild horses back to Western Mongolia. So, Zoologists in Prague have the longest continuously tradition of breeding Takhi horses. In 1921, the first Przewalski horses came to the farm of Agriculture University in Prague from City Hall (Germany). There were 4 foals born. Then, in 1932 a pair was bred named Ali and Minka and transported to the

new open Prague Zoo. This was a most important moment because at the end of World War II, Prague Zoo was (together with Munich Zoo) the last zoo where a breeding herd lived. At other zoos, most of the horses died or were shot (in Ukraine by German soldiers) or survived but were too old. In 1959, the Prague zoo held the 1st International symposium for protection of the Przewalski horses. Since then, Prague maintained the only edition of international studbook for this species.

In a symposium, Mongolian zoologist, Dr. Dovchin reported that the last wild horse in the Mongolian Gobi was in 1969. After 1970, not even one wild was observed in the wild. In the 1970's, Prague zoo was the biggest breeder of Przewalski horses in the world. They repatriated Przewalski horses to nature beginning in the late 80's. Zoos did not have enough money and reintroduction started by arrangement of a private foundation from Germany and Holland. The first wild horses brought back to Asia came in 1988 to the Jimsar breeding center in the Chinese province of Xinjiang in Uigur autonomous region due to an initiative of German businessman, Christian

Oswald. This man gave money to build the acclimatization centre Takhin Tal in the Gobi B National Park in west Mongolia. The first horses returned to Mongolia in 1992. The same year, the Dutch started breeding Przewalski horses in Khustain Nuruu Center near Ulaanbaatar.

The third reintroduction area was established in 2004 in Mongolia near Khomiin Tal located in Dorvoljin Soum of Zavkhan Aimag. The first herd of Przewalski horses reintroduced to the wild was in 1997 in Takhiin Tal. Prague Zoo sent Mongolia 4 horses—three (1 stallion, 2 mares) in 1998 and 1 mare in 2000 to Hustain Nuruu. Two mares—Zeta in Takhiin Tal and Babeta in Khustain Nuruu are still living and have many foals. Zeta, named in Mongolian as Od is the oldest mare coming to Gobi from Europe (she is 17 years old) and survived the very hard winter this year in the Gobi.

Now, there are about 1900 Przewalski horses living in the world in both zoos and in the wild. The good news is that more than 400 are living free in their homeland, the Asian dry steppes (west China and southwest Mongolia).

On September 5, 2004, the first 12 Takhi horses were brought from France to Khovd Aimag in Mongolia as the third habitat of reintroduction. Currently, there are 24 Takhi horses in Khomiin Tal in Zavkhan Aimag. Over the recent decade, works to select a habitat, study fields and satisfy preparation to reintroduce Takhi horses have been made. For instance, field studies on nature, environment and socio-economy including flora, vegetation, resident and migratory birds were carried out in the Khomiin Tal area and along the territory of Khar Us lake and its buffer zones. On the basis of field studies results, justification to include the Khomiin Tal into the buffer zone of KUNNP was developed and the area was declared as a buffer zone of the park in 1999. A total of 25,000 ha areas adjacent to Seeriin Nuruu Mountain was entered into the local special area.

Takhi horses will be reintroduced to Khomiin Tal in Dorvoljin Soum of Zavkhan Aimag which is included in buffer zone of Khar Us Nuur National Park (KUNNP). Khomiin Tal is considered suitable for introducing wild animals because of its vast area and having less population. It was one of historical areas where Takhi horses existed and the last Takhi appeared there in the 1950s.

The area was found suitable to reintroduce Takhi horses as a result of studies in 1997-2000. The studies continued with works to prepare reintroduction of Takhi horses and

establish sheds and reinstate natural resources in 2001-2004. From 2004, the first herd of Takhi horses were reintroduced, observed and studied. In 2005, more Takhi horses were reintroduced.

Takhi habitat area is far from urban places. By 2004, 25,000 ha area of Takhi habitat was fenced with electric wire to protect from outside attack. With a purpose to stretch electric wire, protective fences in this remote area were disconnected from the central energy grid, and solar energy panels were placed around the fence. The Takhi herd has summer and winter sheds in the field.

"When it reaches 500 head, the Takhi herd will become a naturally independent population. The issue of growing the Takhi herd to this number and further destiny of Takhi horses is in the hands of local people," said Dr. Evzen Kus. For example, the Takhiin Tal herd in the Gobi desert was reduced from 149 to 50 due to the dzud of 2010 and some roaming into China. The greatest danger for Takhi is from dzud conditions.

What was the reason Takhi horses were disappearing in Mongolia, their native land, and only survived in zoos of many countries in the world? Traveller Przewalski first reported about Takhi horses in Mongolia to the world. Therefore it was named the Przewalski horse. Takhi attracted Europeans attention and zoos of many countries wanted to breed Takhi horses. Therefore, foals of this wild horse were exported. However, when mares that were possessive of their foals and stallions defended the herd attacked people, the Takhi horses were shot. This is still talked about among locals. Also, massive numbers of Takhi horses perished during the dzud disaster in the winter of 1943. This almost caused the Takhi to become extinct. Based on what local herders told, Mongolian scholars and experts deduced that Takhi last appeared in Mongolian territory in 1967. A project to reintroduce Takhi horses to their native land started in 1992 with the support of Holland and German businessmen who financed their Takhi project. The first Takhi reintroduced to Mongolia came from the Prague Zoo in Czech Republic. Currently, the number of Takhi horses in Hustain Nuruu of Tov Aimag has reached over 200 and in Takhiin Tal of Gobi-Altai Aimag approximately 50.

Takhi disappeared from the wild due to the increase in human population which led to habitat competition with people and livestock, as well as over-hunting for horsemeat. By 1968, Takhi had become extinct in the wild in Mongolia, and only about



Czechs have rescued Takhi horses from oblivion in the Prague Zoo



Visitors playing on a Takhi horse statue at the Prague Zoo

Takhi horses return to Mongolia



Takhi horses once again thrive and reproduce on Mongolia's steppes

150 individual horses remained in zoos around the world. Over time, the surviving Takhi became increasingly domesticated and inbred.

To save the species from what looked like inevitable extinction, the FPPPH (Foundation for the Preservation and Protection of the Przewalski's Horse) and FRPH (Foundation Reserves for the Przewalski's Horse) in the Netherlands came together to select a new habitat for the horses and reintroduce them to the wild. The criteria for the new habitat included year-round availability of natural water sources, food, shelter, and a well-balanced ecosystem.

Horses have long been symbols of strength and courage in Mongolia, and the return of the Takhi has been a source of national pride. With its abundant wildlife, 450 species of flora and dramatic steppe landscapes, Khustai National Park attracts ecotourists, volunteers, and researchers from all over the world. The Takhi project has also afforded biologists unprecedented opportunities to study the Takhi in the wild.

Dr. Evzen Kus said, "I started studying the Takhi wild horse in the 1970s. My teacher was also studying Takhi. Our zoo is experienced in registering Takhi and accustoming it to nature. After WWII, our zoo had had very few head of Takhi horses. The first Takhi came to our zoo in the 1920s. We reintroduced Takhi to Mongolia for the first time and they are adapting in their native land. Some 90 percent of Takhi horses reintroduced to native land became habituated and it

is a wonderful result. Without a doubt, Mongolia is the native land of Takhi horses. I worried about how long it would take until the reintroduced stallion could form a herd. However, the stallion started forming its herd just after coming to native land. This time we will bring four Takhi horses, one stallion and three mares, to Khomiin Tal to improve breeding. To protect from inbreeding and save Takhi horses, breeding improvement work should be done. Bringing four Takhi horses requires much money, but the Czech government funds it."

"There are also some other countries with Takhi horses, including Germany, Czech, Kazakhstan and China. Unfortunately, the countries do not cooperate actively. Last year, a meeting on Takhi horse was held, but without certain results. Further, it is essential to have cooperation of countries," he added.

It has been about 20 years since they started reintroducing Takhi horses to Khustain Nuruu of Tov Aimag and Takhiin Tal of Gobi Altai Aimag. Mongolia has since established three areas for the protection of Takhi horse population. In the last 20 years, the Takhi horse has shown the ability to cope with and flourish in the conditions of their native land by increasing their number to over 300 head. Mongolia is grateful to the Czech Republic for implementing and funding this program that could not be realized without their generosity on the 80th anniversary of the Prague Zoo. Special thanks is offered to the Czech Embassy in Mongolia for helping to coordinate and implement this project.



In September, 2007 an air transport relocated Takhi stallions from Khustain National Park to Takhiin Tal in the Gobi



Rangers observing free-living horses in Mongolia's wilderness



Takhi mare protecting her foal

Good management of resources makes for a strong economy

By B.Bulgamaa

Mongolian National Development and Initiative Committee chief, Ch. Khashchuluun said last week, Mongolia's economic growth has become recognized among the most rapidly growing global economies. According to a Ministry of Finance first quarter report for 2011, economic growth would reach 10.8 percent in 2011, with Government projections on economic growth, estimating it may reach 16.6 percent in the 2012.

Specific Issues of the Mongolian Emerging Economy

It is evident the economy's growth depends on the revenue from the mining sector and this is a sign to concentrate on the need for clear and supportive policy for this revenue. There are three specific policy areas implemented by Parliament and Government along these lines:

First, Mongolia is undergoing a continuing stage of development with conscientious management of the mining sector. Second, mining sector revenue must be shared equally among the Mongolia's citizens; and third, there is a need to create a new economic area based on information technology workers to meet the increasing needs of the global economy.

Khashchuluun said that revenue from mining was not just capital for the current generation. He said, earth's resources are limited so we must plan to spend carefully, collect revenue and use it to generate high profits, and keep it for the next generation. We need to construct a strong infrastructure, high quality schools and hospitals and health care for the population. In establishing these basics, there will be a stronger and sustainable economy to handover to future generations. Consequently a renewal of fiscal laws is taking place including approval for a law on Development Banks, a renewal on the Law on Concessions and renewal on management of the Mongolian stock exchange, in one year.

Norway and Chile's experiences give best practice models and examples to study for developing revenues from the mining sector. In Mongolia is adopting experiences from those countries, in a way that complement its specific features of a small population and large territory.

The challenge is to develop the territory's infrastructure to minimize negative fiscal impact and to move carefully to overcome hurdles, step by step.

The World Bank's second quarter report completed by seven to eight professional economists, was released in end of May. It includes views on Mongolian economic development, led by:

"Mongolia is a country with good economic and political institutions; resource discoveries are not likely to lead to resource capture by exploitative elites, but more likely to be used to improve national welfare".

Ch.Khashchuluun, Chief commented that, "This description focuses on a specific feature of the Mongolian social and politic system, in my opinion." He said Mongolia is a country of parliamentary governance where the biggest decisions are made by parliament who assumes this responsibility on behalf of the population. The presidential system is different where, for example in Kazakhstan, a country with a president, one man makes decisions.

A study comparing the two systems showed Kazakhstan's economy was strengthened by foreign investment contracts and agreements all decided in a short time. However Mongolia took longer and conducted careful studies before signing any foreign investment agreements for mining.

The two approaches have had different results.

Kazakhstan's many mining contracts resulted in great loss to the country's interests, causing them to sue foreign investors to increase national revenue from mining resource.

Mining agreements made in Mongolia are relatively open and made with more care in balancing several factors. Authorities tried to inject non-government organizations (NGOs) ideas to protect citizens in foreign investment agreements. The draft foreign investment agreement was discussed openly by the people and government with international mining

consultants bought in to provide neutral advice on the contents of the draft. Results showing the difference between these two approaches and systems is available after five -10 years of observation.

A positive outcome for Mongolia is how the government tries to sustain mineral resource distribution shares to the populations and evaluates the right way to do it effectively. This advantage leaves space for further improvement so Mongolia is developing a mandatory civil council to discuss the each new law's conception. The aim is to develop a more responsible draft and implement the laws by discussing potential rewards and costs for the country.

All political parties are more represented with a shared balance of power here and all parties have seats on the civil council and not seats in the parliament. It is a good system.

Mongolia needs to become more open and transparent decision-making.

The country has to improve and strengthen its political system, encourage private and NGOs into State service and improve the participation of the NGOs in planning.

Khashchuluun noted that Mongolia's economy is growing at a rapid pace and he explained this intensive rise in percentage is caused not by the country's economy, but by its volume. He said economic growth was no longer solely dependent on the mining sector, but also evident in the manufacturing industry which grew by 10 percent and in the trade and service industries growing markedly. The construction and infrastructure sector was also expanding in response to the demands.

The World Bank report showed real direction for development growth:

The newly released quarterly GDP numbers show that the year ended with broad based recovery, led by transportation (16 percent yoy growth), construction sectors (38 percent), and wholesale and retail trade (23 percent). Industrial production seems to be picking up again in March 2011 to 10.6 percent yoy, compared to 1.4 percent yoy a year ago.

One of the main challenges to the economic growth is unemployment.

The International Labor Organization's (ILO) October 2010 report showed economic growth had not increases in job availability in Mongolia with job places increasing by 100,000 between 2003 to 2007.

In 2003, unemployment numbers were reported as 900,000.

The World Bank's second quarter report—2011 estimated unemployment at 106,000, in December, 2010 and showed the unemployment rate decreased to 9.4 percent from 13 percent while Workers real informal market wages on average increased by 18 percent from December to March, 2011.

Ch. Khashchuluun noted in his report at the National Forum, "Labour-Basis of Development" (October 2010), that the unemployment rate and poverty would be reduced two times less in the next five years.

In his report he stated: "as a result of our estimation over the next five years, there will be a need for 21,200 job placements to meet mining sector demands; manufacturing sector job demands for over 12,000, and construction and infrastructure demands for 7000 new job places with 6,800 engineers and 33,500 specialized workers for the next five years."

Wages increased by 25 percent compared with the previous year according to the World Bank report. It is real number or not?

Khashchuluun stated his view on this:

"This number was made by the National Statistic Committee and shows 25 percent. The average income of our people was Tg 300,000 per month in 2009. Last year the number was Tg 450, 000.

As for this year, one factor contributing to the increasing per capita income is Tg 21,000 per person from the Human Development Fund which means that if a family has five members, the family income increases

by over Tg 100,000 per month. Also every student in the family has been granted Tg 500,000 for their tuition.

This provides for a share for loans to every citizen of Tg 1 million for buying a new apartment. The minimum living standard rate is raised to Tg 144, 000 in 2011.

Wages and salaries will be raised at the end of this year again.

The country won't suffer from over inflation

The inflation rate is estimated at 5.5 percent with the government's objective to freeze inflation to single digit figures (less than 10%).

To this end, the Government adopted measures such as creating reserves of food and meat with an increase of five-10 times - a main factor that stabilized consumption of basic items against rising prices.

Mr. Khashchuluun said: "We also have a plan to increase the supply for the agricultural and food sector. There could be more reserves so the price of food would be held at a stable rate".

Another factor for rising prices however, was an increase in the price of oil on the international market. Mongolia can control the effects of these oil prices with an increase in domestic oil production. There is a plan to put into operation the Dornod aimag oil refinery firstly and then a smaller oil refinery in Zuun- Bayan and a third in Darkhan city - with a large capacity for refining oil waiting the investment.

Khashchuluun said, "If Mongolia supplies itself with energy, oil and food we will not need to fear inflation."

The Development Bank opens its doors and finances four big projects

The Development Bank (DB) opened its doors on May 12 with a Parliamentary decision, a Tgs 800 billion bond would be issued. The bond's finance is guaranteed by the Ministry of Finance and means investment would be repaid from the state budget, to the Development Bank, with interest.

The loan would be used for the four biggest projects: i) A National program of new construction including plans to construct infrastructure and apartments; ii) Complex of Heavy industry iii) Roads new railways.

The bond would be issued in the market in a piecemeal manner with, for example, Tg 100 billion to Tg 100 billion per episode.

Khashchuluun explained the bond would be sold to Commercial banks and domestic and foreign investors.

Foreign investors were more interested the DB's bond first tranche with an interest rate of five to six percent - more profitable for investors.

Secondly, foreign investors would consider the Mongolian togrog a creditworthy currency. Last year, two national currencies were the best performing currencies in the world, The Togrog's rate value rose 15 percent and the Australian dollar rose 13 percent in 2010. Foreign investors considered that was enough to strengthen the togrog's rate further making them interested in trades and securities. They showed an increasing interest to buy togrogs in long term securities.

Commercial banks were also interested in the sovereign bond, since they can make reserves with their capital worth Tg 1 trillion. This bank capital consists of the Central Bank's securities and required reserves. The commercial banks was interested in the DB's bond to circulate their funds.

According to the DB's law, the Administrative Council of Development Bank consists of three agents: representatives of NGOs and a management team led domestic and foreign specialists. The Central Bank and Ministry of Finance will monitor the Development Bank's revenues and spending.

The economy was standing on just one leg last year and it was in copper, soon there will be four to five legs to stand on in the near future.

The Government financed more small to medium sized enterprises last year, mostly small industries. The return in these industries, in particular, the meat and sausages, was very high.



Ch.Khashchuluun

New industrial complexes were constructed near Oyutolgoi and Tavan Tolgoi coal deposits with a coal concentrating plant in operation soon and the Oyutolgoi copper concentrating combination in operation from one year ago. Manufacturing sector growth increased to 8.5 percent from five percent. During the Socialist period, the manufacturing sector's growth was 20 percent however this figure has not been reached easily now but is showing growth with more hope in the future.

Tavan Tolgoi's coal mining and heavy industries complex smelting plants will be put into operation soon indicating a positive trend and judging from domestic consumption and individual deposits in the last year, Mongolia shows a distinct accumulation trend. The consumption standard grew higher earlier but now demonstrates increased accumulation to covered 38 percent of the GDP.

Third, the main export product was copper in 2010 while in 2011 coal accounts for an very increased role - hence the saying, "Our economy can stand on two legs."

As a result of the third National campaign to reclaim virgin land, domestic food production is up 100 percent. Figures for vegetable production grew from 60 percent to 70 percent; potatoes with a supply over 100 percent. It is anticipated in the future, Mongolia will become a food country exporter adding a third leg to the metaphor.

The next fourth leg could be added from the information and technology sector and tourism.

Recent, figures show the Information and Technology sector covers nine percent of GDP and over 400 companies are working in this sector.

An Information Technology complex for the students will be constructed in Nalaikh district and with placement of all information and technology companies near the student complex. Currently, 20 Mongolian companies export software programs.

The tourism sector is also an export. Government will approve the Tourism Master Plan this year with a lot of money invested from state budget.

Following the main road, tourist camps would be established up to 100-200 kms in distance from the capital, in the countryside and Mongolia will buy new planes. Prime Minister S.Batbold appointed the Minister of Tourism responsible for increasing tourist numbers to 1 million by 2015 - increasing the legs . of the economy

to four - five.

The next step includes developing the knowledge economy workers - nano technology and biotechnology will be developed in the near future.

The World Bank's report identifies two sectors which have been slightly depressed - agriculture and mining. The report explained that the agriculture sector's depression resulted from the zud and the harsh 2010 winter. The mining sector's growth was down by two percent.

All other indices reported by the World Bank were very strong, such as:

Inflation was moderate; fiscal balances improved strongly, the togrog's average monthly exchange rate against the US dollar appreciated. The togrog's deposits continue to rise, private external borrowing and private lending is increasing, the ongoing mining sector boom has led to rapid growth in the stock market indicators over the past few months. Medium-term prospects look excellent, both from an economic growth perspective and from a fiscal management perspective. An analysis of the macro economy noted that a new Integrated Budget Law could help lock in prudent fiscal policies.

But the World Bank warns government that: *The core of the fiscal stability law (FSL)—the structural balance of minus two percent of GDP—only starts in 2013. Hence, until its effective implementation, risks exist. These risks are best illustrated by a comparison of current trends with the ones that prevailed before the 2008 crisis. These comparisons highlight significant similarities, and send a warning about the risks of returning to the boom-bust cycle, if no corrective policy action is taken in anticipation of an external shock.*

Khashchuluun said he has not observed any crisis this year, or even the 'Dutch Disease' (a concept that explains the apparent relationship between an increase in exploitation of natural resources and a decline in the manufacturing sector), and explained this in a detailed economic and political system report. He said it was not possible to reduce the fiscal deficit this year.

Khashchuluun: I have not seen any crises as for this year

Khashchuluun explained the basis of the 2008 crisis was created from within the infrastructure sector but had not overtaken economic growth at

Continued on page 11

Good management of resources makes for a strong economy

Continued from page 10

that time.

For example: the capacity of the freight of railroad didn't negatively affect the growth of the economy in 2008. During that time, the price of imported goods for construction materials from China increased and there was a shortage of materials caused by the Olympic Games construction in China.

As for this year, the infrastructure construction has not started and the project for creating apartments for 100,000 families would be implemented over the next five years. Cabinet has started to discuss expansionary measures to increase the production of construction materials domestically in Mongolia.

The cement industry should be able to supply a minimum 30 percent of the demand for domestic requirements, and feasibility studies made for three projects last year are waiting for investment from the Development Bank.

Government made a few expansionary works for infrastructure sector: An asphalt road from Omnogobi to China is being constructed to expand new networks of roads to China; investment for the new railway and road has been decided by the Government. The concern over the capacity of freight transport of minerals would be freed

and the problem solved.

The agriculture and food sector was progressing at a normal pace in 2011. In 2010, many animals died in the harsh winter, but this year we there has not been any natural disasters. Planting prior to harvest is also expanding. Koreans will plant vegetables in Khalkh Gol region in frame of the "Atar", and the fourth National campaign to reclaim virgin land has started. It is noted that domestic capacity has increased and more agriculture products would be exported - with no food supply issues anticipated.

Khashchuluun said warnings about the fiscal deficit were warranted, and it was true the fiscal deficit would continue to decrease from an international perspective. Donor organizations have to understand the real situation in Mongolia. To encourage an intensive economic growth period, large demands exist to invest fiscal revenue in the infrastructure, energy sectors and industrialization sectors to develop the mining sector.

Building roads is very important with construction in four directions throughout the whole country. Much more investment is needed to increase the supply of electrical power, construction of the railroads...etc. Even if the fiscal deficit increases, revenue from the fiscal programs will also increase.

Khashchuluun said, "We must reduce the fiscal deficit step by step.

We will not reduce the fiscal deficit immediately".

In the future, the fiscal regime would be more responsible from 2013 under the new laws. Parliament and Government agreed to approve the law on Policy of Development and a Fiscal Stability Law. Fiscal revenue would be enhanced with the development policy. The fiscal investment would be centralized more and the fiscal deficit would reduce.

The World Bank also warns: *The bulk of the financing would depend on prepayments from the TT project currently under negotiation. However, some industry analysts raise questions about the willingness by bidding firms to commit to large prepayments at this point, as a number of key variables of the TT project will need to be clarified further.*

If these prepayments do not materialize during 2011, the fiscal deficit would need to be financed almost in its entirety by the domestic market. The exact amount will depend on whether tax revenues continue to be buoyant, and whether or not parliament makes further amendments to the budget, further increasing spending to make good on political promises ahead of the 2012 elections. However, domestic borrowing by government implies a crowding out of the private sector during a period of rapid economic expansion when access to bank credit would be essential to finance the scaling-up of business operations.

Khashchuluun said:

At the Tavan tolgoi deposit, we are engaged in discussions. I believe that there no longer is any blockage or impediment for further successful negotiation. Production should start by the end of this year, or at the beginning of next year.

Mongolia does not need to issue sovereign bond

The World Bank report warns government that *Issuing a foreign bond would be expensive. It would also unnecessarily bring in even more capital into the economy during this boom period, when the economy already shows signs of overheating.*

Sovereign bonds' yields are soaring for several Eurozone countries, and combined with other international developments, capital is shifting to safer markets. For a first time borrower like Mongolia, raising money through a sovereign bond issue would therefore be expensive. For instance, Greek 10 year bond yields increased from 11.2 percent in November 2010 to 15.7 percent in early May 2011. Venezuela (which has a similar credit rating to Mongolia) was at 12.26 percent in early May 2011. However, Chile, like Mongolia a major copper producer, is able to float a 10-year bond at only 1.31 percent, due to the consistent implementation of its structurally balanced budget.

Khashchuluun said for this part the Mongolian government had studied the realities about sovereign

bonds over the last few years. The Government decided the country did not need more international finances currently and it was more important to raise money in domestic sectors, since it was cheaper. Therefore Government decided to raise money by DB's bond in the national currency, the togrog.

Mongolia reaches Millennium Development Goals

The Mongolian government approved the "Millennium Development Goals - Based Comprehensive National Development Strategy of Mongolia" in 2008. In this document it determined that "The main goal of the economic policy is, in 2007-2015, to achieve MDGs, reach an average annual economic growth of 14 percent, increase GDP per capita to at least 5,000 USD, and establish the basis for intensive economic development; in 2016-2021, to increase average annual economic growth to at least 12 percent, customize and develop knowledge-based economy, increase GDP per capita to a minimum of 12,000 USD, create economic capacity, and resources to reach the level of world's middle income countries." The implementation of this plan has begun.

According to the Ministry of Finance report of the first quarter of this year, GDP per capita will be about 3000 USD this year and in 2012 over 4000 USD.

Direct foreign investment in Mongolia

By B.Natsagdorj PhD

Foreign investment, as a component of globalization, is a powerful mechanism to improve communication between countries involved in this activity. It sharpens competition among countries and influences investment practices.

Mongolia's foreign investment law: "Foreign Investment," (FI) has a goal to establish investment companies in Mongolian territory with due diligence and in co-operation with Mongolian companies. The Law specifies that foreign investment companies have to hold at least 25 percent of the with 10 percent as the threshold assigned by the International Monetary Fund (IMF).

According to the IMF, where investment from a foreign company equals the investment from domestic companies, plus 10 percent, it is considered a foreign investment company. In other countries it differs. If the investment is at least 10 percent from foreign companies in the United States, Denmark, Turkey; 20 percent in Finland, France and Spain; 25 percent in Japan, Germany, Austria and Great Britain; 40 percent in India; 50 percent in Korea; 49 percent in Mexico; 59 percent in Canada and 100 percent in the Netherlands, they are considered foreign investment companies.

In Mongolia with a lower economic capacity, resources and financial possibilities, minimum internal stockpiling, foreign investment provides an important source for economic growth and helps increase exports. Foreign investment creates possibilities that assist economic integration globally and regionally. Encouraging foreign investment in Mongolia is the best way to provide economic growth as follows.

- Provides new techniques and technology
- Improves management and manager's knowledge and skills
- Directs business flow domestically
- Manufactures products which can compete and increases export capacity
- Increases domestic savings
- Enables entry to external markets, improve competing capacity
- Increases employment and its outputs.

The advantages from foreign investment in Mongolia are many, including:

- Political stability
- Transparency in economic policy
- Higher exposure of territory

- and domestic resources
- Natural resource exposure and development
- Increased access to raw materials
- Possibilities to collaborate with the two neighboring states and global markets
- Possibility to leverage off a young, better-educated population and labor resource, with modern technology and management methods
- Membership rights in the international economy, trade, banks and investment organizations

Disadvantages from foreign investment also need to be considered and include:

- Limited infrastructure and transport unable to meet transport requirements, especially with Mongolia's landlocked status
- Outdated farm technology
- Livestock husbandry and agriculture methods outdated
- Extreme climatic conditions
- Manufacture and consumerism for supply and demand
- Business cycles and business like character weakness
- Corruption and collusion embedded in business practices
- Comparatively low population and limited skilled / professional labor
- Domestic land tenure low, limited financial resource

Foreign investment in Mongolia emerged at the beginning of the transition period in 1990 with the establishment of a Foreign Investment State near the Ministry of Trade and Industry. The importance of a foreign investment law was recognized and the Mongolian parliament created "The Law about Foreign Investment" in 1991, renewing and changing it in 1993, 1998, 2002 and 2008. However, another laws which related to it, and how to respond to foreign investment rights and duties, to support and encourage investment were not defined.

As a result, an independent organization, the "Foreign Investment State" emerged in 1996 to look after these problems, with a name change to the current title - the "Foreign Investment and Foreign Trade Agent" (FIFTA) in 1998.

FIFTA's main purpose is to increase investment in Mongolia, support export, increase small-to-medium enterprises, and provide a 'one stop shop' for services. The latter service was implemented in 2000, to assist and register all foreign investment companies. The Mongolian government also entered into partnerships with international

companies. Positive steps saw the Government endorse a convention "to release foreign investors from double taxes" effecting 34 countries to "support and re-invest;" 39 countries in the Washington Convention in 1965, and in 1996 entered the 'Seoul Convention of 1985' "To establish investment insurance diversified agent" in 1999 and entered the World Investment Supporting committee in 1997.

The Government diversified and confirmed investment in the World Bank Group, allowing investors to protect (insure) their risks. Collaborating with the World Development Bank was an important step to move closer to a transparent economic structure and free up trade and investment. Trade agreements and conventions with the United States and European Committees also influenced and strengthened foreign investment.

Investment was small in 1990-1993 (\$0.9-3.5 million), increase was slow and in 1994-1996 it rose sharply (31.5-71.3), and it has been increasing ever since 1998.

Mongolia registered 10,709 companies and over 20 economic organizations from 104 countries to manage their business. FIFTA advertising from 1990 to 2010 saw \$4,840,318,000 invested from 104 countries in Mongolia.

China leads the list of foreign investors in Mongolia with Canada, the Netherlands, South Korea, Virgin Islands (UK) and Japan following. In percentage terms, 50.99% is from China, 8.26% is from Canada, 6.08% from the Netherlands, 5.29% from South Korea, 4.60% from the Virgin Islands (UK) and 2.86% from Japan. 78.08% of total investments from foreign countries are from the above six countries.

New concepts for national security followed by Mongolia country are driven by the policy, "investment size (percent) from any country must be equal, or less than, one of the three of total foreign investment". In the third chapter of the Foreign Policy Concept "to save economic security with three-dimensions on the basis of Mongolian National Security Concepts, we must avoid dependency on other countries." Nowadays, 50.99% of direct, foreign investment and foreign companies are from China.

In the foreign trade sector, Mongolia is dominated by China's investment. 80% of the country's exports go to China with only about three% to Russia. On the other hand, imports are balanced. In this light,

Total foreign investment in Mongolia from 1990 to 2010:

Year	Foreign investment	Company number	Year	Foreign investment	Company number
1990	965	2	2001	131,741	354
1991	2,108	10	2002	186,846	390
1992	1,906	22	2003	203,734	692
1993	3,569	40	2004	247,589	778
1994	31,509	78	2005	316,839	971
1995	56,166	145	2006	366,543	1505
1996	71,358	190	2007	499,962	1609
1997	61,537	256	2008	708,922	1551
1998	83,487	279	2009	801,158	613
1999	94,824	339	2010	1,025,996	769
2000	103,870	293			
Total				4,840,318	10709

Mongolia should implement a foreign investment policy to balance foreign trade with economic flexibility and strong policies, step by step.

As the leader for foreign investment, China also holds the record for company numbers in Mongolia. Investment has increased in the areas of geology, mining, construction and manufacture, trade, public catering establishments, animal husbandry and raw material processing sectors from China.

Canada is investing mainly in natural resources, especially in gold mining.

From Foreign Direct Investment (FDI), 65.3% is found in geology, mining surveying, researching and the extraction sector, 18.9% is in trade and public catering establishments, 2.7% in banks and financial activities, 2.2% in light industry. Mining leads foreign investment with China and Canada investing strongly.

6926 companies were registered in the trade and public catering establishment sectors and 64.7% of total companies received foreign investment. There is less investment in these sectors than other sectors. China and South Korea lead this sector with investments.

With changes to the "Foreign investment law" 2008, foreign

investment requirements into Mongolia increased to \$100,000.

About 70% of total foreign investment companies work with Mongolian companies and about 30% work with 100% investment independently. The increasing number of companies with 100% investment might influence the economic situation. Over the last several years, foreign direct investment has increased in size and scope. Following foreign direct investment, Gross Domestic Product (GDP) increased and has influenced employment and net exports. However this increase doesn't necessarily influence the economy. It is related to the "Holland ache" and "Devil circle".

Rules important to foreign investment in Mongolia are:

- Foreign direct investment should be in the private sector.
- Foreign investments in the mining sector raise important problems.
- Foreign investment will increase the source of exports
- Foreign investment is important for the energy sector
- Foreign investment has a place in industries with capital
- It is necessary to develop legal and trade rules in foreign investment in Mongolia.

Celebrating 20 years fo USAID in Mongolia: Actions speak louder than words

By Jonathan Addleton

This year marks the 50th anniversary of the founding of the US Agency for International Development (USAID) – and the 20th anniversary of USAID in Mongolia.

It was my privilege to be assigned as USAID Mission Director in Mongolia for three of those twenty years (2001-2004). The current USAID Mission Director in Mongolia – Chuck Howell – has even more extensive prior experience, having previously served in Mongolia as both the first Peace Corps Director (1991 – 1993) and the third USAID Mission Director (1995–1996).

Looking back on the last two decades, I am proud of the partnership that USAID has forged with Mongolia while also mindful of areas in which all of us could have done better. Development work is always challenging and mistakes are inevitable – but, in every case, there are also “lessons learned,” even when everything does not always go according to plan.

During much of the 1990s, USAID in Mongolia focused on emergency assistance, especially in the all-important energy sector where the possible shut-down of power plants in Ulaanbaatar during the winter months would have been catastrophic. Even as this emergency aid was being delivered, USAID-funded Asia Foundation programs assisted in Mongolia’s early steps toward democracy, in part by supporting Mongolia’s then-nascent NGO sector.

By the turn of the millennium, USAID programs began shifting toward sustainable economic development, including major support for the small business sector. Under the Gobi Initiative involving Mercy Corps, USAID became one of the first foreign donors to focus attention on business development in rural Mongolia.

A couple of years later, USAID launched the Ger Initiative, implemented by CHF. This program was instrumental in highlighting a new challenge – the dramatic growth of ger districts surrounding Ulaanbaatar and other urban centers and the need to generate employment, income and economic activity in these areas as well.

While proud of USAID’s associations with these and other programs, my own list of “most memorable” projects during the last twenty years would have to include USAID’s contributions to Mongolia’s banking sector. In fact, two of Mongolia’s four largest private banks – Khan Bank and Xac Bank – are directly linked to USAID interventions during the late 1990s and early 2000s, a time when Mongolia’s entire banking system was on the verge of collapse.

Established only in 2001, Xac Bank was formed following the merger of two donor-funded non-bank financial institutions, one supported by USAID and the other funded by UNDP.



US Ambassador, Johathon Addleton (L) once served as USAID Director in UB, with current director, Chuck Howell (R)

Early on, Xac Bank proved successful, attracting additional investment and gaining well-received experience in how to design, implement and sustain effective micro credit programs in a large, sparsely populated country, experience that has since been shared internationally. A wheat monetization project funded by the US Department of Agriculture (USDA) also helped capitalize Xac Bank during its early years.

Much of the credit for Xac Bank’s initial success goes to Stephen Vance, at that time country director for Mercy Corps in Mongolia and the architect of the USAID-funded Gobi Initiative (several years later, in November 2008, Stephen was tragically killed in Peshawar while heading up a USAID-funded program in Pakistan’s tribal areas). Several Mongolians were also involved in the early stages, including Ch. Ganhuyag who now serves as Mongolia’s Deputy Minister of Finance.

Despite its modest beginnings, Xac Bank has grown rapidly in recent years and is now regarded as one of the largest, best managed and most successful private banks in Mongolia. It still maintains a commitment to micro finance while also pioneering a range of other innovative financial products, including mortgages and leasing.

The story of Khan Bank – adapted from the original name for the Agricultural Bank of Mongolia, Khuduuj Aj Akhoin Bank – is equally intriguing.

At the request of the Government of Mongolia and very unusually for a donor agency, USAID in August 2000 assumed temporary management responsibility for the bankrupt, government-owned bank which played a vital role in extending lending and payment services to the farthest reaches of Mongolia. By the late 1990s, the bank was so badly managed and had made so many problematic loans that one advisor from a leading multilateral donor asserted in his consultancy report that only one option remained – “to shut it down”.

Despite this dire prognosis, USAID agreed to deploy a new management team. During the 30-month restructuring program that followed, this small USAID-funded team led by Pete Morrow and consisting largely of Mongolian experts entirely “rebranded” the bank, re-launching it as “Khan Bank.” As part of the rebranding, Khan Bank also introduced a new logo, new computer technology, new loan products and in many cases new staff selected on the basis of merit rather than connections.

Bank restructuring programs are always challenging. They are also often associated with ruthless staff reductions and a wholesale closing of branch offices deemed unproductive.

However, under USAID stewardship, the number of Khan Bank branch offices in Mongolia increased from 269 to 356 and the size of Khan Bank’s staff doubled from 800 to nearly 1,600. In addition, Khan Bank’s management significantly

increased staff salaries, provided financial services to more than 500,000 households, extended more than 400,000 loans and pioneered new approaches to corporate arts support and philanthropy.

Instead of becoming a net drain on scarce government resources, Khan Bank rapidly turned into one of Mongolia’s biggest taxpayers. USAID funding for the management team that turned Khan Bank around amounted to approximately \$3 million over two and a half years. As the once-bankrupt Khan Bank became first solvent and then successful, the dramatic turn-around was featured in several international publications, including Far Eastern Economic Review and the Asian Wall Street Journal.

Purchased by a Mongolian-Japanese consortium for \$6.85 million in March 2003, Khan Bank has emerged in recent years as a unique and perhaps unprecedented “success story” for Mongolia, winning numerous international banking awards along the way. Moreover, the new owners immediately hired the USAID-funded management team, using their own funds to ensure the bank’s continued success rather than having to rely on US tax payer support.

Over the last eight years, Khan Bank – like Xac Bank – has grown from strength to strength. Both banks are now worth many tens of millions of dollars each. As entirely private banks, each institution makes its own decisions, is responsible for its own destiny and no longer relies on

USAID or the US government for anything. Yet, as a matter of historic record, USAID was there at the beginning, playing an important role in the launch and eventual success of both institutions.

For my part, I will always be grateful for the unexpected chance to work in Mongolia as a USAID officer during a critical time in its development, making a modest yet hopefully useful contribution as part of a relatively small USAID program, one in which funding levels have only rarely exceeded \$10 million annually.

Years later, every time I drive in Ulaanbaatar or travel across the steppes, mountains and deserts of Mongolia and see a “Xac Bank” or “Khan Bank” sign on a crowded street or in a tiny rural hamlet, I am reminded yet again of both the risks and the vital contributions made by USAID during a particularly challenging time, despite the concerns of skeptics on the sidelines who were all too quick to claim that “it can’t be done” and “the only thing left to do is to shut it down.”

When recalling this history, I am also reminded of an age-old expression, one that appears in many languages including both English and Mongolian. “Talk is cheap,” it suggests. “But actions always speak far louder than words.”

Jonathan Addleton, currently US Ambassador to Mongolia, served as USAID Mission Director in Ulaanbaatar from August 2001 until April 2004.

USAID/Mongolia marks its 20th anniversary

On June 2, 2011, USAID/Mongolia celebrates 20 years of partnership with the people of Mongolia. The celebration presents an opportunity to highlight the successes of the last two decades as Mongolia transitioned to democracy and a free market economy.

In spite of its small budget relative to other donors, the partnership between Mongolia and USAID has been highly instrumental in contributing to this successful transition. This celebration will relay key achievements of this partnership during the last twenty years.

In November 1991, USAID launched its first program in Mongolia with a grant of \$10 million to provide emergency supplies and spare parts to the country’s power plants. By 1998, USAID had provided an additional \$50 million in supplies, equipment and technical assistance to help strengthen and sustain Mongolia’s crucially important energy sector. Other early programs focused on health and emergency food supplies. In addition,

USAID funded a variety of trainings and other activities aimed at promoting economic reform and advancing civil society.

Since the early 1990s, USAID has promoted economic growth by supporting policy reforms that encourage private sector investment and enterprise development. USAID has worked closely with all parts of the political spectrum to transform Mongolia’s tax structure and improve its investment climate. This has led to a lower tax burden on businesses, increased production, and new jobs. USAID activities have improved trade policy, helped broaden and deepen financial markets, improved corporate governance, and strengthened the banking sector. USAID has also helped develop a market-oriented regulatory environment to promote the competitive and efficient delivery of energy services.

Since 2001, USAID has contributed to a more accountable and transparent judiciary by improving case

management, access to information and automation. While judicial reform work ended in 2009, USAID governance activities continue with anti-corruption activities and efforts to incorporate civil society into the decision-making process and strengthen the interactions between citizens and their representatives.

From 1991 through 2010, the total USAID assistance provided has exceeded \$200 million, all of it in grant form. The program is managed by a nine-person USAID Mission in Ulaanbaatar. Specific projects are implemented through a network of contractors and grantees in cooperation with both public and private sector Mongolian partners.

The current USAID strategy in Mongolia links the two main themes of good governance and private sector-led economic growth.

USAID/Mongolia looks forward to continuing its strong and results-oriented relationship with the people of Mongolia.



USAID Director Chuck Howell & friends

SUBSCRIBE NOW....
Mongolia's first English weekly!



Since 1991

the MONGOL MESSENGER



You can find the best articles, information, reviews and analysis, reflecting all aspects of Mongolia's social, political, economical and cultural life.

Half year Tgs 15,600
Quarter Tgs 7,800

Local readers can subscribe at a nearby postal office!

**NOW TAKING LOCAL SUBSCRIPTIONS FOR THE
THIRD QUARTER of 2011**

Mongolia's first English weekly published by Montsame News Agency since 1991.

The Mongol Messenger, P.O.Box 1514, Ulaanbaatar, MONGOLIA.
Telephone: 266740, Tel/Fax: (976-11) 325512, Home Page: www.mongolmessenger.mn; E-mail: monmessenger@magicnet.mn



C L A S S I F I E D S

THREE ROOM

Newly furnished 3-room apartment for rent at Amankhuur Town. USD650. Ph: 99209478, 88019601, 88896556

Khan-Uul district, Jargalan town penthouse for rent. 3 bedrooms, 3 bathrooms, 220sq.m fully furnished. Basement parking included. Ph: 95955599, 99116580

FOR SALE

Furnished 4-bedroom apartment for sale. Opposite of Naran Plaza, close to Peace Bridge and Khos Jurj apartments. 4 bedrooms, 2 toilets, 1 washing room, 2 bathrooms, 4 balconies, underground parking,

LOOKING FOR

We need 2 native speaker teachers for secondary school. Provided each with bedroom apartment free. Salary 1500 USD a month. Work load is approximately 24 teaching hours a week. 1 teaching hour is 40 min.

email: jamsran5@yahoo.com

Office space for rent

170-180sq.m space, 1st and 2nd floor, is offered for office lease for a long period. Address: new 6-storey building put into operation in 2008, on the right side of the road leading to the Urt Tsagaan commercial square, north from Gandirs Tower. Price: USD 30 per sq.m.

Ph: 96073142, 99113142

JOB VACANCIES

Australian invested company Xanadu Wines has vacancies for talented Mongolian nationals in Sales, Marketing, Accounting and Logistics.

Please send CV in English to sales@xanadu.mn or contact 99054630

FOR SALE

Apartment in downtown neighboring to Trade & Development Bank, 3-bedroom, 2 balconies 88.5 sq.m with full furnished, good for investment, suitable for foreigners, very comfortable. Ph: 88116307, 88085522

all furnished. 172 sq.m, 9th floor (top floor). Price: USD260,000 Ph: 88088559

LOOKING FOR

Seeking a native English teacher for part or full time job. Ph: 99098607

THE MONGOL MESSENGER

How to Place an Advertisement in Classifieds IT'S SIMPLE IN PERSON!

COMPOSE YOUR TEXT AND BRING IT TO OUR OFFICES AT: MONTSAME NEWS AGENCY, 4TH FLOOR, THE MONGOL MESSENGER, ROOM #406

Working hours

Mon-Fri. 9 am -6pm.

Tel: 266740,

Tel/fax (976-11) 325512.

E-mail:

monmessenger@magicnet.mn

OFFICE SPACE FOR RENT

95sq.m space in the 1st floor of Khiimori Complex next to Max Tower available for rent for office purpose.

Ph: 99059595

Stone Horse Expeditions and Travel



1-Day and 3-Day Horse Rides Weekend Special (2 days/1 night) "A great way to take some time off" All transport to and from UB, food and drink provided Tel: 9592 1167 or 9567 8204

info@stonehorsemongolia.com
www.stonehorsemongolia.com

Seeking English native Speaker teachers for both Summer Camp and City Auditorium Trainings. Golden Bridge Education Center, left side of the Music and Dance College. Phone: 99075445

Battulga@goldenbridge.mn

MASSAGE SERVICE

Our professional colleague provides with whole body refreshing, treatment and removing massage throughout 24 hours of a week.

A whole body massage takes one hour and costs only USD30. Give us a call on 95055899

MASSAGE SERVICE

Feeling tired? Need energy? Our professional Mongolian staff are ready to provide you with a refreshing massage, any time of the day, on call 24/7. A good massage will improve your blood circulation and remove any tiredness.

A whole body massage takes one hour and costs only \$30.

Give us a call on 9916 1545

Flat for sale: Bogd Ar (near railway station) 72m², 12th floor, elevator, south facing, 2 balcony, underground garage. Upgraded: wooden floors and doors, Schüco windows, Euro radiators, extra sound proofing.

110 mill Tog. Call Suzan 99099365



HAZARA RESTAURANT

NORTH INDIAN FRONTIER RESTAURANT

Nationally & internationally acclaimed 1st & consistently the Best restaurant in Mongolia with track record of awards!

Come & enjoy in the privacy of Shamyans, Hot & Sumptuous Kebabs, Curries, Naans, Basmati rice, Lassis, Kulfis and much more, prepared from authentic ingredients by authentic chefs in Tandoors and Handis from India.

We are located

Behind Wrestling Palace, Peace Avenue, Ulan Bator

Telephone: 99195007 & 11+480214

PS: Take away and parties arranged as per your convenience

POSITION AVAILABLE

Geologist - Experienced in exploration and mining procedures to direct operations. Small well financed U.S. company with offices in Mongolia. Dealing with gold (placer) and R.E. minerals including titanium, lithium, aluminum, wolfram, and others. Fields within 250 km of U.B. Candidate must have excellent references. English and Mongolian or Russian required. Salary open and based on experience. Liberal bonus program. Full benefits. Avail. Immediately. For confidential interview forward resume and relevant payment history.

AHG Metals Group

Fax: 407-691-5631 USA or 976-11-323684.

Email: aginsburg@ahg-group.com, ahgmetalsgroup@yahoo.com

Aeroflot time schedule for summer 2011

Fight №	Days	Aircraft	Destination	Departure time	Arrival time	Validity
SU-563	2,5,7	A-320	MOW-ULN	20:00	06:10+1	27MAR-20JUN 18SEP -29OCT
SU-564	1,3,6	A-320	ULN-MOW	07:10	09:50	27MAR-25JUN 19SEP -29OCT
SU-563	Every days	B-767	MOW-ULN	20:00	06:00+1	25JUN -17SEP
SU-564	Every days	B-767	ULN-MOW	07:25	09:50	26JUN -18SEP
SU-485*	4,7	A-310	MOW-ULN	19:45	05:45+1	27MAR-15JUN 15SEP-29OCT
SU-486*	4,7	A-310	ULN-MOW	08:20	10:55	27MAR-05JUN 15SEP-29OCT

All flights on the route Ulaanbator Moscow is codeshare flights *-operated by MIAT-Mongolian airlines

Before the flight, you can check the departure time on our website www.aeroflot.ru or by calling the airport reference 1980, also on sites www.airport.mn, www.miat.com



Representation of Aeroflot, Ulaan-Baatar, str. Seoul 15. Tel. 976+11-320720, Fax 323321 e-mail: ulntosu@aeroflot.ru

Connoisseurs of Food and Wine check it out!

Get to know the new menu of our "Khara Khorum" Restaurant with our tasting menu.

Variation of Duck

Pumpkin and Coconut Soup

Pan- Fried Fish with a Spiced Crust

Loin of Lamb with Olive Crust

Passion Fruit Crème Brulee

35'000 MNT per person

In June and July, weekends only!



And as a special treat get

50% off

on any wine and sparkling wine from our wine list when choosing the tasting menu.

Mongolists join President for breakfast meeting

On June 2, President Ts. Elbegdorj invited Mongolists for breakfast at the 'Baltiiskaya Zvezda' Hotel in Saint Petersburg. Geologist-archaeologist A.A. Kovalev, the Roerich Family Museum director, A.A. Bondarenko, Mongolian history and oral literature researcher I.V. Kulganek, Scientific leading worker and Chinggis Khaan and Mongolian history and culture researcher, T.D. Skrynnikova, scientific senior worker and Mongolian linguistics and Oirad philosophy researcher N.S. Yahontova, senior worker of Linguistics Institute and Mongolian language researcher P.O. Rykin, modern Mongolian literature researcher M.P. Petrov, Mongolian and Buddhism history researcher V.I. Uspenski, Geser Epic researcher B.M. Narmaev and other Mongolists, and Foreign Minister G. Zandanshatar, the President's advisors L. Purevsuren and R. Bold, Hamba Lama of Gandantegchinlen Monastery of Mongolia D. Chojamts, Vice President of Scientific Academy of Mongolia, P. Nyamdavaa and director of Historical Institute of Mongolia, S. Chuluunbaatar were present at the breakfast-meeting.

The President said, "Thank you for attendance. The scientific work and studies you are doing is very close to my heart. Saint Petersburg's Institute

is the first center of Mongolian studies in Europe. It may not only be the first one in Europe, but also in the world. Yesterday, I visited the Hermitage, Museum of Anthropology and Ethnography and the Institute for Oriental Manuscript Studies and was amazed what how much Mongolian historical and cultural heritages are kept in Saint Petersburg. A lot of people devote their life and work to Mongolian studies. I think that Mongolian studies are very interesting. Our ancestors were very famous people. Many people read and are interested in Mongolian history. At the period of democratic transition, this number could have decreased a little; but now, it has revived. Nations look back the wisdom of their ancestors when they face troubles. For instance, Mongolians think how Chinggis Khaan could manage a big modern state. At the time, Chinggis Khaan invited wise people to develop architecture, national scripts and culture. However, because some people speak badly about Chinggis Khaan, it connects with today's PR was not there in that period.

Russian scholars and researchers studied Chinggis Khaan from many sides. For example, one of them was Lev Gumilev. I believe that young researchers like him will find more



President and dedicated Mongolists meet for breakfast in Moscow

to study. I talked with President D.A. Medvedev in detail, including Mongolian historical and cultural heritage. I requested him to sponsor the cooperation of researchers and scholars of two countries in this field and he accepted. Now, researchers need to work. I and our government hold a policy to support Mongolian studies and Mongolists abroad. A forum of Mongolists will be organized

on August 9-14 in Ulaanbaatar under the patronage of the Mongolian President. I hope many people will attend the forum. It will ensure contact with new scholars and researchers."

At the end of the meeting, Mongolists I.V. Kulganek and V.L. Uspenski were awarded the 'Friendship' medal and two students were presented with scholarships to study in Mongolia.

IFJ gravely concerned by Mongolian editor's detention

The International Federation of Journalists (IFJ) is alarmed by reports of the continuing detention of Ulaanbaatar Times editor-in-chief Chuluunbaatar Dolgor, who has been in custody since his arrest on March 24.

Chuluunbaatar, 51, was arrested on charges of "illegal privatization and serious damage of public property" for his alleged involvement in the privatization of the newspaper and its offices in Ulaanbaatar in 2008.

At the time, Chuluunbaatar headed the newspaper's management privatization team that was involved in the privatization process being conducted by the Capital City Privatization Commission. He was appointed editor-in-chief in 2008 at a time when the newspaper was in dire financial trouble and its offices had been partly destroyed.

In 2008, Mongolian media reported that the building had been privatized by former President Enkhbayar Nambaryn Enkhbayar was later defeated in Mongolia's May 24, 2009 presidential election. The Ulaanbaatar Times offices had formerly housed the Mongolian Government's printing facility.

Chuluunbaatar, who is also Secretary General of the IFJ affiliate the Confederation of Mongolian Journalists, faces up to 15 years in prison if found guilty. The journalist denies any wrongdoing in the case and claims to have been asked by investigators on several occasions to reveal "who is behind" his actions.

On April 27, medical staff at Detention Centre No. 461, where Chuluunbaatar is detained, confirmed the prognosis that he has serious health

AJA protests detention of prominent journalist

Since March 24, 2011, Dolgor Chuluunbaatar, editor-in-chief of the Ulaanbaatar Times, and Vice-President of Asia Journalist Association, has been in custody, charged with unclear reasons of illegal privatization of a newspaper by the Mongolian government.

Reporters from 'Without Borders' and 'Globe International' have already

expressed great concern over his custody and issued statements raising doubts about the connection between his custody and political interests.

After investigating the actual situation in Mongolia between Mongolian Journalists and the Government, the Asia Journalist Association confirmed that this was obviously an illegal act and therefore issued a formal statement. On Thursday

June 2, the Asia Journalist Association delivered this letter of protest to all those related to Dolgor Chuluunbaatar's illegal custody including Mongolian President, Tsakhiagiin Elbegdorj, Prime Minister, Sükhbaataryn Batbold, and Minister of Justice and Home Affairs, Nyamdorj Tsend, through the Embassy of Mongolia in the Republic of Korea.

AJA releases statement on detention of AJA Vice President

Singapore, May 31 2011 – The Asia Journalist Association ("AJA") with its members across Asia are protesting the detention of Mr. Dolgor Chuluunbaatar, a prominent Mongolian journalist, Vice-President of AJA, and former General Secretary of the Confederation of Mongolian Journalists, by the Mongolian government.

Mr. Chuluunbaatar has been in custody over the privatization of a newspaper and related issues since March 24, 2011. He has been denied the right to an open court trial after his indictment on April 7, 2011. He has also been denied bail sought by his lawyers. AJA seeks his immediate release

as his prolonged detention without trial violates his rights as a citizen.

AJA criticizes the state investigators who used psychological pressure to try to make him incriminate people who the authorities said were behind him in the privatization saga. According to lawyers, this action is illegal and violates the Constitution and the Criminal Procedure Act of Mongolia.

Mr. Chuluunbaatar has refused to do their bidding and insisted that he is innocent of the charges.

AJA expresses its grave concern over the series of situations that put Mr. Chuluunbaatar's life in danger, as he is in poor health and in need of outside

urgent medical treatment.

AJA decries the implicit attempt by authorities to intimidate journalists in its continued detention of Mr. Chuluunbaatar, who has earned his spur as a fighter for freedom of expression and human rights.

AJA stands shoulder to shoulder with the Confederation of Mongolian Journalists in demanding that the authorities respect the freedom of the Press and the human rights of citizens.

AJA will stand by our Vice-President and provide him with both moral and legal support to contest the charges against him in court and eventually see that justice is done

problems requiring urgent treatment by Shagdarsuren private hospital on April 2. The journalist has been denied bail on nine separate occasions.

"The IFJ is alarmed by the refusal to grant Chuluunbaatar bail despite

serious concerns for his health" said Jacqueline Park, IFJ Asia-Pacific Director. We call for his immediate release from detention and full transparency in the case being brought against him."

For further information contact IFJ Asia-Pacific at +61 2 9333 0919, or +61 2 9333. The IFJ represents more than 600,000 journalists in 131 countries. Find the IFJ on Twitter: @ifjasiapacific

Courtesy of Asia Journalist Association

The Asia Journalist Association (AJA) delivered a protest letter to the Mongolian Embassy in Seoul seeking an immediate release of its Vice President Dolgor Chuluunbaatar. Chuluunbaatar, an editor-in-chief of Ulaanbaatar Times, has been accused of illegally privatizing and damaging public property and has been in government custody in Mongolia since March 24.

Representatives of AJA's Korean bureau paid a visit to the Mongolian Embassy on Thursday, delivering the complaint letter to the

Mongolian Ambassador to Korea Gerel Dorgipalam. The letter is to be delivered to the Mongolian president and prime minister.

"We have asked 10 Mongolian reporters about Chuluunbaatar's whereabouts and have confirmed that he is being illegally incarcerated. We hope that our message is delivered to the Mongolian president and those concerned," said Lee Sang-ki, the founding president of AJA, Thursday.

The Mongolian ambassador thanked the visiting party for

taking an interest in the matters of a Mongolian citizen and promised to deliver the letter to the Mongolian president.

Chuluunbaatar has pleaded not guilty to the charges lodged against him on April 7 but has not yet received an open and fair court hearing. His defense counsels have asked continuously for Chuluunbaatar's bail but none of their requests have been accepted. Doctors have also asked for his release claiming that Chuluunbaatar is in poor health and needs urgent medical treatment but

their claims have also been rejected.

The Confederation of Mongolian Journalists contends that the charges against Chuluunbaatar are politically motivated. Organizations such as Reporters Without Borders and Globe International have also made similar claims through a statement.

Dolgor Chuluunbaatar has worked as a reporter in Mongolia for the past 25 years

Source- The Korea Times, 03 June
By Yun Suh-young

The lawyer's advice



Hanns
Seidel
Foundation

In cooperation with Hanns Seidel-Foundation Project Mongolia and its "Legal Education" Academy

-I have a money claim on a cooperative but I have heard that this cooperative is being liquidated. Where can I find reliable information on the liquidation of this cooperative?

-The National Tax Agency announces liquidation of legal persons. So, you should approach the National Tax Agency and State Registration Office. They will give you answers to your questions on the basis of the law's provisions.

-Can a father get leave to care about his child?

An employed mother or father with a child up to 3 years of age can get leave if she/he needs to take care of her/his child. This can take place even when the employee has taken her/his maternity and annual leaves before. A father with a child up to 3 years can also get a leave if he wants to.

When the period of child care leave expires or prior to such expiration, if requested by the employed mother or father, the employer must allow her/him to resume her/his previous job or position. If her/his work or position has been eliminated or staff has been reduced, the employer should assign her/him to another job or position.

-I saw that vocational school tuition fees are included into the list of tax exempt payments. May the fee for driving school also be included in this list?

-Since the provision of the Paragraph 1.13, Article 9 of the Personal Income Tax Law does not apply to driving school fees, this kind of fee is not exempt from taxation.

-Which documents must be presented for receiving child money?

- To receive your child money, you should prepare the following documents:

- A certified copy by a notary of the identity card of the father (mother, guardian or supporter) or a document equally considered;

- A certificate by the Governor of the soum or khoroo certifying the residence in that soum or khoroo;

- If you are appointed a guardian or supporter of the child in accordance to Article 66.1 of the Family Law, a certificate from the Governor of soum or district.

-Where should a female convict serve her sentence? Are there any circumstances mitigating her responsibility?

Female convicts serve their sentences in women's prisons only. Pregnant or minor female convicts are confined separately. The convicts may see their families once a month for a short time and less than eight times a year for long periods. But, if the convicts serve their sentences in correctional facilities of strict regiment, they may have a short meeting once a month and a long meeting once every two months, and receive a parcel once a month. If a female convict gives birth to a child when serving her sentence, she is allowed to be with her child up to one year.

Address : Sukhbaatar District,
Khoroo 6, Sukhbaatar Street
11-2,

Office of the Legal Education
Academy (inside the court of the
Children's Art Center, in the right
side) Tel : 321294



● On June 6, the International Judo Federation (IJF) announced the updated official ratings of the world's top judoists after results of the biggest international tournament such as World Cup, Grand Prix and Grand Slam competitions.

According to the new ratings, 13 Mongolian judoists have been listed in the top twenty that may compete in the Olympic Games.

State Honored Sportsman and World champion Kh. Tsagaanbaatar is still leading the rating of men's 66 kg category with 1,478 points, followed by Alim Gadanov of Russia (1,340 points) and Junpei Morishita of Japan (1,280 points).

State Honored Sportswoman M. Bundmaa has been rated third with 1,292 points in the women's 52 kg category thanks to winning gold at two Grand Slam competitions held in Paris and Moscow. She follows Yuuka Nishida (1,830 points) and Misato Nakamura (1,660 points).

Olympic champion and State Honored Sportsman N. Tuvshinbayar (men's -100 kg) was ranked 15th with 580 points.

● From June 8-11, Peter Ammon, State Secretary of the Federal Foreign Office of Germany is paying a working visit to Mongolia.

Mr. Ammon has meeting scheduled with N. Altankhuyag, First Deputy Premier; L. Bold, Defense Minister and general coordinator for the Mongolia-Germany relations; D. Zorigt, Minister of Mineral Resources and Energy; and some parliamentarians.

On June 9, Mr. Ammon delivered a report themed "Role of mineral security within the foreign policy on economics of the Federal government" in the Ministry of Foreign Affairs. In addition, he is to get up his activities of the organizations cooperation with Germany and will meet with cultural specialists of Germany.

During a meeting to be held with alumni of German universities, Mr. Ammon will present certificates of scholarships to four students to study in Germany.

● Twenty Mongolia's State University (MSU) students have received scholarships from Taiwan's government, for USD500 each. The money is given every year by the Taiwan government since 2001 through its Mongolia-Tibet committee.

At the ceremony on June 6, were some members of Mongolia's government, MPs, students and representatives of Taiwan. Overall, 600 Mongolian students have been received scholarships.

● Mongolia's Federation of Free-Style Wrestling announced the names of wrestlers who will compete in the Wrestling Asian Youth Championships on June 9-12 in Jakarta, Indonesia.

The events will run in weight categories of men's 50, 55, 60, 66, 74, 84, 96, 120 kg, and women's 44, 48, 51, 55, 59, 63, 67 and 72 kg.

The Mongolian team comprises B. Maidar (men's 50 kg), B. Naran (55 kg), T. Tuvshintulga (60 kg), G. Iderkhuu (66 kg), B. Nomindalai (74 kg), Ch. Iderbayar (84 kg), T. Tsebileg (women's 44 kg), Ts. Tsendjav (48kg), E. Davaachimeg (51 kg), B. Nomin-Erdene (55 kg), B. Battsetseg (59 kg), E. Otgon-Erdene (63 kg), O. Oyuntuya (67 kg) and E. Dorjdulam (72 kg). They are coached by Ts. Bayarsaikhan and O. Purevbaatar. International judge Kh. Ganbold will work on the board of judges.

Gala events planned for 'Night of Ballet'

From June 19 to 25, the first-ever festival 'Night of Ballet' will be co-organized in Ulaanbaatar from the 'Development of Mongolia's ballet' fund, Opera and Ballet Theatre, 'Boston Ballet' Theatre of the USA and under the auspices of Mongolia's President and under directorship of Mongolia's Honored ballet dancer, D. Altankhuyag and the US 'Boston Ballet' Theatre's choreographer Roland Petit. On June 19, the best skilled ballet dancers of the world including those from Mongolia, the USA, Canada, Japan, Cuba, Columbia, Great Britain, Argentina, Spain and South Africa will dance together in the opera 'Swan Lake' within frames of the festival. At a June 24-25 gala performance, these skilled ballet dancers are expected to participate.

Aimed at introducing Mongolia's

classic art and culture to the world and introduce classic cultural development to Mongolians, the festival's general sponsor is 'Altjin' Company with the Ulaanbaatar City Government, Ministry of Education, Culture and Sciences, Opera and Ballet Theatre, Togoldor Foundation and others as co-organizers.

On June 8, President Ts. Elbegdorj received Mongolia's honored ballet dancer D. Altankhuyag. At the meeting, dancer D. Altankhuyag introduced the President to preparations for the 'Night of Ballet' festival.

The President in turn, congratulated D. Altankhuyag on inviting famous dancers of many countries to visit Mongolia and organizing this grand event which will make a valuable contribution to Mongolia's classic art and culture, and wished him success.



Ballet organizers meet with the President

A Bastion of Classical Repertory on the Asian Steppe

FOREIGN PRESS ON MONGOLIA

ULAN BATOR, MONGOLIA — The Mongolian State Academic Theater of Opera and Ballet is a pillared, pink, neoclassical building that stands catty-corner to Parliament, with its massive statue of Genghis Khan, and opposite the stock market. Its prime location in the political and economic heart of this capital indicates the unique status occupied by Western classical music in a long-nomadic nation better known for traditional music forms like hoomii overtone singing and the horse-head fiddle.

"Mongolia was a satellite and the mission of a satellite country was to develop the classical arts," said B. Sergelen, the dynamic, Soviet-trained ballerina who is director of the State Academic Theater. "It was symbolic." (Mongolians do not really use surnames, and their patronymics are usually abbreviated to an initial.) From the 1950s on, hundreds of Mongolians went to the U.S.S.R. to train as musicians, composers, singers, dancers and musicologists. And musicians from the Soviet Union moved to Mongolia to help establish conservatories and theaters.

While the Soviet Union was instrumental in spreading classical music to other Communist Asian nations — like China and North Korea — it was obliged to start from square one in Mongolia.

"In the 1950s, we hardly had a single person who knew about Mozart," said Natsag Jantsannorov, a composer who was trained in Kiev and now runs the Arts Council of Mongolia. "Maybe there were two or three. Communism spread classical music. Our success today is directly connected to the Soviet Union."

That success is perhaps best measured by the vitality of the State Academic Theater, which performs 14 operas and 14 ballets a year, with multiple performances given to full houses every weekend from October to July. Operas range from Rossini and Mozart to Puccini and Verdi, and the ballet repertory encompasses major Russian and French works, among others.

The theater maintains a full chorus, solo singers and dancers, a corps de ballet, designers, directors and craftsmen, and a single hardworking orchestra that plays at ballets and

operas alike, often performing from hand-copied scores. Many performers are Soviet-trained and Ms. Sergelen, the director, is eager to maintain her theater as a bastion of classical repertory and style out on the steppe.

"I want to save the tradition," she said. "We keep the old style. Many people ask me why aren't you more modern? I think there are two styles: One theater saves everything, one changes everything. My management is saving." This conservative approach means that the State Academic Theater has produced the same "Carmen" for 30 years.

"Many people come to see my 'Carmen' from France and they cry. It's nostalgic," Ms. Sergelen said. When she produced a short version for children, she added, "my people were very unhappy."

While the core repertory is Western, the theater also promotes the creation of original Mongolian works and keeps close ties with Mongolian composers.

The first Mongolian opera, "Three Dramatic Characters," remains one of the most popular and is performed several times a year, often opening and closing the season. The opera's libretto was written by Ts. Natsagdorj (1906-1937), often called the father of Mongolian literature, and the music was written by one of the nation's first classical composers, B. Damdinsuren (1919-92). It is a story of thwarted love cloaked in socialist values featuring Mongolian wrestling and long songs.

The opera "Chinggis Khan" by B. Sharav explores the great Mongol leader's early years and is performed each season, as is Kh. Bilegjargal's "Tears of a Lama." Mr. Jantsannorov is at work on an opera about Zanabazar, the revered 17th-century artist and "god king," which he hopes will promote Buddhist music in opera as a counterbalance to the pervasive influence of Christian traditions.

National themes also make up a significant portion of the State Academic Theater ballet repertory, among them "Three Hills of Misfortune" by J. Mend-Amar and "The Skilled Khas" by J. Chuluun. The theater is preparing the premiere of a ballet about Attila the Hun that has a distinctly Mongolian spin.

"It is a little bit different than



'Aida' opera

'Attila' the opera," said the composer, A. Batdelger, referring to Verdi's work. Mr. Batdelger was a dancer at the Kirov Ballet School before turning to writing ballets. "Attila was not just a violent person who liked blood. According to historic fact, he was very smart, very intellectual, very polite. I want to show this side."

The ballet is set in 453, the last year of Attila's life, during the invasion of Italy. Attila died in bed on his wedding night, with one account saying he choked on blood from a nosebleed and another that his captive wife murdered him in revenge. "He is fighting against death," Mr. Batdelger said. "It isn't clear who wins the battle: Attila or death."

Adding a new ballet and opera each year is a major financial challenge for a theater that runs on a budget minimal by the standards of world opera houses and in a nation with only three million people, about a third of whom live in the capital. Costumes and sets are designed and made in house with materials purchased in China. In early April, four women were sewing bejeweled gowns for the premiere of Verdi's "Aida" while a team of men painted backdrops and built papier-mâché pyramids. (The pyramids were then covered with fiberglass so they can withstand the heat if, as currently planned, "Aida" is staged in the Gobi Desert in the summer of 2012.) Most of the theater's budget comes from the government, but there is a movement to create a way to finance

the arts here more thoroughly.

"Classical arts have to have support," said Yondon Otgonbayar, the minister for education, culture and science. "But when you are being supported, you become a domestic animal."

To help with expenses and to pay the theater's 265 employees — some of whom live in urban yurts, cooking over open fires and finding water where they can because they can't afford apartments — Ms. Sergelen is seeking support from commercial enterprises and foreign embassies.

She has also made exchange agreements with the Verdi Conservatory and La Scala Academy in Milan, and young dancers are again being sent to train in Russia.

To develop new audiences, the theater conducts outreach activities in city schools and country towns and stages youth-oriented concerts, like a "pop opera" night of famous arias and flashy effects. Mongolia's mining-fueled economy has begun to boom, leading to increased interest in and support of the arts at home and from abroad.

The support may help Ms. Sergelen realize her ultimate dream of doubling the salary of everyone in the theater, from janitors to divas. "They love music and I love this theater," she said. "Mongolia is now popular, not only geographically, but economically. I have to use this chance."

Source: By SHEILA MELVIN, New York Times, June 7, 2011

What's on June 10-17

OBT=Opera/Ballet Theatre; TDMA=Tsagaan Darium Museum/Art Gallery; ZFAM=Zanabazar Fine Art Museum; UMA=Union of Mongolian Artists; XAG=Xanadu Art Gallery

Fri 10 9am-6pm Sky Ballad exhib (ZFAM)
10am-7pm My Motherland exhib (UMA)

Sat 11 9am-6pm Sky Ballad exhib (ZFAM)
9am-6pm Composition exhib (ZFAM)
Noon-7pm Night Moon exhib (XAG)
5pm D. Luvsansharav concert (OBT)

Sun 12 9am-6pm Sky Ballad exhib (ZFAM)
9am-6pm Composition exhib (ZFAM)

5pm Ballet evening (OBT)

Mon 13 9am-6pm Sky Ballad exhib (ZFAM)
9am-6pm Composition exhib (ZFAM)
11am-10pm Night Moon exhib (XAG)
4pm 1st Roaring Hooves concert (Nat Museum steps)

Tues 14 9am-6pm Composition exhib (ZFAM)
9am-6pm Sky Ballad exhib (ZFAM)

Wed 15 9am-6pm Composition exhib (ZFAM)
9am-6pm Sky Ballad exhib (ZFAM)
10am-6.30pm Oilan exhibition (TDMA)

Thurs 16 9am-6pm Sky Ballad exhib (ZFAM)
10am-6.30pm Oilan exhibition (TDMA)

Fri 17 9am-6pm Sky Ballad exhib (ZFAM)
10am-6.30pm Oilan exhibition (TDMA)

Tengis Movie Theater
Thor; Kung Fu Panda-2; Pirates of the Caribbean-4; Hangover-2

Live Music
City Nomads (7.30pm): nightly Altain Orgil
Detroit Bar (9pm): Wed One Way; Fri UFO
Grand Khan (9pm): Mon Ganga; Tues Lemons;
Wed Khulan; Thurs One Way; Fri-Sat Beer
Ikh Mongol (9.30pm): Tues L-Guards; Wed Fire;
Thurs Altan Urug; ri Fire; Sat X-Vit; Sun Altan Urug
Strings (10.45pm): nightly Ka-24



Giselle ballet