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## Politics

# Speaker Z.Enkhbold on official visit to Japan

February 23 (gogo.mn) Speaker of State Great Khural S.Enkhbold is on official visit to Japan on 23-27 of February by an official invitation of N.Machimura, Speaker of the Parliament Chamber of Japan.

During the official visit Speaker Z.Enkhbold is to meet with N.Machimura, Speaker of the Parliament Chamber of Japan, M.Yamazaki, Head of the Parliament Councilors Chamber, Prime Minister Shinzo Abe and Emperor and Empress of Japan.

Also he is expected to meet with S.Eda, Head of the Mongolia-Japan Parliament Councilors Chamber, K.Nishikava, Minister of Agriculture, Forest and Fishery, Itochu Foods LLC Management, Mongolia-Japan Peace Society Management, Japan Economic Organizations Federation management, H.Watanabe, President of Japan Bank of International Cooperation, A.Tanaka, President of JICA and Government officials of Gunma province.

Moreover, during his stay in Japan Z.Enkhbold is to visit Chiba University Nature and Health Center to explore the hydroponic technology.

Another interesting visit will be at the Japanese Science Palace and Toyota Exhibition in Tokyo to see the Mirai hydrogen operated car and visit the hydrogen gas manufacture.

## Speaker Meets President of Japan House of Councillors

Ulaanbaatar, February 24 (MONTSAME) The Speaker of Mongolian parliament Z.Enkhbold met on Tuesday with the President of the House of Councillors of Japan Mr M.Yamazaki.

Mr Yamazaki thanked the Speaker for paying the official visit to Japan. "Our two nations have been co-existing peacefully over the course of the history," he said and emphasized a role of the parliamentary groups in the high level of the relations achieved so far. He expressed a satisfaction with Mongolia's giving a priority to the relations with its "Third neighbors" and a gratitude to the Mongolian Government for its support for Japan in being selected as the host country of the Olympic Games of 2020. "I wish that the ties between the two nations would expand through the major sports events," he added.

In response, Mr Enkhbold said the House of Councillors, its members and the Mongolia-Japan inter-parliamentary friendship group members are making an active contribution to the development of the bilateral relations, and expressed a satisfaction with the consolidation of trust in the political relations and in the development of the relations of cooperation between the two countries. Mongolia aspires to deepen the relations with Japan in politics, economy, trade and investments, in accordance with the principles of



the Strategic Partnership, he went on. "The State Great Khural has ratified the Economic Partnership Agreement signed by the two Prime Ministers in a relatively short time, and is interested in taking Japan's support on uses of the Japanese technology in the mining exploration and exploitation and in producing value-added products."

Japan's participation is readily accepted in the major projects programs to be implemented in Mongolia, he said. Mongolian Government is focusing on activating the husbandry and agriculture, on production of pure ecological products through standardized procession of agricultural materials, and on seeking Japan's cooperation in this, he said.

The Chairman of the State Great Khural Enkhbold also said Mongolia will support Japan's seeking a membership in the UN Security Council, "we highly recognize Japan's contribution to the actions of the United Nations". Then he invited Mr Yamazaki to Mongolia.

Present at the meeting were also Speaker's adviser A.Gansukh; the head of Mongolia-Japan Friendship Group D.Gankhuyag MP; a vice-head of the group Su.Batbold MP; N.Battsereg and J.Batzandan MPs; the Ambassador Extraordinary and Plenipotentiary of Mongolia to Japan S.Khurelbaatar. After the meeting, the delegates legged the Chamber of Japan's parliament.

## **Z.Enkhbold Meets Speaker of House of Representatives**

Ulaanbaatar, February 24 (MONTSAME) Within the official visit to Japan, the Chairman of the State Great Khural (parliament) Z.Enkhbold met Tuesday with Mr Nobutaka Machimura, the Speaker of the House of Representatives (lower house of parliament) of Japan, in Tokyo.

Mr Machimura said he is glad to meet with the Speaker of Mongolian on the day of the 43rd anniversary of the diplomatic relations, and underlined that a signing of the Economic Partnership Agreement was an important step to forward the bilateral friendly relations.

He said the Japan-Mongolia relations and cooperation started this year with a great success, for example, governors of all provinces of Mongolia visited Japan to share experiences and the Prime Minister Ch.Saikhanbileg paid a working visit to Japan. Inter-citizen ties have been brought into a newer level, and the bilateral ties can go higher, Mr Machimura said, adding that Japanese parliament will make big efforts for the sake of the bilateral relations.

Mr Enkhbold thanked the Speaker of the House of Representatives for the audience and noted that developing of the relations and cooperation with Japan is one of the priorities of Mongolia's foreign policy. He also emphasized that the State Great Khural attaches a great importance to the ties and cooperation with Japan, our "Third Neighbour".

He went on that the House of Representatives of Japan's parliament, its members, and members of the Japan Mongolia group at the Liberal Democratic Party (LDP), headed by Mr M.Hayashi, have significantly contributed to the development of the bilateral



relations. He expressed a satisfaction with a strengthening of the mutual trust and widening of the relations and cooperation thanks to the joint efforts.

Mr Enkhbold also said Mongolia wants to deepen the ties in politics, economy, trade and investment spheres in accordance with the strategic partnership principle, and hoped that Japan will support Mongolia in exploiting the Japanese latest progressive and environmentally-friendly technologies in industry, infrastructure, mineral exploration and extraction.

Mongolian parliament recently ratified the Economic Partnership Agreement, signed by the two Prime Ministers, "this document is of high importance in intensifying the ties between two private sectors, in augmenting investments, in creating a basis for the mutually-beneficial and complementary economic ties," he said.

Noting that the inter-citizen ties plays a main role in the relations, Mr Enkhbold hoped that the Japanese side will take specific measures for facilitating the terms for Mongolians in visiting Japan and for exempting Mongolians from the visa requirement.

He said he is happy with undertaking first steps for this issue during the talks between the two countries' PMs and a meeting between the Mongolian PM and members of the Japan-Mongolia group at the LDP.

Mr Enkhbold said Mongolia wants to receive support from Japan in preparing professional cadres and in increasing a number of Mongolian students to study in Japanese universities with Japanese governmental scholarships.

Mongolia and Japan develop the ties at the international arena, they support each other, Enkhbold noted and emphasized that Mongolia always appreciates Japan's contribution to the United Nations and that it will back Japan's seeking a permanent membership in the UN Security Council.

The Speaker also invited Mr Machimura to Mongolia. Present at the meeting were N.Battsereg MP, a member of Mongolia-Japan inter-parliamentary group; S.Batbold, head of the parliamentary Standing committee on environment, food and agriculture and deputy head of the inter-parliamentary group; D.Gankhuyag MP, a head of the inter-parliamentary group; J.Batzandan MP, a member of the inter-parliamentary group; S.Khurelbaatar, the Ambassador of Mongolia to Japan; A.Gansukh, an advisor to the Speaker; and other officials.

## **Chairman of SGK receives head of Mongolia-Japan friendship group**

Ulaanbaatar, February 24 (MONTSAME) The head of the Japan-Mongolia parliamentary friendship group S.Eda paid Tuesday a courtesy call on the Chairman of the State Great Khural Z.Enkhbold.

The Speaker expressed a satisfaction with meeting the members of the friendship group, who make enormous contribution to the development of Mongolia-Japan relations and cooperation in all sectors. In response, Mr Eda said that he is happy to meet again with the Speaker, on the occasion of the 43rd anniversary of the diplomatic relations between the two countries, recalling their meeting in August of 2014. The recent visits of the PM Ch.Saikhanbileg and of the Speaker of Mongolian Parliament indicate the upgraded relations of Mongolia and Japan. "The House of Councillors will put efforts to



make strides in the development of the relations,” he said and expressed a gratitude for the fact that 54 Mongolian MPs are the members of the Mongolia-Japan friendship group.

Noting that the Economic Partnership Agreement was ratified by our parliament in a short time and expressed his expectation that the Japan-Mongolia group will have the parliament ratify it soon. He thanked the gathered for strengthening the traditional ties between the two countries' legislatures. Mr Enkhbold appreciated the upcoming opening of the “Sky, Sun, Partnership” calligraphic exhibition in Japan, and informed that the head of the inter-parliamentary group of Mongolia-Japan in the State Great Khural D.Gankhuyag MP and his deputy Su.Batbold MP will be attending this ceremony.

The Japanese MPs, including Mr Iwaki, a member of Liberal Democratic Party, and Mr Yamada, a member of Democratic Party, wished the Speaker a success and expressed a support for the ratification of the EPA.

Members of the State Great Khural and of the Mongolia-Japan Friendship Group N.Battsereg, Su.Batbold, D.Gankhuyag and J.Batzandan expressed their views on the inter-parliamentary relations between the two countries.

The Speaker noted that he is satisfied with the consolidation of trust in political relations and the intensification of bilateral relations and cooperation in various spheres thanks to the mutual efforts in the recent years. The exchange between the legislatures and the cooperation in spheres of politics, economy, culture and education must be intensified, he added.

## **Speaker of Parliament of Mongolia Meets Prime Minister of Japan**

February 25 (infomongolia.com) Mongolian parliamentarians headed by Speaker of the State Great Khural (Parliament) Mr. Zandaakhuu ENKHBOLD are conducting an official visit to Japan on February 23-27, 2015.

In the frameworks of the visit, Speaker Z.Enkhbold held a meeting with the Prime Minister of Japan Shinzo Abe on February 24, 2015.

At the beginning of meeting, Premier Sh.Abe noted, “I am pleased to welcome the Chairman of the State Great Khural on your visit that coincides on the day of the establishment of diplomatic relations back in 43 years ago. Your current visit gives an impetus to the development of bilateral political and economic partnership”.

In his remarks, Speaker Z.Enkhbold noted, “The People and Government of Japan have been supporting and assisting Mongolia's democracy and reform from the early beginning that has been highly evaluated and appreciated by the People and Government of Mongolia. The “Dynamic” and “+Dynamic” initiations proposed by the Premier Abe are considered vital in terms implementation and its role. The State Great Khural has ratified the Economic Partnership Agreement (EPA) and we believe the Japanese Parliament would accredit the Agreement soon”.

In turn, Sh.Abe said, “Japanese investors are keen to invest into Mongolia and thus, we hope the Speaker of Mongolian Parliament would particularly pay attention on this issue to create a favorable investment climate. We appreciate the State Great Khural that approved the EPA shortly and our Parliament is also working to ratify near future”.



Concluding the meeting, Speaker Z.Enkhbold requested the Prime Minister of Japan to advocate Japanese companies interested to participate in the project of constructing railway in eastern region of Mongolia, where Japanese "Nippon Steel" company has already offered to supply Mongolia with railway rails. Speaker also added, "Mongolia alone produces 40% of total raw cashmere on world market, but only 10% is being processed. Therefore, we are interested to supply world market with 40% of end-product collaborating with Japan by introducing your technology".

On the same day, Speaker Z.Enkhbold held a meeting with the Chairman of Mongolia-Japan friendship group at the House of Councilors of Japan, Mr. Satsuki Eda and during the meeting, the latter part said members of House of Councilors of Japan are satisfied with the established EPA.

## Speaker pays Courtesy Call on Emperor of Japan

Ulaanbaatar, February 25 (MONTSAME) On the sidelines of his visit to Japan, the Chairman of the State Great Khural Z.Enkhbold paid a courtesy call on His Majesty the Emperor of Japan Akihito and the Empress Michiko on February 25.

His Imperial Majesty thanked Enkhbold for paying the official visit and expressed a heartfelt satisfaction with the Japan-Mongolia close relations. He also thanked the Mongolian Legislature for having ratified the Economic Partnership Agreement immediately after the signing, "it will boost the economic relations of the two countries". After this he asked Mr about landscape and climate of Mongolia and wished Mongolia prosperity, development, happiness and well-being.

"I am truly honored to have a chance to meet You. I am paying an official visit here by the invitation of Mr Machimura, the Chairman of the House of Representatives of Japan," said the Chairman of the State Great Khural.

Mongolia made a democratic revolution 25 years ago, renewed its political and social orders, transferred to the market economy, and founded the new development basis, he said. Japan's assistance and active support for Mongolia's democratic transition are highly respected and valued by the State of Mongolia, he stressed.

Mongolia-Japan relations are being forwarded through the Strategic Partnership. "Political talks, regional cooperation, cultural and public diplomacy are expanding every year. The EPA inked by the two Prime Ministers started a new level of relations in trade and economy," he went on.

"I would like to highlight the enormous contribution of Your Royal family to the consolidation of friendly atmosphere in the bilateral relations. Visits of the Princes Akishino-no-miya and Naruhito to Mongolia are warmly remembered by the Mongolians," he said.

He invited His Imperial Majesty to visit Mongolia whenever suits the Emperor, mentioning that he recalls the Mongolian Ambassador's saying that the Emperor is quite interested in seeing Mongolia. The Speaker also offered good wishes to the Emperor and Empress.

He was accompanied by the Ambassador Extraordinary and Plenipotentiary of Mongolia to Japan Mr S.Khurelbaatar.



## Speaker Meets Keidanren Authority

Ulaanbaatar, February 26 (MONTSAME) In frames of the official visit to Japan, the Speaker of parliament Z.Enkhbold Wednesday received Mr Toshiaki Egashira, the chairman of the Committee on Social Security of the Japan Business Federation (KEIDANREN).

Thanking the Speaker for receiving him, Mr Egashira expressed a willingness of the KEIDANREN to intensify cooperation with Mongolia. "Widening of the bilateral relations is enhancement of the basis of our ties," he said and emphasizing that the Top Legislator and MPs of Mongolia significantly contributed to the establishment of the Economic Partnership Agreement (EPA).

He is confident that the EPA will expand our economic ties. The Japanese companies want to collaborate with Mongolia in the mining sector which amounts to some 80% of Mongolia's export, to collaborate in introducing Japanese management and administration know-how, Mr Egashira said. Management and administration trainings through the Japan-Mongolia Center have involved 11 thousand people so far, he added. The Speaker said he is glad to meet the KEIDANREN authority and underlined that a developing of multilateral relations and cooperation with Japan is one of the priorities of Mongolia's foreign policy, and that Mongolia attaches a great importance to the ties with Japan.

Expressing a satisfaction with the bilateral relations, widening in accordance with the strategic partnership principle, the Speaker said Mongolia wants to bring the economic ties into a newer level by enhancing the relations between private sectors and by augmenting investments.

He hopes that Japanese parliament will ratify soon the EPA, already ratified by the Mongolian parliament, saying that the document will activate Mongolian and Japanese private sectors. "It is important to support the private sector because our countries have the democratic and market economy system. Likewise the industrialization, the EPA is vital for our economic cooperation," Enkhbold said.

In realizing a concept of Mongolia's national development, very important are techniques and technologies, staffers trainings, and investments, he went on and asked the KEIDANREN to be initiative in introducing progressive environmentally-friendly techniques and technologies, manufacturing and exporting value-added products, in realizing mutually beneficial mega projects on marketing support.

Putting mineral resources into economic circulation and augmenting the value adds will be a big impetus to Mongolia, "so we want to introduce environment rehabilitation hi tech within a 'Cool Japan' policy and 'Developmental pure mechanism' initiative on reducing greenhouse gas, to use renewable energy, and to cooperate with the KEIDANREN in other spheres," the Speaker said.

He also said Mongolia would like to closely cooperate with the KEIDANREN and its member-organizations in attracting investments, learning and using Japan's technologies for erecting processing factories, also its knowhow, business experience and management in order to widen the bilateral trade and economic cooperation, to intensify export-oriented and import-substitution national productions, to introduce new technologies, and to create new jobs. Mongolia aspires to cooperate with Japanese



companies in constructing railways in its eastern region and to introduce the Japanese high tech for producing value-added cashmere goods, he added.

Present at the meeting were members of Mongolia-Japan inter-parliamentary group; S.Khurelbaatar, the Ambassador of Mongolia to Japan; A.Gansukh, an advisor to the Speaker.

## **Speaker meets JICA president**

Ulaanbaatar, February 27 (MONTSAME) The Chairman of the State Great Khural (parliament) Z.Enkhbold Friday received Mr Akihiko Tanaka, the president of the Japan International Cooperation Agency (JICA), in frames of his official visit to Japan.

Expressing thanks to the Speaker for receiving him, Mr Tanaka concluded that the visit of the Speaker of Mongolia has been successful. The JICA has been running its activities in Mongolia for many years, and the sides have a significant history of the cooperation, he emphasized.

In response, the Speaker said he is happy to meet the authority of the JICA that has been significantly contributing to an economic development of Mongolia for over 20 years. Loans and assistance given by Japan's government also have contributed to strengthening the democracy of Mongolia, forming the social-economic new system and a basis of modern development, "and the government and people of Mongolia always thankful for it to Japan," Mr Enkhbold said. The JICA played a main role in realizing activities with the aid and loans from Japan, he said.

The Speaker also thanked the JICA for implementing a four-phase project on constructing annexes of school buildings with the non-refundable aid of developmental official aid, as well as a project on creating a Mongolia-Japan joint training hospital.

Mr Tanaka underlined an importance of establishment of the Economic Partnership Agreement (EPA) that will boost the bilateral economic ties, and said the JICA wants to deepen the relations with Mongolia. He said he will make all efforts to realize works proposed by the Speaker.

Present at the meeting were members of Mongolia-Japan inter-parliamentary group; S.Khurelbaatar, the Ambassador of Mongolia to Japan; A.Gansukh, an advisor to the Speaker; and others.

## **Speaker receives Mitsubishi Senior Vice President**

Ulaanbaatar, February 27 (MONTSAME) The Senior Vice President of Mitsubishi Corporation and the Chief Operating Officer of Mineral Resources Investment Division Mr Kanji Nishiura paid a courtesy call on the Speaker of Mongolian Parliament Mr Z.Enkhbold on February 27.

The Mitsubishi COO thanked the Speaker for paying a visit to Japan and said they are cooperating with Mongolians in an implementation of the Ulaanbaatar international airport project.

In response, Mr Enkhbold emphasized that the contributions of Japan's investors and companies are of high importance in the development of the bilateral relations. He



inquired about and exchanged his views on certain matters regarding the Corporations' cooperation in the above project as the main executor. "This project will commission the airport in accordance with appropriate timing and regulations, I hope, and I will appreciate if Mitsubisinithi Corporation participates also in many other mega projects and lead other foreign investors and private entities in investing in and cooperate with Mongolia," he said.

Present at the meeting were the members of the Mongolia-Japan Friendship Group in the State Great Khural, an adviser to the Speaker A.Gansukh, and Ambassador Extraordinary and Plenipotentiary of Mongolia to Japan S.Khurelbaatar.

## *Law*

# Mongolia to approve Draft Law on Casino

February 24 (business-mongolia.com) The Mongolian Parliament would approve draft law on Casino by the Spring Session of the State Great Khural. The new draft law was proposed for the State Great Khural from the Government of Mongolia, after discussing several times by the Cabinet Ministers Meeting.

The first draft stated that only foreign nationals and stateless body over 21 years old can enter to the casinos in Mongolia. The exact locations of planned casinos are not settled yet, but highly considered location is Zamyn Uud, a border town to China, because the another law on Zayn Uud economic free zone stated that casino can operate in the Zamyn Uud free zone.

There are only two legal entities will receive casino licenses and license fee is 35 billion MNT. The lawmakers informed that according to the revenue projection based on the given parameters, the casino is expected to bring 138 billion MNT for the first year and 74 billion MNT in the succeeding years on average. If two casinos are in operation this revenue would double.

Also, Government agency "Casino Regulatory Committee" would be formed in order to provide adopting regulations, issuing and extending the license and monitoring the industry.

Casino can attract approximately US\$500 million as investment. The casino is projected to have 80 tables, 1500 slot machines, making US\$124 million revenue and providing 800 workplaces with salary of MNT 2 million on average.

The State Great Khural will discuss the draft law during its spring session.

Late 1990s, the Mongolian Parliament and its MPs experienced big scandal over the casino law approval, jailing numerous decision makers over the bribery accusation.



# Spokesperson for EU Foreign Affairs and Security Policy States on Mongolia's Recent Ratification in Promoting and Respecting Human Rights

February 25 (infomongolia.com) On December 11, 2014, the State Great Khural (Parliament) of Mongolia ratified the bill on the "Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, and the International Convention for the Protection of All Persons from Enforced Disappearance".

Accordingly, the Spokesperson for EU Foreign Affairs and Security Policy, Maja Kocijancic made a statement regarding Mongolia's recent ratification in promoting and respecting human rights.

Statement by the Spokesperson on the ratification by Mongolia of two key human rights instruments:

Mongolia's recent ratification of both the Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, and the International Convention for the Protection of All Persons from Enforced Disappearance is an important step in promoting and respecting human rights at the international, regional and domestic level. The EU stands ready to assist Mongolia in the full implementation of these key human rights instruments.

The EU encourages all countries worldwide which have not yet done so to ratify the Optional Protocol and the International Convention for the Protection of All Persons from Enforced Disappearance and to respect their provisions.

Brussels, Belgium

February 20, 2015

## MPs work in Mandal soum

Ulaanbaatar, February 25 (MONTSAME) A head of the parliamentary Standing Committee on petitions O.Baasankhuu MP together with S.Ganbaatar MP visited Mandal soum of Selenge aimag Wednesday morning to see those locals who have raised the issue of Noyon Mountain.

The MPs will these February 25-27 to get au fait also with implementation of the law on ports and with the free trade zone of Altanbulag.

At the morning meeting with the MPs, the Mandal soum's people proposed including the Mountain in the list of natural reserves. A part of the Mountain--the Gatsuurt gold deposit--has been recently resolved to become a deposit with a strategic importance. The local inhabitants said they had submitted to the province's heads petitions against intended mining activities around the Mountain, and added that if they do not receive a positive reply, they will express their protest in Ulaanbaatar this March.



## *Foreign Affairs*

# **Minister of Foreign Affairs of Democratic People's Republic of Korea pays official visit**

February 23 (gogo.mn) Ri Su Yong, Minister of Foreign Affairs of Democratic People's Republic of Korea is visiting Mongolia during February 22-25 by the official invitation of L.Purevsuren, Minister of Foreign Affairs of Mongolia.

During the official visit Ri Su Yong to meet with President of Mongolia Ts.Elbegdorj and Prime Minister Ch.Saikhanbileg and held official negotiations with Minister of Foreign Affairs L.Purevsuren. Also the visit provisions the meeting with R.Burmaa, Minister of Food and Agriculture and Head of the Mongolia and North Korea Councillor Committee on Economic, Science and Technical Partnership.

Negotiation meeting is to cover issues regarding the political, economical, cultural, humanitarian and labour relations and partnership and proceed with talks on Ulaanbaatar Negotiation on North East Asia Safety, regional and international partnership and renew the MOU between two Foreign Ministries.

Ri Su Yong, Minister of Foreign Affairs of Democratic People's Republic of Korea graduated Pyongyang University, has been the Ambassador Extraordinary and Plenipotentiary to Lichtenstein, Netherlands and Switzerland and has worked as Representative at UN in Geneva.

# **Ambassador to Monaco presents credentials**

Ulaanbaatar, February 24 (MONTSAME) The Ambassador Extraordinary and Plenipotentiary of Mongolia to the Principality of Monaco Mr M.Batsaikhan presented on February 19 the letter of credence to the Prince of Monaco Albert the Second.

The Ambassador conveyed the greetings of President Ts.Elbegdorj to the Prince and said Mongolia wants to intensify the cooperation in culture and environment protection and to stabilize ties and talks between related bodies so as to give greater significance to the cooperation in decreasing the global warming. He also said Mongolia intends to take an active part in the United Nations Climate Change Conference which will run in Paris this year.

In response, Prince Albert expressed a satisfaction recalling his visit to Mongolia in 2009 and emphasized that Monaco also gives great significance to the Conference.

After this, the dignitaries discussed ways of the cooperation in archaeological researches, in organization of Mongolian Culture Days in Monaco, and in the projects for preserving cultural heritage.

The Prince replied to the greetings of Ts.Elbegdorj and wished the Ambassador an utmost success in his mission.



Mongolia was selected in 2008 as a cooperation partner to the Development Cooperation by the Government of Monaco. In its scope, projects on national cadres training, on the fight against Cultural Heritage Trafficking and on Improving Health Services of Physical Therapy have been implemented successfully.

## **Ambassador to UAE presents credentials**

Ulaanbaatar, February 27 (MONTSAME) The Ambassador Extraordinary and Plenipotentiary of Mongolia to the United Arab Emirates (UAE) Mr S.Enkhbat Wednesday presented the diplomatic credentials to Sheikh Mohammed bin Rashid Al Maktoum, the UAE Vice President and constitutional monarch of Dubai.

After this, the Ambassador conveyed greetings of Mongolia's President to Sheikh Mohammed bin Rashid Al Maktoum and said he will make all efforts to widen the relations between Mongolia and the UAE.

He briefly highlighted nowadays development of Mongolia's foreign policy and social-economy and expressed a willingness of Mongolia to implement mutual visits in order to activate the bilateral relations and cooperation and to boost the latter in economy, investments, culture, education and other spheres.

## ***Foreign Trade***

### **Mongolia's Foreign Trade Review as of January 2015**

February 23 (infomongolia.com) On February 23, 2015, the Central Bank of Mongolia released Mongolia's Foreign Trade Review as of January 2015.

Total trade turnover: 720.0 million USD

As of January 2015, the total cumulative trade turnover increased by 9.4% (USD 61.7 millions) from that of the previous year and reached USD 720.0 millions. The increase in the trade turnover was due to the increase in exports by USD 151.5 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 65.6% or USD 472.7 millions and (ii) trade with Russia: 12.3% or USD 88.3 millions. The trade volume between Mongolia and China increased by 13.0% and while the trade volume between Mongolia and Russia decreased by 2.2%.

Trade balance: 225.4 million USD

As of January 2015, the cumulative trade balance improved by USD 241.3 millions from that of the previous year and reached USD 225.4 millions. During the reporting period the total exports increased by 47.2% from that of the previous year, imports decreased by 26.6% from that of the previous year, thus the trade balance improved by USD 241.3 millions.



The value of the three-month moving average of the difference of annual growth rates of exports and imports has been decreasing recent years. But since the beginning of 2014, growth in exports increased and growth in imports decreased respectively that showed an annual growth rate difference. Consequently, the total turnover growth remains constant level.

Trade balance of paid trade flows: 223.7 million USD

The state of the trade balance of paid trade flows is one of the main variables that determines the pressure on the domestic foreign exchange market.

As of January 2015, the trade balance of paid trade flows reached USD 223.7 millions. During the reporting period, paid imports decreased by 29.0%, and paid exports increased by 41.9% from that of previous year.

Terms of trade: 1.770 (test estimation)

As of January 2015, terms of trade index (2012 base year) increased by 21.4% from that of the previous year and reached 1.770.

This increase in the terms of trade is mainly attributed to the decrease in import prices of fuels and machinery and increase in export price of copper concentrate.

#### EXPORT

Composition: 89% + 11%

The share of mineral exports in total exports increased by 1.7 points from that of the previous year and reached 89%.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 76% of total exports and 86% of mining exports.

In addition, these 4 products' share in the mining exports increased by 4.3 points from that of the previous year, share in the total exports increased by 2.4 points.

Growth: +47.2%

Mongolian export increased by 47.2% from that of the previous year, which was mainly affected by increase in mineral exports. Exports of copper concentrate increased by 179%, which accounted for 59% in growth of mining export. On the other hand, coking coal, iron ore and crude oil export decreased by nearly 37%, 34% and 33% respectively, which accounted for 17% decrease in the growth of mining export.

#### Changes

As of January 2015, Mongolian export increased by 151.5 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 132.3 millions) and increase in export commodities' prices (USD 19.2 millions).

Because of the increase in crude oil quantity and copper concentrate export, mining export increased by 189 millions USD. On the other hand, because of decrease in prices of coal, iron ore and crude oil, mining export declined by 62 million USD.

Cashmere, cashmere products' export decreased by 3 million USD, while other exports increased by 26 million USD.

World market prices for primary commodities

As of January 30, 2015, gold price reached 1,283.8 USD, decreased by 3.2% from that of the previous year and by 8.4% from that of the last month.

As of January 30 2015, copper and iron ore prices reached 5,541.0 USD and 64.0 USD, decreased by 13.0%, 7.2% from that of the previous month respectively.

#### IMPORT

Composition: 34% + 31% + 25%



As of January 2015, 34% of total imports were consumer goods, 31% were capital goods and 25% were fuels.

Share of the capital goods in total imports decreased by 6% from that of the previous year, while the share of fuels increased by 6%.

Growth: -26.6%

Mongolian imports decreased by 26.6% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 14% of the total decrease, and consumer goods imports which equals to 8% of the total decrease.

Capital goods and consumer goods imports decreased by 38% (47 millions USD) and 23% (26 millions USD) respectively. Thus total import decreased from that of the previous year.

Breakdown

Main contributors of decrease in consumer goods import were both in durables and non-durables. Passenger cars import decreased by 29% (8 million USD) and foods import decreased by 22% (10 million USD).

Capital goods import decreased by 38% (47 million USD) which was mainly contributed by 38% decrease in machinery, equipment and supplies (30 million USD). In addition, import of construction materials decreased by 44% (13 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 35% (14 million USD).

Fuels import decreased by 6% (4 million USD). The border price of oil has been decreasing since the end of 2013. In parallel with global oil market price, it declined sharply in last 4 months, reaching the lowest level since 2010.

Import of the consumer goods

The growth of consumer goods import, calculated by 3 month moving average method, is constantly declining.

Even though the import growth of non-durable consumer goods was relatively stable, that of durable consumer goods was declining by the bigger phase.

## **Mongolia wants free trade with Korea**

March 1 ([koreatimes.co.kr](http://koreatimes.co.kr)) Mongolian Ambassador Baasanjav Ganbold expressed hope that negotiators from his country can sit down with Korean representatives soon to begin talks for a free trade agreement.

The proposal came amid Asian country's attempts to diversify its trade relations with countries other than its two key partners — China and Russia — as a counterbalance. If the trade pact is signed, Korea will be the second country to have such a pact with Mongolia, following Japan.

"As Mongolian ambassador to Korea, I hope that the two countries can sign the Economic Partnership Agreement (EPA) as we signed it with Japan earlier this year," Ambassador Ganbold told The Korea Times at the Korea Trade Investment Promotion Agency (KOTRA) in Seoul on Feb. 25.

"Compared with other countries, for example China, I believe Koreans have no reason to be concerned about the pact with Mongolia because the two economies are complimentary."

Korean farmers fear that the Korea-China free trade agreement, which the two sides



concluded last year, would drive them out of business once it goes into effect. Ganbold was optimistic about EPA negotiations sooner or later, saying that the Korean government responded positively to his offer to start talks to discuss the pact. Japanese Prime Minister Shinzo Abe and Mongolian President Elbegdorj Tsalchia signed the EPA in January, after the two countries began talks in 2012. The Japanese parliament is expected to ratify the pact soon as there are no outstanding issues that concern the Japanese people. Once this is done, the pact may go into effect within this year, according to experts.

Mongolia has striven to diversify its diplomatic and economic relations with a variety of countries. Such an effort is seen as the country's balancing act to reduce its heavy reliance on its two neighbors— China and Russia.

"I think that the EPA, if effective, will make it easier for Korean investors to do business in resource-rich Mongolia," Ganbold said. "On the Mongolian side, we need advanced technology from South Korea to develop our mineral resources and achieve economic growth with fewer emissions."

He made the remarks on the sidelines of the Korea-Mongolia investment forum organized by the Mongolian Embassy in collaboration with the KOTRA. The two sides organized the event to commemorate the 25th anniversary of the establishment of diplomatic relations between the two countries.

### **Economic slowdown**

More than 200 Koreans, mostly small-business owners and those who plan to invest in Mongolia, attended the forum and asked questions to the Mongolian ambassador regarding the country's business environment.

Ganbold mentioned about a set of measures his government has introduced in recent years, including tax benefits and measures to improve transparency in business practices there, to attract foreign investors.

Some investors presented worries about a slowdown in growth of the Mongolian economy in recent years.

Mongolia had achieved double-digit economic growth in the past decade. In 2011, it achieved 17 percent economic growth, compared with a year ago. But the rate has more than halved last year with a 7.5 percent of growth rate. Ambassador Ganbold said the falling growth rate was the result of falling global demand for natural resources, his country's main export item, and economic slowdown of China. He admitted domestic policy failure was also partly responsible for the falling growth rate.

Lee Jae-young, executive director of the Russian and CIS Europe Team at the Korea Institute for International Economic Policy in Seoul, was optimistic about the Mongolian economy.

He mentioned about the dramatic rebound of the Russian economy in 1999, a year after the country defaulted on its debt following the financial crisis.

"In 1998, many foreign companies, including Japanese businesses, pulled their businesses from Russia following the Ruble crisis. Korean conglomerates such as Samsung and LG didn't respond quickly to the crisis because executives of those companies hesitated whether they should pull their companies from Russia or not and as a result kept operating there," he said.



"The Russian economy rebounded and achieved economic growth a year later. In the 2000s, it achieved 7 percent average growth. This benefitted the Korean companies based in Russia because demand for their products soared and every Russian loved them."

Lee's remarks indicated to some people that the Mongolian economy will grow faster again as it has implemented a set of reform measures to attract more foreign investment.

## *Economy*

# Mongolia Has a Business Plan: It's Called Singapore

February 25 (Bloomberg) One of the men tasked with making Mongolia attractive to investors again reckons he'll need about six years to do the job and is looking at Singapore as a model.

Byambasaikhan Bayanjargal said he has a "mountain to climb" in cleaning house at Erdenes Mongol, the umbrella company he now heads that holds the government's stakes in businesses that control Mongolia's deposits of copper, coal, gold and other minerals.

In an interview in the capital Ulaanbaatar on Feb. 17, Byambasaikhan said he'll restructure Erdenes management and finances, get audits from the big four accounting firms, raise overseas capital and sell shares in some of its assets to the public.

A "Mongolian Temasek," he said in explaining his vision for the company, a reference to Temasek Holdings in Singapore that manages about S\$223 billion (\$164 billion) in investments on behalf of the government.

"My job is find out what the issues are and then appoint proper people to restructure these companies," said Byambasaikhan, 37, a graduate of George Washington's Elliott School of International Affairs. "My view is that it's a six year job."

Byambasaikhan was handed the task by Mongolia's Prime Minister Saikhanbileg Chimed who came into power last November after his predecessor was ousted in a no-confidence vote.

### **Ending slump**

Saikhanbileg formed a coalition government and made clear his priority was the economy and sorting out a smorgasboard of conflicts with foreign investors.

In 2011, Mongolia's economy grew at a world-beating 17.3 percent as the resource-rich country attracted billions of dollars in investment by some of the biggest mining companies, Rio Tinto Group among them.

Economic growth slowed to 7.8 percent in 2014, a healthy clip for most countries, but the first year of single digit expansion in Mongolia since 2010. The currency, the tugrik, has slumped 42 percent over the past 24 months in tandem with a more than 80 percent plunge in foreign direct investment.



Much of what's turned investors off Mongolia is reflected in Rio Tinto's operations in a copper and gold mine it controls known as Oyu Tolgoi.

### **Legal conflicts**

Development of the mine — the country's single biggest investment with \$6.6 billion spent and another \$5.4 billion planned — has stalled over disputes on profit sharing, taxes and management. Similar conflicts have held up development of the \$4 billion Tavan Tolgoi coal mine in the Gobi Desert.

Dozens of local and foreign mining companies have halted operations after more than 100 exploration licenses were revoked when the official in charge of distributing them was convicted on corruption charges and jailed.

Mongolia's image wasn't helped last month when a court in Ulaanbaatar jailed three foreign businessmen for as long as six years for tax evasion. Foreign and Mongolian business groups said the case was flawed as did Mongolia's President Elbegdorj Tsakhia, who said some of the judicial procedures were unacceptable.

Byambasaikhan enters this messy picture saying he'll bring in qualified professionals to manage Erdenes Mongol, which holds the government's portion of the Oyu Tolgoi and Tavan Tolgoi mines.

It also has stakes in three other mines, Shivee Ovoo JSC coal mine, Baganuur JSC coal mine and Erdenet Mining Corporation.

Byambasaikhan's "appointment represents a drastic change in direction for Erdenes Mongol, reflective of Prime Minister Saikhanbileg's determination to reignite the economy before next year's elections," Chris MacDougall, managing director of Mongolian Investment Banking Group, said by e-mail.

### **'Beyond Strained'**

"At a time when relations with foreign stakeholders are beyond strained, Mr. Byambasaikhan's true value will be demonstrated in being the nation's most trusted intermediary," MacDougall said.

Byambasaikhan's career includes a six-year stint in project finance at the Asian Development Bank, which sent him to Central Asia to develop energy projects. In 2010, he moved back to Mongolia to manage the \$120 million Salkhit wind farm project as the CEO of Newcom Group.

"It's good to have someone who understands the business and who has a clear vision of what needs to be done, in particular on transparency," said Matthieu D. Le Blan, the resident representative for the European Bank for Reconstruction and Development.

"By appointing strong senior management those assets can show their true value. Also, it will serve as a bit of a test of transparency for a wealth fund," Le Blan said.

Byambasaikhan said investment decisions on Oyu Tolgoi and Tavan Tolgoi mines are the two most important priorities for his country this year, adding that they "will open doors for others to do their business."

Meantime, he's urging investors to plant a flag in Mongolia before the next boom cycle.

"Once things take off you are better positioned than the next guy, because you know the country, you know the business and you know the people who are running the companies," he said. "So building these relationships now make sense."



## Balance of trade surplus for 2014

February 24 (Mongolian Economy) As of January 2015, the cumulative trade balance of Mongolia had improved by USD 241.3 million from that of the previous to reach USD 225.4 million, according to analysis released by the central bank in February. The trade surplus was achieved as total exports increased 47.2 percent, while imports decreased 26.6 percent during the period. Since the end of 2013, the average growth rate (three month moving average) of exports has generally increased, while the rate for imports has generally decreased. The growth rate of exports is near to levels last seen in 2010 and 2011.

Mongolia's export increase was mainly due to a rise in mineral exports, specifically copper concentrate, which increased by 179 percent; zinc ore and concentrate, which increased by 30 percent; and molybdenum ore and concentrate, which increased by 402 percent. Coking coal, iron ore and crude oil exports decreased by nearly 37 percent, 34 percent and 33 percent respectively, in total accounting for a 17 percent decrease in mineral export growth. Wool and cashmere exports decreased by 0.9 percent, while other goods exports increased by 8 percent.

### Breaking down the numbers

The increase in copper concentrate exports, mostly from an up-and-running section of Oyu Tolgoi, accounted for 59 percent of the growth in mining exports. However, the global market price of copper concentrate (along with commodity prices in general) has been in a steady decline since 2012. The share of mineral exports in total exports increased by 1.7 percentage points from that of the previous year, to reach 89 percent. Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 76 percent of total exports and 86 percent of mining exports.

The main contributors to the import decrease were capital goods, equal to 14 percent of the total decrease, and consumer goods, equal to 8 percent of the total decrease. Capital goods are large machinery and industrial equipment, mostly used in construction and excavation. Imports of construction materials decreased by 44 percent (USD 13 million) from that of the previous year. As for consumer goods, passenger car imports decreased by 29 percent (USD 8 million) and food imports decreased by 22 percent (USD 10 million).

Fuel imports decreased by 6 percent (USD 4 million). The border price of oil has been decreasing since the end of 2013. In parallel with the global oil market price, it declined sharply in the last four months, reaching its lowest level since 2010.

## Law on small and medium sized enterprises to be amended

February 25 (news.mn) A working group under the Ministry of Industry is now working on changes to the law on small and medium sized enterprises.

Within the policy of developing small and medium enterprises, a moderate amount of support is provided by the state. As a result, the number of small and medium enterprises has reached 40,000. However, the ministry believes that too many small



factories are manufacturing the same types of products and competing with each other, which has become a barrier for development.

The Ministry of Industry has decided to consolidate the activities of these factories and integrate their efforts in a decision to support policy driving competition in the market.

As indicated in the newly amended law, it has been decided to categorize small and medium enterprises as micro, small, and medium enterprises.

## January sees Positive Trade Balance

Ulaanbaatar, February 25 (MONTSAME) As of the end of this January, a total accumulative trade turnover increased by 9.4 or USD 61.7 million against the same period of 2014, reaching USD720.0 million. The increase reflected a growth in exports by USD151.5 million.

The structure of the trade flows with the neighboring countries is as follows: trade with China made up 65.6 percent or USD 472.7 million, with Russia covered 12.3 percent or USD 88.3 million. The trade volume between Mongolia and China went up by 13.0 percent, while that with Russia decreased by 2.2 percent.

The cumulative trade balance reached USD 225.4, improving by USD 241.3 million against the same period of 2014. This reflected an increase in export by 47.2 percent and a decrease in import by 26.6 percent, reports the Bank of Mongolia.

## Annual Mongolia Economic Forum to Be Held on April 02-03, 2015

February 27 (infomongolia.com) Mongolia Economic Forum 2015 will be taking place at the Government House in Ulaanbaatar on April 02-03, 2015.

Accordingly, at the Cabinet meeting held on February 25, 2015, the Head of Cabinet Secretariat S.Bayartsogt was obliged to provide preparation and organizational issues meeting all requirements.

The Mongolia Economic Forum is a Mongolian non-political and non-governmental organization which is designed to provide a platform for constructive discussion among key stakeholders, including Government, business, civil society and academia, with added input from potential foreign investors and donors.

An annual conference of the Forum invites leaders and representatives from public, private sectors, academics and civil society to discuss economic and social issues impacting the development of Mongolia, and seeks ways to implement development policies in the country.

The first Mongolia Economic Forum was held in Ulaanbaatar in 2010.



## *Investment*

# Mongolia Investment Forum Run in Seoul, Korea to Attract Foreign Direct Investment

February 27 (infomongolia.com) On February 25, 2015, the "Investment Forum" was organized in Seoul by the Embassy of Mongolia to the Republic of Korea in collaboration with Korea Trade-Investment Promotion Agency (KOTRA).

The event was hosted in the frames of celebrating the 25th anniversary of the establishment of diplomatic relations between the two countries that marks in 2015, where over 170 representatives from leading South Korea's companies have participated namely Samsung, Posco, Daewoo, Halla, Derim, Korean Air Lines Co. (KAL), Asiana, Korea Railroad Co. (Korail), Korea Power Engineering Co. (Kopec), Korea Land and Housing Co. (LH), K-Water, Hyundai, and Hanwha Group as well as economic research institutes, banks and financial institutions were also present.

The opening remarks were delivered by Ambassador Extraordinary and Plenipotentiary of Mongolia to the Republic of Korea B.Ganbold, who introduced Mongolia's current implementing measures and policy to support foreign direct investment, as well as Executive Vice President & Board Member at KOTRA, Won Sok-yun and Director-General for Bilateral Economic Affairs at the Ministry of Foreign Affairs, Kim Seung-ho respectively.

Mongolia and the Republic of Korea have established the diplomatic relations on March 26, 1990.

## *Stock Exchange*

# Stock exchange news for February 24

Ulaanbaatar, February 24 (MONTSAME) At the Stock Exchange trades on Tuesday, a total of 245 thousand and 967 units of eight JSCs were traded costing MNT 22 billion 616 million 176 thousand and 944.00.

"Hermes center" /10 thousand and 410 units/, "Khokh gan" /755 units/, "APU" /350 units/, "Gobi" /310 units/ and "Baganuur" /136 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Gobi" (MNT two million and 294 thousand), "Suu" (MNT one million and 880 thousand), "Darkhan nekhii" (MNT one million and 700 thousand), "Hermes center" (MNT one million 458 thousand and 170) and "APU" (MNT one million and 262 thousand).



The total market capitalization was set at MNT one trillion 361 billion 817 million 887 thousand and 926. The Index of Top-20 JSCs was 13,820.88, decreasing 0.40% and the all index of MSE was 985.40, decreasing 0.24% against the previous day.

## Stock exchange news for February 25

Ulaanbaatar, February 25 (MONTSAME) At the Stock Exchange trades on Wednesday, a total of 22 thousand and 316 units of 16 JSCs were traded costing MNT 14 million 614 thousand and 100.00.

"Remikon" /8,321 units/, "Binse HK" /7,850 units/, "Olloo" /3,370 units/, "APU" /1,093 units/ and "Hermes center" /1,025 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Binse HK" (MNT six million 240 thousand and 750), "APU" (MNT three million 885 thousand and 300), "Darkhan nekhi" (MNT 850 thousand), "Arig gal" (MNT796 thousand and 650) and "Remikon" (MNT735 thousand and 890).

The total market capitalization was set at MNT one trillion 358 billion 786 million 525 thousand and 800. The Index of Top-20 JSCs was 13,801.48, decreasing 0.14% and the all index of MSE was 984.57, decreasing 0.08% against the previous day.

## Stock Exchange news for February 26

Ulaanbaatar, February 27 (MONTSAME) At the Stock Exchange trades on Thursday, a total of 13 thousand and 386 units of 16 JSCs were traded costing MNT seven million 720 thousand and 076.00.

"Merex" /8,181 units/, "Remikon" /3,697 units/, "Bayalag nalaikh" /967 units/, "Darkhan nekhi" /201 units/ and "Mongol savkhi" /107 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Darkhan nekhi" (MNT three million and 417 thousand), "UB-BUK" (MNT 760 thousand), "Merex" (MNT 736 thousand and 290), "Gobi" (MNT 636 thousand and 400) and "Bayalag nalaikh" (MNT 531 thousand and 850).

The total market capitalization was set at MNT one trillion 366 billion 276 million 109 thousand and 764. The Index of Top-20 JSCs was 13,921.28, increasing 0.87% and the all index of MSE was 990.53, increasing 0.61% against the previous day.

## Banking

### Development bank is under audit

February 25 (gogo.mn) Economy Standing Committee at State Great Khural called on press conference to report on its activities during the Fall Session. During the fall session economy standing committee had submitted over 20 draft bills,17 resolution drafts, discussed five international agreement drafts related to economy and market and submitted assessments to National Safety and Foreign policy standing committees.



Economy Standing Committee met total of 23 times and the related working groups conducted 83 meetings during the fall session.

The following draft bills and draft resolutions have been submitted and approved:

Renewed law on Free Trade Zone and 18 related law drafts

Action plan on implementing the Policy on Railroad Transportation

2015 Monetary Policy Directions

Approval of the Program on Overcoming the Economic Downturn and its amendments

2015 State Treasury fund income and expenditure budget.

The implementation of the program on overcoming the economic downturn will be ensured by the Government of Mongolia, Bank of Mongolia and Financial Regulatory Commission and these are to develop action plan on implementation. The program provisions easing the investment environment, creating favorable environment for Mega projects and ensure the implementation of the Gold program.

Audit working group has been established in cooperation with the budget standing committee for Development Bank of Mongolia. The working group is led by MP L.Enkh-Amgalan and is comprised of nine members. The main focus of the audit working group will be auditing of the Chinggis and Samurai bond expenditure monitoring and assessment. The initial outcomes of the audit should be ready by the end of the February according to J.Batsuuri.

## *Business*

# Mongolia's retail sector experiencing high inflation pressures

February 26 (Oxford Business Group) **A cooling economy, persistently high inflation and tighter credit regulations will maintain pressure on Mongolia's retail sector throughout 2015, though demand for shop space in certain segments remains strong.**

In its latest update on the Mongolian economy, the World Bank said double-digit inflation and the high current account deficit had affected domestic demand, adding momentum to the pressures on the economy. "Without a strong rebound in foreign investment, pressure on the balance of payments will increase vulnerabilities and continue to dampen economic growth next year. Domestic demand will continue to be under pressure, particularly affecting the non-mining sector," the bank said at the end of 2014.

The non-mining segment of the economy was dragged down by weakness in the construction and wholesale/retail sectors last year, with these pressures set to continue. According to the World Bank, the wholesale/retail segment contracted 6.8% in the first nine months of 2014, having experienced a similar rate of negative growth in the same period a year earlier.



As growth in the sector has slowed, there has been a near threefold increase in the level of non-performing and past-due-date loans, which were valued at MNT227bn (\$113.5m) at the end of October, accounting for 21.6% of problematic loans across the economy.

Retailers are likely to be affected by tighter lending requirements and higher interest rates introduced by the Bank of Mongolia (BoM) in 2014, which led to a slowdown in private sector credit growth to 22% in October, down from more than 53% a year earlier.

#### Growth amidst the gloom

Despite a weaker performance in 2014, new investments are still being rolled out. In mid-December, property management and development firm Mongolian Growth Group (MGG) opened the first stage of the Tuguldur Centre, an 80-year-old building which has been renovated to accommodate a new retail complex in Ulaanbaatar, close to the capital's business hub. The property is 99% leased, according to MGG, with strong interest in its second stage.

In a statement issued to investors at the beginning of 2015, Harris Kupperman, MGG's chairman and CEO, said the company had at least one other retail development in the pipeline, targeting the same market as the Tuguldur Centre. This suggests that prime retail space remains in strong demand in the city centre, despite the economic slowdown.

Local retailers are also looking to increase their profile in secondary urban centres away from the capital, tapping into a growing affluence brought about by higher employment levels and earning power stemming from the development of the mining and industrial sectors in more remote areas. While Ulaanbaatar remains the main population and economic hub, cities in the north and east are expanding, offering retail opportunities.

This expansion was given added impetus in late December when the European Bank for Reconstruction and Development (EBRD) announced it was extending a MNT23.3bn (\$11.63m) loan facility to retailer Nomintav Trade. The company, part of the Nomin Group, specialises in fast-moving consumer goods, apparel and consumer electronics. The funds will be used to support development of six new outlets in various regions, as well as in Ulaanbaatar itself, where it already has a significant presence.

#### Rising wages to feed into retail

Consumer spending is likely to be given a boost in 2015 following the decision announced by the government in mid-January to increase public service wages by 10%. Another decision taken as a result of negotiations between the labour ministry and representatives of trade unions will see private sector workers on the basic wage exempt from paying personal income tax; with the minimum wage currently MNT192,500 (\$96.25) a month, this means a further MNT12,000 (\$6) will be added to the disposable income of many lower-income families.

However, even this modest increase in spending power could fuel further inflation, which was running at 11.5% as of the end of November, and also weaken the fiscal discipline called for by the World Bank as necessary to sustain growth and boost economic resilience.



## **BlackBridge signs Mongolian partner MonMap**

February 27 (agprofessional.com) On Friday, Feb. 13, BlackBridge signed its 111th partner, the Mongolian geospatial company MonMap Engineering Services Co., Ltd.

MonMap is a key player in the Mongolian geospatial industry. With this new partnership, BlackBridge and MonMap plan to service larger projects within the environmental, precision farming, mining, and forestry sectors.

Effectively imaging and monitoring all 1.56 million square kilometers of Mongolia during its short snow-free seasons in the spring and summer requires the high collection capacity and frequent revisit capabilities that BlackBridge's RapidEye satellite constellation provides. Together, BlackBridge and MonMap will bring cost-effective, wide-scale monitoring solutions to Mongolia.

"We are very pleased to welcome MonMap as our new partner," states Philippe Campenon, vice president of sales for BlackBridge. "MonMap brings a solid expertise in remote sensing and application development and implementation. MonMap's experience in survey, GIS services, and other domains will extend the footprint of RapidEye imagery usage in Mongolia."

Dr. M. Saandar, director of MonMap adds, "MonMap is proud to diversify its remote sensing portfolio through close cooperation with BlackBridge. The characteristics of the RapidEye constellation are extremely suitable for a huge country like Mongolia. We hope that, with RapidEye imagery and derived products, we can contribute to the protection of our unique forest and steppe ecosystems, and furthermore foster the agriculture sector, which is extremely important for the country."

## **Mongolian women included in Forbes' Asia's 50 Power Businesswomen 2015**

March 1 (UB Post) Mongolian businesswoman Ts.Garamjav, 56, became one of Asia's 50 Power Businesswomen of Forbes. Forbes Mongolia magazine nominated a number of businesswomen for the list and Forbes Asia selected Ts.Garamjav.

It is the first time that a woman from Mongolia and Myanmar were included in the list.

To make the list, candidates have to be active in the upper echelons of the business world in Asia, wield significant power and have access to robust financial resources. Ts.Garamjav met all requirements.

Ts.Garamjav is Chairman and Founder of Monpolymet Group. She founded Monpolymet in 1992, with a focus on gold mining but has since expanded into construction, mineral exploration and land rehabilitation. She runs the company with annual revenue of around 60 million USD with her daughter.



## Mining

# SouthGobi Employees Depart Mongolia after Presidential Pardon

February 27 (Bloomberg) -- A day after receiving a presidential pardon three former employees of SouthGobi Sands LLC left Mongolia.

U.S. citizen Justin Kapla and Philippine nationals Hilarion Cajucom Jr. and Cristobal David left Ulaanbaatar for Beijing at 5:35 p.m. local time, according to the flight schedule and their lawyer Tsogt Natsagdorj.

The three had been held in Mongolia since mid-2012 and were prevented from leaving the country, pending a trial for tax evasion. The case concluded on Jan. 30 with a guilty verdict and prison sentences of between five and six years. President Elbegdorj Tsakhia accepted their request for a pardon yesterday.

The verdict led to a rebuke from business groups within and outside Mongolia, with much of the criticism focused on alleged irregularities in the trial and the sentencing. The American Chamber of Commerce in Mongolia called the investigation and trial "flawed" in a statement yesterday.

"The President showed leadership in this decision," Jay Liotta, an Ulaanbaatar-based lawyer, said by e-mail yesterday. "However, until the root cause of these abuses are addressed the deterrent to attracting investment and doing business in Mongolia remains."

Kapla is headed to his native Minnesota with his Mongolian wife and two children. Cajucom and David are to be reunited with their families in Manila.

SouthGobi Sands LLC is the Mongolian affiliate of Hong Kong-based SouthGobi Resources Ltd.

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## President of Mongolia Issues Pardons

February 26 (infomongolia.com) According to the Constitutional rights, President of Mongolia Ts.Elbegdorj issued a Decree to pardon some convicts on February 26, 2015.

President pardoned a U.S. citizen Justin Kapla; citizens of Philippines, Cristobal David and Hilarion Cajucom Jr., who have been convicted of tax evasion charges.

Earlier, President of Philippines delivered letter to President Ts.Elbegdorj asking for pardons his citizens. Also, a letter was received to pardon Justin Kapla. A pardon is usually granted by a head of state of a country due to a letter of request.

Also on February 25, 2015, President of Mongolia issued a Decree to pardon and granting clemency to some convicts. President pardoned Ch.Munkh-Ochir, G.Batmyagmar and G.Baasantseren, who were found guilty of evading taxes. They were pardoned due to the following factors including: committed crime for the first time,



served most of their sentence in prison, fully reimbursed for the compensation and were conscious of their guilt.

Moreover, E.Khaliun, a woman who was sentenced to three years imprisonment, was pardoned. She also committed crime for the first time, served most of her sentence in prison and fully reimbursed the payment.

Earlier, President of Mongolia requested President of China to pardon Kh.Damdin, a citizen of Mongolia, who has been sentenced to death penalty in China and it was successfully accepted.

In conjunction, the U.S. Embassy in Ulaanbaatar released an immediate release due to President's pardon that reads as below.

"We have seen the reports that on February 26, 2015, President Elbegdorj issued an official pardon to the three defendants in the SouthGobi Sands trial, including American citizen Justin Kapla. We appreciate President Elbegdorj's action.

Mr. Kapla's lawyers have confirmed that he has been released from detention. We understand that resolution of this case also lifts the exit ban that was imposed on Mr. Kapla. We are pleased that he is now free to return to the United States, if he chooses. Mr. Kapla's case lasted nearly three years. The trial proceedings, as well as his subsequent detention, in addition to the prolonged exit ban, caused enormous hardship for Mr. Kapla. The U.S. Embassy closely monitored the case and provided all appropriate consular assistance.

The business community has made clear to us that this case negatively affects its assessment of Mongolia as a destination for foreign direct investment. We hope that in the future, the Mongolian authorities will conduct such cases through a fair and transparent process, in full accordance with Mongolian law".

On January 30, 2015, a Mongolian panel of judges convicted U.S. citizen Justin Kapla and citizens of Philippines of tax evasion charges. Several Embassy officials attended the trial, including Ambassador Piper Campbell, and noted that there were interpretation problems during the trial. Because of these problems, the defendants stated during the trial that they could not understand the interpretation, nor could they express themselves clearly. Mr. Kapla's case has lasted nearly three years and the repeated delays and exit ban have caused him enormous hardship.

## **Turquoise Hill agree to sell 22pct stake in SouthGobi**

February 25 (steelguru.com) Bloomberg reported that Turquoise Hill Resources Limited agreed to sell its 22% stake in SouthGobi Resources Limited, a Canadian coal miner with investments in Mongolia, to Novel Sunrise Investments Limited for about CAD 17 million.

Vancouver-based Turquoise Hill said that Turquoise Hill, a unit of Rio Tinto Group, agreed to sell its 48.7 million shares of SouthGobi to China-based Novel for 35 Canadian cents each in cash. That's a 31% discount to SouthGobi's closing price Monday. Closing of the deal, pending Canadian and Hong Kong regulatory approval, is expected by March 31st.



SouthGobi, operator of the Ovoot Tolgoi coal mine in Mongolia, has drawn attention since three former employees of its SouthGobi Sands LLC unit were convicted of tax evasion and sentenced to between 5 and 6 years in prison.

SouthGobi said that it would appeal "what it considers to be a gross miscarriage of justice."

Turquoise Hill rose 1.1% to close at CAD 3.79 in Toronto, while SouthGobi climbed 9.8% to 56 Canadian cents. Turquoise Hill has gained 5.6% this year; SouthGobi has added 12% in the same period.

In a separate statement, SouthGobi said that it would raise as much as USD 7.5 million from Novel Sunrise for working capital. The proceeds will allow SouthGobi to continue to operate as a going concern to the end of April.

## **Mongolia to send coal through N. Korean port**

February 25 (nknews.org) Mongolia will ship 25,000 tons of coal to North Korea's Rajin port this year as part of a trial export project, the chairman of the Mongolian Railroad Authority said.

Mongolia has a thriving coal industry, but its lack of coastline and undeveloped rail infrastructure limit its export options. North Korea's Rajin port in the country's far northeast was recently upgraded to handle larger volumes of coal exports, as part of a Russian-backed infrastructure project.

North Korea has already shown interest in having Rajin as a hub for non-DPRK exports, last year partaking in a trilateral project that saw Russian coal shipped to South Korea via the North.

"There are no technical problems with delivering coal to North Korea, and we are seeking ways to deliver coals through trans-Siberian railway to Rajin," the Mongolian Railway Authority's chairman said in comments carried by the Korean Broadcasting System.

According to the report, Mongolia is also investigating how to deliver other metals such as copper and gold, and will consider the profitability of doing so.

This announcement comes just as North Korean Foreign Minister Ri Su Yong is wrapping up an official visit to Mongolia. During the trip the two countries signed a Memorandum of Understanding (MoU) and finalized agreements on numerous forms of cooperation.

During the trip Ri met with Mongolia President Tsakhiagiin Elbegdorj and Prime Minister Chimediiin Saikhanbileg, former U.S. State Department Foreign Service officer Alicia Campi told NK News.

"In addition to his meeting with the Mongolian Foreign Minister Purevsuren, his meeting with Mrs. Burmaa, minister of food and agriculture, is key because of food cooperation," Campi added.

Last year, Mongolia exported more than 22 million tons of coal, mostly to China. Mongolian coking coal is favored in the region as it is significantly discounted when compared to global prices.



North Korea itself also has relatively large coal exports, which are mostly bound for China or Russia. Coal shipments from North Korea jumped rapidly at the end of the last decade, and are currently the most significant DPRK export, generating approximately \$1 billion a year.

## **Coal transportation cost decreased to USD 1.25**

February 23 (gogo.mn) Coal transportation cost from TT to Gashuun Sukhait road was decreased to USD 1.25.

In scope of ensuring the implementation of Government Resolution No.299 and supporting coal export, road from TT to Gashuun Sukhait was purchased by Erdenes Mongol LLC. Before the purchase, coal transportation cost was USD 4.2 in 2013, while Erdenes Mongol LLC had decreased the cost by 60% to USD 1.5 in 2014.

Road owner Erdenes Mongol LLC and road management Gashuun Sukhait Avto Zam LLC held conference to decrease the transportation cost and consider more flexible pricing term between representatives from 50 coal transporting companies.

During the conference, collective decision to decrease coal transportation cost to USD 1.25 was made. This decision is providing chances to support the operation of coal transporting companies and save MNT 34,580 from per machine.

## **Final stage of Tavan Togloi negotiations to start next Thursday**

February 25 (news.mn) The working group on Tavan Tolgoi issues has announced that the 2nd stage of agreement on negotiations has been successfully carried out, and the agreement will be concluded with Tavan Tolgoi's strategic investor next month.

The Minister of Mongolia, M.Enkhsaikhan has been appointed as a head of the working group and S.Javkhlanbaatar, Director General of the Foreign Investment Regulation and Registration Department, has been appointed as a head of the secondary meeting.

The National Security Council has obliged the government to continue the negotiations on Tavan Togloi without any barriers, as the agreement has been temporarily delayed.

The Lunar New Year was celebrated while negotiations were underway, and representatives of the China's Shenhua Energy Co., Ltd. had to return to China for the holiday and temporarily stop negotiations. The negotiations will resume next Thursday, February 26.



## Baganuur exploits 100th million ton of coal

February 24 (news.mn) Baganuur Co., Ltd., which has been carrying out coal mining operations for 37 years, exploited its 100thmillion ton of coal on February 9, marking a historic event for the Mongolian mining sector.

Administration of the district awarded Baganuur Co., Ltd. a tribute of honor for its outstanding achievement and senior miners of Baganuur Co., Ltd. were awarded Honorable Citizen of the District medals.

Baganuur Co., Ltd. supplies 40 percent of the total coal consumption of Mongolia and seven percent of the coal used for energy production.

## Changes made to annual fees for exploration licenses

February 24 (news.mn) Upon the approval of amendments to the Mining Law, the following changes have been made to the annual fee payment for exploration licenses. Below are the fees for exploration license holders.

Fees per hectare to be paid by exploration license holders:

1st year	145 MNT
2nd year	290 MNT
3rd year	435 MNT
4-6th years	1,450 MNT
7-9th years	2,175 MNT
10-12th years	7,250 MNT

Mining license holders:

Previously 15 USD per hectare	Now 21,750 MNT
Previously 5 USD per hectare	Now 7,250 MNT

## MRA says technical problems with exploration licenses resolved

February 26 (news.mn) The Ministry of Mining has reported that the issuance of exploration licenses has been carried out fairly and without lobbying. Exploration licenses are being provided through an online method, utilizing modern techniques and applications, and although there were technical problems when they were first made available, there are no problems now.

During the last few months, the issue of exploration licenses has been under public scrutiny. Exploration licenses have not been issued for the last few years, and when



they returned in 2014, they were being provided by an online registration process. Several critics have asked question about the proper and faithful issuance of the exploration licenses and whether or not bias through personal interests has occurred.

In total, 691 enterprises have registered for licenses with the Mineral Resources Authority, from which 619 enterprises have purchased VPN equipment required for the application process.

As of February 23, 2015, 285 enterprises have entered the system and have received application numbers for exploration licenses.

Of the total registered enterprises 642 are domestic investment companies and 39 are 100 percent foreign investment companies. Fifteen Chinese investment companies are involved in the process, eight from Singapore, three are from Australia and Canada, two from Luxemburg, and eight are investing from other countries.

## **Ch.Otgochuluu: Differences are at loan conditions**

February 25 (gogo.mn) Oyu Tolgoi issues were of most interest among the journalists at the monthly briefing held by the Ministry of Mining.

Addressing the issue Head of Strategic Policy and Planning department of Ministry of Mining Ch.Otgochuluu replied with following.

“Oyu Tolgoi concentrator is working at full capacity and the operations are at normal pace. Some mistakenly say as if the construction of the second stage of the mine is underhalt. If it is to be compared with construction of a 15 storey building the current process is at construction of the first 2-3 storeys.

The project is waiting for a more suitable loan rates in order to finance high costs. Differences are at the loan conditions. Whereas the construction of the second phase will proceed anyway. We are negotiating on the loan conditions at the moment. There is no need for rush decisions.”

## **Integrated Mineral Resources Initiative to be implemented**

February 27 (gogo.mn) State Secretary at Ministry of Industry D.Nyamkhuu has signed agreement on Integrated Mineral Resources Initiative yesterday.

The Integrated Mineral Resources Initiative (IMRI) brings together three German federal ministries – namely the Federal Ministry for Economic Development and Cooperation, the Federal Ministry of Economics and Technology and the Federal Foreign Office – in a partnership for the first time, alongside GIZ, the Federal Institute for Geosciences and Natural Resources (BGR), the Physikalisch-Technische Bundesanstalt (PTB) and the private sector.

The main partner is Mongolia's National Development and Innovation Committee (NDIC). The initiative cooperates with the Ministry of Mineral Resources and Energy, the Ministry of Food, Agriculture and Light Industry as well as the Ministry of Foreign



Affairs and Trade. Other partners include government agencies such as the Mineral Resources Authority, the standardisation authority and the privatisation agency, as well as the stock exchange, financial supervisory authority, and non-governmental organisations.

First stage of the initiative has been implemented in cooperation with Ministry of Economic Development during October 2012 to October 2014.

The second phase of the initiative is to be implemented in cooperation with Ministry of Industry.

State Secretary of Ministry of Industry D.Nyamkhuu and Representative of GIZ Ulrike Ebeling have signed the agreement.

## **"Save Noyon Mountain" movement goes on dry hunger strike**

February 23 (gogo.mn) "Save Noyon Mountain" movement has been on hunger strike for 12 days. As authorities have not accepted the demonstration, they decided to go on "dry" hunger strike.

Noyon Mountain is located across Batsumber soum, Selenge soum of Tuv aimag and Mandal soum of Selenge aimag.

Noyon Mountain is the most famous archaeological site in Mongolia with its series of Hun tombs.

The movement is warning that the historic artifacts will be destroyed by the foreign invested companies joint with Mongolian oligarchy through mining activities and is demonstrating against mining in Noyon mountain basins.

## **Police forcefully took away Noyon Uul protestors to hospital**

February 24 (gogo.mn) Last night, police forcefully took away "Save Noyon Mountain" hunger strikers to the hospital at 12pm. They had been on hunger strike for 13 days at the west side of the Government House.

They had been demonstrating against gold mining in Noyon mountain basin, which license is owned by Centarra Gold company. However, related agencies and officials have not accepted the demonstration. Thus, they have announced going on hunger strike.

When police forcefully took away the strikers, there were total of 20 people and the hospital to which the protesters were taken is still uncertain.



## **Mineral resources make up 89 percent of Mongolia's exports**

February 26 (news.mn) Foreign trade turnover of Mongolia has reached 720 million USD. this figure increased by 61.7 million USD in comparison with the same period of last year.

Imports increased by 89.9 million USD and exports increased by 151.5 million USD, reaching 472.7 million USD. Foreign balance saw a profit of 225.4 percent.

Of Mongolia's exports, 89 percent was mineral resources. The export of stone coal, steel concentrate, iron ore and concentrate, and unprocessed petroleum made up 86 percent of the total exports in mineral resources and 76 percent of total exports.

### *Infrastructure*

## **Road to be built for Western Regional Road Corridor Project**

February 24 (news.mn) The Western Regional Road Corridor Development Project being financed by the grant aid of Asian Development Bank is the one of the biggest investments being made in Khovd aimag.

The total cost of the project is 8 billion 700 million MNT.

The impact of the project will be the promotion of regional transport of freight and passengers via the Western Road Corridor and increased economic development and regional trade.

The outcome of the project will be an efficient and safe regional transport route developed in the Western Region of Mongolia to link Xinjiang Autonomous Region in the People's Republic of China and Siberia Province of the Russian Federation through Hovd and Bayan-Olgii aimags of Western Mongolia.

As part of Asian Highway 4, the road will help link Mongolia to the rest of Asia.

### *Tourism*

## **Press conference of ITB Berlin held**

February 23 (gogo.mn) Mongolia is participating as official partner country at "ITB Berlin 2015", International tourism expo, taking place from 4 to 8 March 2015 in Berlin, Germany.



In scope of participating as official partner country for the first time, "Tourism-Future" and Messe Berlin held the opening press conference in Berlin city.

The press conference was attended by Vice President of Messe Berlin Dr. Martin Buck, Exhibition Director David Ruetz, Ambassador Extraordinary and Plenipotentiary to Germany Ts.Bolor, CEO of "AGI" NGO B.Indraa, project manager B.Erdenchimeg and they gave brief information on participation at the exhibition and Mongolian tourism.

During the meeting, which was attended over 100 journalists, Mongolian folk art concert and national costume show was staged.

ITB Berlin is being organized annually since 1966. This year, over 17000 people from Europe and the world are expected to visit, while 17 travel companies and government representatives from Mongolia are expected to attend.

## **Delegates from Association of Turkish Travel Agencies to Exchange Experiences with Mongolian Tourism Organizations**

February 25 (infomongolia.com) On February 23, 2015, Ambassador Extraordinary and Plenipotentiary of the Republic of Turkey to Mongolia, Mr. Murat Karagoz received in his office representatives of Mongolian tourism organizations.

During the meeting, Ambassador M.Karagoz announced that a delegation from TURSAB (Association of Turkish Travel Agencies) plans to visit Mongolia in June of this year and parties exchanged opinions on collaboration issues.

At the meeting, the Turkish International Cooperation and Development Agency (TIKA) Project Coordinator, Associate Professor Ekrem Kalan and Office Representative of Turkish Airlines, Erdinc Cakir were also present to share views.

The Association of Turkish Travel Agencies established in 1972 is a professional organization that played a major role in the achievements of the Turkish tourism. Turkey welcomed 38 million tourists in only 2014 and earned from this industry about 32 billion USD.

Since the mutual visa liberalization, number of tourists interested to visit Mongolia has been increasing and thus, parties agree to host such an acquaintance meeting in Ulaanbaatar.



## Company News

# Centerra Gold Inc. Declares C\$0.04 Quarterly Dividend (CG)

February 26 (dakotafinancialnews.com) **Centerra Gold** (TSE:CG) announced a quarterly dividend on Thursday, February 19th, American Banking News.com reports. Stockholders of record on Thursday, March 5th will be given a dividend of 0.04 per share on Thursday, March 19th. This represents a \$0.16 dividend on an annualized basis and a dividend yield of 2.56%. The ex-dividend date of this dividend is Tuesday, March 3rd.

Several analysts have recently commented on the stock. Analysts at TD Securities lowered their price target on shares of Centerra Gold from C\$6.00 to C\$5.50 and set a "reduce" rating on the stock in a research note on Monday. Analysts at Scotiabank raised their price target on shares of Centerra Gold from C\$8.00 to C\$10.00 and gave the company an "outperform" rating in a research note on Friday, February 6th. Analysts at HSBC lowered their price target on shares of Centerra Gold from C\$8.50 to C\$8.30 and set an "overweight" rating on the stock in a research note on Tuesday, January 20th. Finally, analysts at BMO Capital Markets downgraded shares of Centerra Gold from an "outperform" rating to a "market perform" rating and lowered their price target for the stock from C\$7.50 to C\$7.00 in a research note on Monday, January 19th. One analyst has rated the stock with a sell rating, three have issued a hold rating and two have assigned a buy rating to the company's stock. Centerra Gold presently has an average rating of "Hold" and an average target price of C\$7.38.

Centerra Gold (TSE:CG) traded up 0.48% on Thursday, hitting \$6.27. The stock had a trading volume of 64,960 shares. Centerra Gold has a one year low of \$3.16 and a one year high of \$7.83. The stock has a 50-day moving average of \$6.78 and a 200-day moving average of \$5.92. The company has a market cap of \$1.483 billion and a P/E ratio of 18.35.

Centerra Gold Inc (TSE:CG) is a gold mining company. The Company is engaged in the production of gold and related activities, including exploration, development, mining and processing in the Kyrgyz Republic, Mongolia, Turkey, China and the Russian Federation.

## OT reports export of its one millionth ton of copper concentrate

February 24 (UB Post) Last Thursday, Oyu Tolgoi LLC (OT) reported that the company had shipped its one millionth ton of copper concentrate.

The company exported its first shipment of concentrate in July 2013.

President and CEO of OT Andrew Woodley said, "It is a very important achievement for our company. Exporting its one millionth ton of copper concentrate in such a short time



is the result of the great contribution of all OT's workers, their efforts, and the support of our shareholders."

Woodley underlined, "I appreciate that we have achieved such success on the eve of Tsagaan Sar, a time to traditionally celebrate what we have succeeded at in the past year, raising our sights for the year ahead."

In the past year, OT has spent approximately 250 million USD in Mongolia for taxes, fees and other payments, and has made purchases of over 300 million USD from domestic suppliers.