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## *Politics*

# President of Mongolia Heads to Berlin, Germany

March 2 (infomongolia.com) Mongolian delegates headed by the President Ts.Elbegdorj are paying a working visit to the Federal Republic of Germany on March 02-04, 2015.

During the visit, President Ts.Elbegdorj will hold meetings with the President of Germany, Joachim Gauck and Chancellor Angela Merkel respectively as well as to attend the Mongolia-Germany Business Forum in Berlin.

As Mongolia is participating as an Official Partner Country of the "ITB-Berlin 2015", President Ts.Elbegdorj will also take part in the opening of the event to take place in Berlin on March 04-08, 2015.

## President attends Embassy building opening

Ulaanbaatar, March 4 (MONTSAME) On the sidelines of his tightly scheduled working visit to Germany, the leader of Mongolia Ts.Elbegdorj attended March 3 a ceremony for the opening of the new building of Mongolia's Embassy located in the center of Berlin.

The President expressed a belief that this improvement of working environment for the Mongolian Embassy, which serves as a bridge for the cooperation of the two countries, manifests a great progress in Mongolia's relations with Germany, and wished the Embassy a success.

Present at the ceremony were the Minister of Foreign Affairs of Mongolia L.Purevsuren, the Ambassador Extraordinary and Plenipotentiary of Mongolia to Germany Ts.Bolor, the Governor of Municipality and the Mayor of Ulaanbaatar E.Bat-Uul, the Federal Minister of Foreign Affairs Frank-Walter Steinmeier, the Minister of State Michael Roth, and the Director-General for Foreign Affairs at the Office of the Federal President Dr Clemens von Goetze along with press representatives and related officials.

## Mongolian leader meets his German counterpart

Ulaanbaatar, March 4 (MONTSAME) With a working visit to the Federal Republic of Germany, the President of Mongolia Mr Ts.Elbegdorj Tuesday met with Mr Joachim Gauck, the President of Germany in the Bellevue Palace in Berlin.

Mr Gauck expressed a satisfaction with meeting again with Mongolian President, appreciated Mongolia's path toward democracy, and hoped that the bilateral relations will deepen further. He also noted that our two countries can enrich the ties with economic cooperation content, and said the establishment of the Mongolia-Germany joint institute of technology has been a great achievement in the educational sector.



In response, Mr Elbegdorj said he is also glad to see Mr Gauck again and expressed a hope that Mr Gauck will attend a ceremony for the 25th anniversary of the first democratic election of Mongolia which will be marked this July. "German President's visit to Mongolia will have a great importance in our bilateral relations and will strengthen the democratic values in Asian region".

In frames of a national programme on developing Mongol studies, initiated by the Mongolian President, the cooperation between German and Mongolian universities and institutes have been boosting, Mr Gauck said and expressed a willingness to make this cooperation closer. He also thankfully received the invitation to Mongolia.

Present at the meeting were also L.Purevsuren, Mongolia's Minister of Foreign Affairs; D.Oyunkhorol, the Minister of Environment, Green Development and Tourism; N.Tomorkhuu, the Minister of Road and Transportation; Mr Markus Ederer, an advisor to Germany's President on foreign policy; other officials.

## **President addresses Germany-Mongolia business forum**

Ulaanbaatar, March 4 (MONTSAME) While in Germany with the working visit, the President of Mongolia Ts.Elbegdorj addressed a Germany-Mongolia business forum on Tuesday in Berlin.

Present at the forum, co-organized by the Investment Authority of Mongolia (IAM), Germany's Asia-Pacific Union, and Mongolia's Embassy in Germany, were also Mr L.Purevsuren, Mongolia's Minister of Foreign Affairs; N.Tomorkhuu, the Minister of Road and Transportation; E.Bat-Uul, the Mayor of Ulaanbaatar city; Ts.Bolor, the Ambassador of Mongolia to the Federal Republic of Germany; and Gerhard Thiedemann, the Ambassador of Germany to Mongolia.

Opening remarks were made by Mr Elbegdorj; the Governing Mayor of Berlin Mr Michael Muller; the Deutsche Bank CEO Mr Juergen Fitschen. A Deputy Minister of Construction and Urban Development Ms G.Baigalmaa made a presentation about her Ministry's sector. Reports were delivered by department heads of the Ministry of Road and Transportation, the Ministry of Industry and the Administration of Ulaanbaatar city. In addition, a section head of the IAM briefed about investment environment in Mongolia and introduced to the gathered the Mongolian companies.

The forum brought together some 170 delegates of organizations and companies engaged in industry, tourism, infrastructure and urban development, 90 of them were from German side representing thus Germany private sector's willingness to collaborate with Mongolia.

Mr Elbegdorj pointed out that the Mongolia-Germany relations have been intensifying in several spheres such as political, economic and business, and underlined that the private sectors have significantly contributed to the development of the bilateral relations and cooperation.

He went on that the ties still have some obstacles, for example, there are no infrastructure direct connections due to geographical locations, and emphasized an importance of improving the air transportation between the two countries.



The ties in other areas are developing slowly, but are forward, he added and expressed a gratitude to the government of Germany for inviting Mongolia to the ITB Berlin international tourism exhibition as an official partner. There are many things to study from Germany in attracting tourists and creating the tourism infrastructure, he added.

## President at ITB Berlin Exhibition opening

Ulaanbaatar, March 4 (MONTSAME) An opening ceremony ran Tuesday for the annual ITB Berlin, an international tourism exhibition held every March in Berlin since 1966. Opening remarks were given by President of Mongolia Ts.Elbegdorj, Federal Minister of Foreign Affairs of Germany Frank-Walter Steinmeier, the Mayor of Berlin Michael Muller, the Secretary General of the UN World Tourism Organization Taleb Rifai, and the president of the Federal Association of German Tourism Industry Michael Frezel.

Mongolia has been participating in the exhibition since 1999, this year is joining it as its official partner. "I am grateful to the German side for having Mongolia take part in this status," the President said. "As the saying goes, 'he who travels far, knows much', and I would like to personally invite all of you to Mongolia, if you want to see the land that has great history of building the largest empires of Attila and Chingis Khaan, to make adventurous travels through vast steppes and fascinating landscapes, to see with your own eyes the country that has made an economic transition and is developing at a rapid pace,' he said.

A majority of the participants of this year's exhibition, 82.5 percent, are from Europe. In particular, the member-states of the European Union are covering 64.4 percent, Asian countries--8.1 percent, African countries--5.4 percent, countries from the American continents--3.2 percent and Australia along with its neighboring countries are making up 0.7 percent of the total participants.

Studies show that a number of tourist increases by 15-30 percent in a country after its participation in this exhibition. For instance, the number of tourists who visited Turkey in 2011 totaled to 31.4 million, showing a nine percent increase against the previous year, while the number was at 28.6 million in 2010, when the country attended the exhibition for the first time as an official partner. The number of tourists kept its increasing pace, reaching 39.7 million in 2012 and showing 20-percent increase in 2013 as well.

Values of agreements signed between the tourists and tour companies during annual exhibitions reach approximately EUR 6.5 billion every year.

The exhibition is held at "Messe Berlin" exhibit hall built in 1930, that occupies 26 facilities and 160,000 square meter. The opening ceremony, art performances and receptions for the Mongolia tour agencies ran at the new facility of the hall called "City Cube".

Mongolia successfully participated in the exhibition as a Cultural Partner in 2011. This year, the theme of Mongolian exhibitors is "Mongolia, Nomadic by Nature". The exhibition attracts every year some 400 representatives of press and media, which allows partner-countries a great opportunity to advertize its tourism. Mongolia has put a goal for 2015 to receive one million tourists. According to the statistics, Mongolia attracted 417 thousand tourists in 2013 and 392 thousand tourists in 2014.



# V Freedom Online Coalition Ulaanbaatar 2015 Approaches

March 4 (infomongolia.com) At the IV Freedom Online Coalition Conference held in Tallinn, Estonia in April 2014, the FOC member countries unanimously agreed electing Mongolia to chair the Coalition in 2015 and the V Freedom Online Coalition will be hosted in Ulaanbaatar on May 04-05, 2015.

The Freedom Online Coalition (FOC) is an intergovernmental coalition committed to advancing Internet freedom - free expression, association, assembly, and privacy online - worldwide. In its founding document, the "Hague Declaration", the FOC declared that the same rights apply online as well as offline.

Therefore, FOC member states are committed to working together diplomatically to voice concern over measures to restrict Internet freedom and support those individuals whose human rights online are curtailed. Since its inception in 2011 in The Hague, the Netherlands, the coalition has grown from 15 to 23 member countries.

## Previous Conferences

- The First Online Freedom Conference was organized in The Hague, Netherlands on December 08-09, 2011 to discuss with a wide variety of stakeholders the role of governments in advocating Internet freedom, and to have governments commit to work together on this theme in the future, where 22 countries, 4 international organizations, 9 companies and 17 NGO's from around the world had participated in the inaugural event in The Hague.

- The II Online Freedom Conference took place in Nairobi, Kenya on September 06-07, 2012. The Conference gave Kenya the opportunity to offer leadership in Africa on related policy debates. This was especially important as Kenya and Ghana were, until the conference, the only African members of the Freedom Online coalition. During the conference, Tunisia joined the Coalition, becoming its third African member, and bringing the total number of countries in the Coalition to 18.

- The III Online Freedom Conference held in Tunis, Tunisia on June 17-18, 2013 was the first Arab country in the FOC, this had been a great opportunity to show the country's newly won freedom, which set the Arab spring in motion. In this spirit, the Tunis conference was named "Joint Action for Free Expression on the Internet", to cement the coalition's united approach towards Internet freedom.

- The IV Online Freedom Coalition Conference hosted in Tallinn, Estonia on April 28-29, 2014 was organized under "Free and Secure Internet for All", the main focus across 19 plenary and panel discussions was how to protect and strengthen freedom online in the face of new challenges and the complex and hotly debated subject of Internet governance. More than 400 delegates from over 60 countries gathered at the event in the Estonian capital of Tallinn with representatives from government, business and civil society.



## **Standing committee on security and foreign policy reports**

Ulaanbaatar, March 2 (MONTSAME) The parliamentary Standing committee on security and foreign policy has reported about its works done within the 2014 autumn session of parliament.

The report was given last Friday by J.Enkhbayar, head of the Standing committee; and S.Oyun MP.

In the period of the autumn session, the Standing committee on security and foreign policy met 17 times, discussing and tackling 13 bills, 11 draft resolutions of parliament and 11 issues of consulting international contracts and agreements. Moreover, specific decisions were made after discussing 40 issues including presentations from working groups, plans and reports, J.Enkhbayar said.

The Standing committee issued 33 conclusions and proposals and 23 draft proposals to principally-different matters. The sub-committee on special control at the Standing committee met three times, discussing and resolving six issues, J.Enkhbayar said.

Within the autumn session, the Standing committee discussed and had the session adopt draft amendments to resolutions on establishing the diplomatic relations with Uganda, Rwanda, Micronesia, Haiti, Kiribati, Equatorial Guinea, Chad and Mauritius, and on approving a state policy on exploitation of radioactive minerals and nuclear energy; and 12 draft resolutions of parliament on appointing and freeing members of the government, J.Enkhbayar said.

## **Ministry of Population Development and Social Welfare Reps visit USA**

Ulaanbaatar, March 2 (MONTSAME) A delegation led by the Minister S.Erdene has been appointed with a working visit to the United States of America that had run on February 22-27. The delegates visited Washington D.C. in order to get acquainted with the US legal environment for people with disabilities, at the invitation of the State Department.

The Ministry of Population Development and Social Welfare is cooperating closely with the State Department of the USA and the US Embassy to Mongolia on the development of draft new wording of the Law on Social Welfare for the Disabled Persons, in favor of the full access to their rights.

In frames of such cooperation, a special advisor for international disability rights Ms Judith Heumann, former chief of the Disability Rights Section of the US Department of Justice Mr John Wodatch, and an advisor for disability rights Mr Vladimir Spencer has visited Mongolia last year to assist the development of the draft.

During the visit of the Ministry delegation to the USA, the Minister S.Erdene held meetings with Ms Judith Heumann, Mr John Wodatch and a professional responsible for Mongolian affairs at the Bureau of East Asian and Pacific Affairs of the State Department Ms Aryani Manning.



They touched upon matters of the development approaches of the US law governing the matters regarding the disabled, and the processes of implementation. He also held meetings with the representatives of organizations for the disabled and ran discussion themed Disability Rights in Office with the State Department officials.

The delegates organized a round-table meeting at the US Department of Health, to discuss matters of health insurances for the disabled people and their access to medical attention.

Some delegates of the Ministry will stay and visit on March 1-7 at the Bay Area of San Francisco to get au fait with the implementations of related laws and regulations, and to meet the representatives of NGOs, Universities and local administrations.

The delegation comprises the members of the Parliamentary Standing committee on Social Policy, Education, Culture and Sciences D.Battsogt and Z.Bayanselenge MPs, head of the Department for Disability Development of the Ministry D.Batdulam, the president of the Union of Persons with Disabilities D.Baatarjav and the president of the National Association of the Mongolian Organizations for the Disabled Ts.Oyunbaatar.

## **Minister D.Oyunkhorol Meets UNEP Secretary**

Ulaanbaatar, March 2 (MONTSAME) The Minister of Environment, Green Development and Tourism D.Oyunkhorol received Mr Jiri Hlavacek, the Secretary of Governing Bodies of the United Nations Environment Programme (UNEP) last Friday.

At the beginning of the meeting, Mr Hlavacek said that he highly spoke the Mongolia's participation in the UNEP, and then expressed thanks to the government of Mongolia for joining global activities for nature protection. He noted that the UNEP has been cooperating with Mongolia in the issues of global climate change, natural disasters and crisis, a management of eco-system, the environmental governance, chemical poisonous substances and effectiveness of natural resources.

The UNEP Secretary invited Ms Oyunkhorol to participate in the Environment Ministerial Meeting of Asia-Pacific Region to be held in May in Bangkok, Thailand, emphasizing an importance of the forthcoming meeting for discussing urgent matters, sharing experiences and issuing joint solutions. Mr Hlavacek also asked the Minister to take part in the 2nd session of the UNEP Assembly to run Mayin Nairobi, Kenya.

In response, the Minister Ms Oyunkhorol said she is glad to meet the UNEP Secretary, and thanked the UNEP for collaborating with Mongolia and paying big attention to the environmental issues of Mongolia. Ms Oyunkhorol said she intends to take part in the Environment Ministerial Meeting of Asia-Pacific Region, and expressed her willingness to meet with Mr Achim Steiner, the UNEP Executive Director.

The Minister said Mongolia wants to cooperate with the UNEP in upgrading and renewing the rules and regulations on the environment sector in order to improve the environmental governance and legal regulations and to make them more fruitful.

Expressing her positions on some issues of the environmental sector in Mongolia, the Minister asked the UNEP to render assistance and support to Mongolia for resolving relevant matters in several phases.



## Jeane J.Kirkpatrick award goes to S.Oyun

Ulaanbaatar, March 4 (MONTSAME) A president of the United Nations Environment Assembly (UNEA) Ms S.Oyun MP will receive the Jeane J.Kirkpatrick Award, which is granted by the Women's Democracy Network at the International Republican Institute (IRI).

The award granting ceremony will run Wednesday in Washington DC, the USA. Alongside Ms Oyun, the award will go to Ms Tarja Halonen, a former President of Finland.

The IRI established the Jeane J.Kirkpatrick Award in 2008 in memory of Dr Kirkpatrick, a long-time IRI board member and strong advocate for IRI's women's programming and the establishment of the Women's Democracy Network.

## Cabinet meeting in brief

Ulaanbaatar, March 3 (MONTSAME) At the cabinet meeting on Monday, the Minister of Finance J.Erdenebat introduced to Ministers an implementation of the law on "glass" account.

After the presentation, an obligation was given to general managers of budget to ensure the law's implementation and realization of the regulations, and to post the relevant information on all organizations' websites within the law's frame.

- The cabinet backed a draft resolution of government on determining sources of a list of investments projects, measures and buildings.
- The cabinet backed in principle a draft amendment, formulated by L.Tsog MP, to the law on acquitting the politically-repressed people and granting compensation, and decided to reflect in it some proposals and to send it to Tsog.

## Average lifetime of Government is 28 months: Indication of need to revise the Constitution

March 3 (gogo.mn) Spring session of the State Great Khural is to discuss the amendments to the Constitution of Mongolia. National Research team assessed the implementation of the Constitution.

In 23-year time only two cabinets have completed its period fully, while we have witnessed the cabinet of few months lifetime as well. Average lifetime for a governing power in Mongolian is 28 months, which affects negatively on government continuation and sustainable development of the country.

This is clear indication of the hole in the legislation and there is real need to make amendments to the Constitution. This issue is to be discussed during the spring session of the State Great Khural, according to the State Formation Standing Committee head A.Bakei.



National Research team concluded that Constitution, which was adopted in 1992 and implemented for over 20 years, needs to be amended as it is no longer serves to the specifics of the current social and political developments.

In view of this conclusion, special working group on amendments to the constitution has been established with the order just before the closing of the autumn session of State Great Khural consisting of seven MPs.

Seven MPs to participate in the adoption of the renewed Constitution are

- N.Batbayar Member of Parliament
- L.Tsog Member of Parliament
- S.Bayartsogt Member of Parliament
- D.Lundeejants Member of Parliament
- D.Demberel Member of Parliament
- R.Gonchigdorj Member of Parliament
- L.Bold Member of Parliament.

Working group will revise the seven amendments adopted in 2000, which have been criticized for worsening the Constitution. Moreover the main focus will be on independence of the cabinet, double deal issues and city status within the administrative unit section.

## Can MP G.Uyanga dismiss President?

March 5 (gogo.mn) MP G.Uyanga started a battle against President of Mongolia Ts.Elbegdorj. She once outbraved anyone around her and addressed the President directly with: "You never report. You are lucky that no one is asking you to do so."

Yesterday MP came out with an announcement intending to dismiss the President. According to the Constitutional rights, President of Mongolia Tsakhiagiin Elbegdorj issued a Decree to pardon some convicts. President pardoned U.S. citizen Justin Kapla, citizens of Philippines Cristobal David and Hilarion Cajucom Jr who have been convicted of tax evasion charges. This act has become the grounds for MP G.Uyanga to see it as the violation of the Constitution and President needs to be dismissed.

MP G.Uyanga is to submit the issue to the Constitutional Court and if the court rules in favor for MP G.Uyanga, she will submit the issue at the State Great Khural.

**DOES STATE GREAT KHURAL HAVE RIGHT TO DISMISS PRESIDENT?**

It does have the right. In the provision seven of the Law on Mongolian President it states that:

1. President shall report each year to State Great Khural.
- 2.State Great Khural to discuss the issue on dismissal of the President basing on provision 35 and article 2 of the Constitution Law, in case if President violates Constitution, other legislation and its full powers and not less than one third of the State Great Khural members officially submits the issue.

This implies that MP G.Uyanga needs to collect support from other 25 State Great Khural Members. Seeing from yesterday's announcement she has four independent MPs on her side. How many more MPs will side with her?



## Premier attends meeting of ACCM

Ulaanbaatar, March 6 (MONTSAME) The Prime Minister Ch.Saikhanbileg on Thursday took part in a meeting of members of the American Chamber of Commerce in Mongolia (ACCM), in Ulaanbaatar.

Organized by the ACCM, the meeting brought together delegates of some 100 Mongolian and foreign companies to receive reports on a present situation of Mongolia's economy and foreign investments issues.

The Premier said Mongolia's government is working to ensure a political and business stability and to improve the legal environment that more allows to augment foreign investments. The Mongolian government will back foreign investments, maintaining a principle of being open to business, he stressed. The ACCM is an official member branch of the United States Chamber of Commerce (USCC) with aims to expand and strengthen the Mongolia-USA business partnership and to attract THE U.S. investments to Mongolia. The USCC currently has some three million members and branches in over 100 countries.

## *Foreign Relations*

### **Ambassador of Belarus Stanislav Chepurnoy meets Minister for Food and Agriculture of Mongolia**

March 5 (mfa.gov.by) On March 5, 2015 Ambassador Extraordinary and Plenipotentiary of the Republic of Belarus to Mongolia Stanislav Chepurnoy met with the Minister for Food and Agriculture of Mongolia Radnaa Burmaa.

The sides discussed current issues of bilateral cooperation in the field of agriculture, including supplies of Belarusian machinery, interaction in the sphere of agrarian science and veterinary medicine as well as education of Mongolian specialists in the Belarusian educational establishments.

### **Diplomatic Academy holds Training**

Ulaanbaatar, March 2 (MONTSAME) In frames of a function of providing the Mongolia's foreign policy and activities with unified regulations, a training themed "Successful implementation of external relations policy" was held last week in the Ministry of Foreign Affairs.

Co-organized by the Diplomatic Academy, the Mongolia's Society of Local Governance (MSLG) and the Citizens' Representative Khural of Ulaanbaatar city, the training brought together 83 people including authorities and external relations officers of the Citizens' Representative Khurals of the city, its districts under a key purpose of



improving their knowledge and skills on the Mongolia's foreign policy, activities and diplomacy.

Reports were delivered at the training by authorities of the Diplomatic Academy, the Research Center of General Regulations for Foreign Policy; diplomats of the Ministry of Foreign Affairs; and senior diplomats on the issues of the Mongolia's foreign policy, general regulations for the external relations, international contracts, foreign cooperation, consular activities, diplomatic ethics and protocol.

## **Mongolian Culture Days run in Indonesia**

Ulaanbaatar, March 3 (MONTSAME) The Mongolian Embassy to the Republic of Indonesia and the Honorary Consulate in Surabaya successfully co-organized the Mongolian Culture Day in Surabaya on February 25 and the opening ceremony of the Embassy in Jakarta on February 28.

In Surabaya, the opening remarks were made by the Deputy Mayor of the city Mr Wisnu Sakti Buana and by the Ambassador of Mongolia to Indonesia Ms Sh.Battsetseg. Surabaya people and the representative of Consulates and Honorary consulates attended the event to get acquainted with our history and culture.

In Jakarta, the actions involved the Indonesian Minister for Women's Empowerment and Child Protection Y.Yambise; the Minister of National Development Planning A.Chaniago; a Deputy Minister of Foreign Affairs A.M.Fahir, and representatives of other Ministries, state agencies, diplomatic and business missions along with Mongolians who live/study in this country. Mr Battsetseg and the Indonesian Deputy FM A.M.Fahir and others addressed the gathered, saying that the diplomatic relations, established in 1956 between Mongolia and Indonesia, have been founded in times of the Great Mongol Empire.

After this, several events took place such as fashion collections of Mongolian traditional clothes, which present changes in clothing through the course of history, and performances of long songs, throat singing, morin khuur, religious dance, folklore dance, contortion and shaman dance.

## **Vice FM receives Ambassador of Vietnam**

Ulaanbaatar, March 4 (MONTSAME) The Vice Minister of Foreign Affairs N.Oyundari met with the Ambassador of the Socialist Republic of Vietnam to Mongolia Mr Phang Dang Duong on March 3.

They exchanged views on the bilateral relations and cooperation, on intended in 2015 frameworks. Oyundari emphasized an importance of intensifying economic contents in the bilateral relations and improving mutual investments.



## Former Prime Minister Tony Blair pays an official visit to Mongolia

March 4 (news.mn) Former Prime Minister of the United Kingdom Tony Blair has paid an official visit to Mongolia. According to sources he visited the Government House today and has met with influential politicians.

During the governance of former Prime Minister S.Batbold, Blair has been involved in consulting on several issues with the Mongolian government. Tony Blair paid a visit to Mongolia in March 2013, during the celebration of Nayriz, the Kazakh holiday, and met with former Prime Minister of Mongolia N.Altankhuyag and S.Byambatsogt, Chairman of the MPP Group at the Parliament.

There are assumptions that he has discussed Oyu Tolgoi issues during his visits to Mongolia.

Before the end of the autumn session of Parliament, a program to address economic difficulties has been approved. The present program contains assignments to move forward on major projects such as Tavan Tolgoi and Oyu Tolgoi.

The Government of Mongolia has not denied that discussions of mega projects with Tony Blair have been carried out.

Presently, the former Prime Minister is mostly consulting on employment issues and is leading the following organizations from the UK: the Tony Blair Government Advisory Practice, Office of the Quarter Representative, Tony Blair Faith Foundation, Tony Blair Africa Governance Initiative, and Tony Blair Associates.

## Foreign Minister works in Geneva

Ulaanbaatar, March 5 (MONTSAME) The chief diplomat of Mongolia L.Purevsuren started a visit to the United Nations Office at Geneva, Switzerland on Wednesday.

At a meeting with Mr Michael Moller, the acting head of the UN Office at Geneva, the FM affirmed that Mongolia wants to strengthen ties and cooperation with the UN and its organizations, and underlined that Mongolia has been contributing to the global peace, development and human rights, actively participating in the UN peacekeeping operations. He also noted that Mongolia had the UN General Assembly adopted the resolution on education for democracy and successfully chaired the Community of Democracies (CoD).

Mongolia has been contributing to efforts of the international community for disarmament, non-proliferation of weapons of mass destruction and controlling armament, Purevsuren emphasized. "Mongolia is doing all its best to forward actions of the United Nations Disarmament Commission (UNDC) within its chairmanship for the Commission," he said asked Mr Moller to consider a selection of Mongolian experts to the UN Office at Geneva.

In response, Mr Moller said the UN highly values the contribution of Mongolia to the UN actions and efforts for forwarding goals for the global peace, security and development. He congratulated Mongolia on chairing the UNDC and promised to consider a request of Mongolia on employing the Mongolians at the UN Office at Geneva.



After this, the Foreign Minister is to address a summit of the UNDC, a high level forum of the UN Council for Human Rights, and to meet the Steering Council of the CoD.

## *Economy*

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

March 1 (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.

## **Mongolia Proposes Germany to Study Possibilities for Establishing Economic Partnership Agreement**

March 4 (infomongolia.com) On March 04, 2015, President of Mongolia Ts.Elbegdorj held a meeting with the Federal Chancellor of the Federal Republic of Germany Angela Merkel and after which, parties attended in the press conference.

In her statement, Chancellor A.Merkel welcomed the President of Mongolia, who opened the 2015 ITB Berlin and further said, "In 2011, Germany and Mongolia concluded an Agreement of Bilateral Cooperation in the mineral sector. Within the confines of the Agreement, a German-Mongolian Institute for Resources and



Technology was established in Mongolia. Our two parties need to make greater efforts to implement the agreed objectives of the Agreement. Germany-Mongolia bilateral relations are very special. We do enjoy active political relations, however our economic cooperation has remained relatively slow. Over the past period, we failed to implement our joint economic project to the level we wished.

We need to cross three roads at first. First, for infrastructure projects, the sources for initial investments need to be established. We do encounter financial problems with projects we have agreed on. Second, in order to extract minerals, necessary infrastructure needs to be put in place. The deposits of interest are located in remote provinces. Third, Mongolia has two big neighbors. They have their own positions and versions of development of roads and transportation infrastructure in Mongolia. So if one wants to speak to Mongolia, it will have to speak to the two neighbors as well.

The airline companies of our countries maintain relations in the civil aviation. Germany will work to support and expand these relations”.

President of Mongolia Tsakhia ELBEGDORJ emphasized in his remarks, “Mongolia views Germany as its main partner in Europe. I am very glad that Chancellor Angela Merkel and I had a wonderful opportunity to meet and discuss our bilateral relations and cooperation and exchange views on issues of regional character. Madame Chancellor visited Mongolia in 2011. We visited Germany in 2012. Mongolia endeavors to expand relations and cooperation with Germany in every field. I wish to reassure that Mongolia shall work actively to implement the agreed goals and objectives of our bilateral relations. I am indeed very happy about this chance to meet with all of you here.

We must most scrupulously implement our Agreement of Cooperation in the minerals sector. Further on, Mongolia is proposing Germany to study the possibilities for establishing an Economic Partnership Agreement as Mongolia wishes to develop a comprehensive economic cooperation with Germany. If our two parties establish such an agreement and manage to have it ratified by Parliaments, it will create a splendid environment for promoting extensive bilateral relations. I do believe that we do have much room for cooperation on this front. Railroads are our main transportation infrastructure. Mongolia and Russia hold a joint investment of 50% each in Mongolian railroads. We have started constructing new railroads as well. During the visit of the President of the PRC to Mongolia last year, our two Governments signed an excellent agreement on transit transport through the territory of China. The agreement indicated the routes, the ports and the level and scope of concrete soft conditions that China accords to Mongolian transit transport. A similar agreement can be established with the Russian Federation as well.

Mongolia is a landlocked country, therefore, air transportation is vital for our development. Mongolia pursues greater connectivity with Europe. Our country can serve as a land and air hub located between Russia and China. We are now building a new airport. Mongolia will be extremely pleased to start-up any joint project in this field with Germany.

Mongolia held her first democratic election in July 1990. This year marks the 25th anniversary of establishment of a democratic government in Mongolia. Mongolia strives to be a role model in our region for human rights, rule of law, openness and transparency. Our two neighbors have always reaffirmed their respect for the choice of the Mongolians. Mongolians never doubt in the rightness of the choice they made 25



years ago. Mongolia will work to further consolidate our choice. We are grateful to Germany for its support and assistance, and for sustained cooperation with Mongolia”.

## **Economic Council meets**

Ulaanbaatar, March 4 (MONTSAME) The Economic Council at the Prime Minister held its second meeting on Tuesday.

The Council's first meeting had decided to work out proposals and recommendations in four directions--improving business environment in Mongolia, augmenting the external trade and investments, ensuring a stability of macro economy, and forwarding projects on great construction. The second meeting considered issues of creating sub-groups for these directions, a program on overcoming current economic difficulties, and measures for supporting the national economy with a tax policy.

The Prime Minister said the Bank of Mongolia (BoM) and the Finance Regulatory Committee (FRC) are formulating a plan within the program on overcoming the economic difficulties, and said his cabinet is receiving proposals from members of the Economic Council.

A head of the Cabinet Secretariat for Government S.Bayartsogt briefed about the program. A head of the Finance Ministry's Department of Budget Policy and Planning J.Ganbat pointed out that the cabinet is drawing up a new version of the general law on tax in order to make legal terms clearer, adding clauses on extending the deadline of tax payment and annulment and reflecting rights and duties of tax inspectors. Moreover, the draft amendment aims to introduce an electronic system in the tax payment process, he added.

After the presentation, the gathered expressed positions over supporting the national economy with a tax policy and put forward some specific proposals on it.

## **Government securities can be used as a tender guarantee**

March 3 (Mongolian Economy) England has been trading government securities for 500 years. How it works is the government announces the sale of government securities to the public for a certain period to attract investment. Months or years later, when it comes time for the government to pay the investment returns and yields, the government re-announces the trade of government securities to compensate the previous investments. This cycle of compensation has continued for a half a millennium. Government security trading has generated strong recent interest in Mongolia. In the past, only a few major banking players were involved in security trading organised by the central bank—causing interest to be low. But now, enterprises and individuals have the opportunity to participate in trade, according to an announcement by Mongol Bank.

Bonds or other government securities—which basically operate by having you lend your money to the government and later receive a return in full plus interest—are relatively new to Mongolia. According to the data from the Mongolian Stock Exchange, the government has accumulated in total MNT 78 billion from government security trading, while private participants gained a profit of MNT 7 billion.



Government securities can contribute to short-term budget revenue, expenditure gap financing, investment for development projects and financial market development. In addition, the central bank views that government securities can be used as a monetary policy tool that can establish real interest rates. Government securities have the advantage of being high liquidity, risk-free and offering tax-exempt interest income.

Government securities offer high interest rates—higher by almost three percent than the highest interest of commercial banks. Plus, if you have an urgent need for money (liquidity), the possibility to sell or transfer the securities to secondary market participants makes the initial investment one of high liquidity. Even after selling or transferring the securities, any earned interest is retained free of any charges.

Owning securities has other advantages. For example, bidders in tenders are required to make at least a 30 percent deposit. Thus, if an enterprise bids for a MNT 100 million tender, it must place a deposit of MNT 30 million. However, if you own a government security of that amount, you can use that security as a tender deposit guarantee.

The public may want to know if an account used in government securities trade can be used again in future trades. Mongolian Stock Exchange marketing and public affairs director J.Myagmarsuren says: "Government securities are usually declared in terms of three, six, nine or twelve months. If you participated in a three months term exchange, and if it expired, then the account is closed. After that a new account must be created in order to participate. Interest is calculated every month."

The next government security exchange is going to be held on 24 March. During this exchange 255,828 securities are going to be traded, with a nominal value of MNT 96,659.

## **Balance of payments deficit USD 471 million in 2014**

March 3 (Mongolian Economy) The Ministry of Finance has released its latest 2014 performance estimate. Last year, GDP increased at 7.8 percent, mainly due to the significant growth of livestock, copper concentrate, oil production and export. However, GDP growth has declined each of the past four years—17.3 percent in 2011, 12.3 percent in 2012 and 11.6 percent last year. The trade and commercial sector decreased 6.9 percent in 2014 because of the declining economy and low business activity.

Prime Minister Ch.Saikhanbileg has noted that Mongolia's balance of payments must recover in order to overcome the economic crisis. Balance of payments showed a surplus in 2011 and 2012, and a deficit of USD 1.8 billion in 2013. The deficit was reduced to USD 471 million in 2014.

The balance of payments of a country is the record of all economic transactions between the residents of a country and the rest of the world in a particular period, such as over a year. These transactions are made by individuals, firms and government bodies.

Mongolia's revenue hinges on fluctuations in export goods price increases or decreases, usually determined by the global marketplace. Export revenue was high in 2014 because of the favorable copper price on the global market.



## **Number of taxpayers with declared income and revenue statements decreases by 20,000**

March 5 (news.mn) The Standing Committee on Legal Affairs has decreased the number of taxpayers declaring and submitting asset ownership and income by 20,000. Assistants and advisors to ministers and high ranking state officials will no longer need to submit asset and income declaration.

Last tax season, about 58,000 officials submitted asset and income declaration. The number of people declaring assets and income has decreased, but no changes have been made to the Anti-Corruption Law.

The Standing Committee on Legal Affairs stated that it is possible to make further cuts and raise the number to 38,000 exempt from declarations.

### *Business*

## **Municipality Center for promoting Small and Medium Enterprises signs MoUs**

Ulaanbaatar, March 2 (MONTSAME) This center signed a Memorandum of Understanding on February 27 with the University of Finance and Economy on cooperation in providing professional consulting for small and medium enterprisers, conducting demanded trainings and researches, incubation programs, running process audits and monitoring over the activities of small and medium enterprises that have taken easy-term credits from the Fund for Promoting these enterprises, and in improving the coherence between these businesses and trainings.

Same MoU was signed between the Center and the Institute for Economic Studies of the Mongolian State University (MSU). On the same day, the Center agreed to cooperate with "Vital News" press agency in establishing a profile page on the portal website and conduct discussions on promoting the small and medium enterprises that operate in Ulaanbaatar.

Moogol Cloud LLC and the Center for Promoting Small and Medium Enterprises signed a MoU in order to cooperate in the submission of information regarding business activities into the National Search Engine and the database network, developing the virtual awareness-raising, improving the business environment, providing training for the citizens to teach the use of information technology, and co-promoting the implementation of "Smart Ulaanbaatar" program, as well in intensifying the Public and Private Partnership.



## Stock Exchange

# Settlement Cycle for Domestic Equity Market Switched to T+1

March 4 (gogo.mn) By implementing the resolution No.:67 of Financial Regulatory Commission, dated on 28 January 2015, the settlement cycle for domestic equity market is switching from T+3 to T+1 effective from 4 March 2015 due to updated changes on trading and settlement system and related regulations have been made.

## Stock exchange weekly review

Ulaanbaatar, March 2 (MONTSAME) Five stock trades were held at Mongolia's Stock Exchange on February 23-27 of 2015. In overall, 397 thousand and 966.00 units of 35 JSCs were traded costing MNT 22 billion 708 million 184 thousand and 837.00.

"Bayalag nalaikh" /60 thousand and 767 units/, "Jinst-Uvs" /45 thousand and 028 units/, "Remikon" /12 thousand and 118 units/, "Hermes center" /11 thousand and 635 units/ and "Olloo" /9,999 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Bayalag nalaikh" (MNT 40 million 831 thousand and 070), "Material impex" (MNT nine million and 804 thousand), "Gobi" (MNT eight million 416 thousand and 150), "APU" (MNT six million and 596 thousand) and "Suu" (MNT six million and 398 thousand).

The total market capitalization was set at MNT one trillion 365 billion 432 million 388 thousand and 305. The Index of Top-20 JSCs was 13,907.69, increasing 0.56% and all index of MSE was 989.95, decreasing by 0.04% against the previous week.

## Stock Exchange news for February 27

Ulaanbaatar, March 2 (MONTSAME) At the Stock Exchange trades on Friday, a total of 48 thousand and 007 units of 11 JSCs were traded costing MNT nine million 744 thousand and 970.00.

"Jinst-Uvs" /45 thousand and 028 units/, "State Department Store" /1,456 units/, "Baganuur" /444 units/, "APU" /200 units/ and "Genco tour bureau" /200 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Jinst-Uvs" (MNT four million 502 thousand and 800), "Baganuur" (MNT one million 021 thousand and 200), "Darkhan khuns" (MNT 990 thousand), "Tavantolgoi" (MNT 770 thousand) and "State State Department Store" (MNT 757 thousand and 120).

The total market capitalization was set at MNT one trillion 365 billion 432 million 388 thousand and 305. The Index of Top-20 JSCs was 13,907.69, decreasing 0.10% and the all index of MSE was 989.95, decreasing 0.06% against the previous day.



## Stock exchange news for March 2

Ulaanbaatar, March 2 (MONTSAME) At the Stock Exchange trades on Monday, a total of 2,667 units of 13 JSCs were traded costing MNT six million 255 thousand and 463.00. "Merex" /1,000 units/, "State Department Store" /448 units/, "Genco tour bureau" /300 units/, "Gobi" /200 units/ and "APU" /175 units/were the most actively traded in terms of trading volume, in terms of trading value were "UB-BUK" (MNT one million and 900 thousand), "Gobi" (MNT one million and 480 thousand), "Material impex" (MNT one million 064 thousand), "APU" (MNT 628 thousand and 500) and "Tavantolgoi" (MNT 384 thousand and 900).

The total market capitalization was set at MNT one trillion 366 billion 250 million 739 thousand and 361. The Index of Top-20 JSCs was 13,929.75, increasing 0.16% and the all index of MSE was 990.98, increasing 0.10% against the previous day.

## Stock exchange news for March 3

Ulaanbaatar, March 3 (MONTSAME) At the Stock Exchange trades on Tuesday, a total of 96 thousand and 099 units of 20 JSCs were traded costing MNT one billion 551 million 696 thousand and 967.30.

"Hermes center" /70 thousand and 714 units/, "Merex" /3,679 units/, "E-trans logistics" /1,700 units/, "APU" /1,472 units/ and "State Department Store" /1,345 units/were the most actively traded in terms of trading volume, in terms of trading value were "Hermes center" (MNT 10 million 041 thousand and 388), "Gobi" (MNT six million 612 thousand and 200), "APU" (MNT five million 199 thousand and 050), "UB-BUK" (MNT one million and 482 thousand) and "Darkhan nekhii" (MNT one million and 190 thousand).

The total market capitalization was set at MNT one trillion 353 billion 392 million 519 thousand and 579. The Index of Top-20 JSCs was 13,812.66, increasing 0.84% and the all index of MSE was 985.88, decreasing 0.51% against the previous day.

## Stock exchange news for March 4

Ulaanbaatar, March 4 (MONTSAME) At the Stock Exchange trades on Wednesday, a total of 51 thousand and 946 units of 19 JSCs were traded costing MNT 28 million 286 thousand and 703.00.

"Hermes center" /29 thousand and 205 units/, "Olloo" /10 thousand and 250 units/, "State Department Store" /5,160 units/, "Tavantolgoi" /3,413 units/ and "E-trans logistics" /1,022 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Tavantolgoi" (MNT 11 million 945 thousand and 500), "Gobi" (MNT four million 344 thousand and 420), "Hermes center" (MNT four million 147 thousand and 110), "State Department Store" (MNT two million 683 thousand and 200) and "Darkhan khuns" (MNT one million and 265 thousand).

The total market capitalization was set at MNT one trillion 344 billion 110 million 923 thousand and 567. The Index of Top-20 JSCs was 13,743.78, decreasing 0.50% and the all index of MSE was 983.07, decreasing 0.27% against the previous day.



## Stock Exchange news for March 5

Ulaanbaatar, March 5 (MONTSAME) At the Stock Exchange trades on Thursday, a total of 11 thousand and 578 units of 14 JSCs were traded costing MNT 17 million 055 thousand and 630.50.

"Remikon" /4,400 units/, "APU" /2,247 units/, "Khokh gan" /2,120 units/, "Makh impex" /2,118 units/ and "E-trans logistics" /300 units/ were the most actively traded in terms of trading volume, in terms of trading value were "APU" (MNT seven million 885 thousand and 400), "Makh impex" (MNT seven million 101 thousand and 900), "Talkh chikher" (MNT 448 thousand and 800), "Remikon" (MNT 374 thousand) and "Material impex" (MNT 300 thousand and 200).

The total market capitalization was set at MNT one trillion 349 billion 567 million 010 thousand and 551. The Index of Top-20 JSCs was 13,731.29, decreasing 0.09% and the all index of MSE was 982.52, decreasing 0.06% against the previous day.

## Stock Exchange news for March 6

Ulaanbaatar, March 6 (MONTSAME) At the Stock Exchange trades on Friday, a total of 8,697 units of 15 JSCs were traded costing MNT 14 million 338 thousand and 030.00.

"Genco tour bureau" /5,105 units/, "Mogoin gol" /1,000 units/, "State Department Store" /897 units/, "APU" /499 units/ and "Remikon" /350 units/ were the most actively traded in terms of trading volume, in terms of trading value were "Mogoin gol" (MNT eight million), "APU" (MNT one million 746 thousand and 500), "Gobi" (MNT one million 460 thousand), "Darkhan nekhii" (MNT 826 thousand and 900) and "Makh impex" (MNT 586 thousand and 500).

The total market capitalization was set at MNT one trillion 346 billion 776 million 547 thousand and 323. The Index of Top-20 JSCs was 13,696.99, decreasing 0.25% and the all index of MSE was 980.95, decreasing 0.16% against the previous day.

## Banking

### Mortgage loan conditions won't be changed

March 4 (gogo.mn) Housing Finance Corporation has been changed into State Housing Corporation and is to no longer be in charge of the financing of the housing mortgages for the citizens, but to be changed into authority to develop, construct and order projects. According to the Government Resolution No.27 of 2014 mortgage loans worth of MNT 65 billion from the 4000 Households Housing Program is to be transferred to State Bank and registered as the secondary accounts payable, while the rest to be transferred to commercial banks. In view of this development GoM has issued the following order.



Mortgage loans worth of MNT 65 billion from the 4000 Households Housing Program is to be transferred to State Bank according to the Government Resolution No.27 of 2014 and the transfer will keep the initial loan conditions of 5 percent annual rate, freeing from the first five year principal payment and the duration up to 2030 and the cabinet agreed to proceed with this transfer.

The remaining mortgage loan package shall have interest rate not less than 5 percent, duration of up to 2030 and with no changes to the initial loan conditions and to be transferred to commercial banks with no outstanding issues with GoM and satisfying Bank of Mongolia's proper ratio criteria for the last one year.

## **EBRD President Suma Chakrabarti to Visit Mongolia in March 2015**

March 5 (infomongolia.com) On March 04, 2015, Finance Minister J.Erdenebat held a meeting with the Head of Ulaanbaatar Office of the European Bank for Reconstruction and Development (EBRD) Matthieu Le Blan upon a request of a latter part.

During the meeting, the EBRD Country Office Director introduced the Bank activities in the country and parties discussed current collaborative issues and further cooperation development issues, besides, exchanged views on opportunities to finance biggest projects in infrastructure and other sectors.

Moreover, Mr. Matthieu Le Blan conveyed an interest of the EBRD President Sir Suma Chakrabarti to meet the Finance Minister during his upcoming visit to Mongolia expected in March 2015.

Also, Country Office Director Matthieu Le Blan conferred to Finance Minister J.Erdenebat an invitation to participate in the EBRD Annual Meeting and Business Forum 2015 to take place in Tbilisi, Georgia on May 14-15, 2015.

Concluding the meeting, Minister J.Erdenebat noted that the MNT (Tugrug) loan to private sector businesses provided by the EBRD has been greatly contributing to reduce the currency risk and expressed his hope to broaden such loan services.

### *Mining*

## **Mongolia's Coal Chief Jailed for Abuse of Power, Embezzlement**

March 2 (Bloomberg) -- Batsuuri Yaichil, the chief executive officer of the state-owned company that controls the development of Mongolia's largest coking coal deposit, has been arrested on charges of embezzlement and abuse of power.

Batsuuri is to be held at Detention Facility 461 in Ulaanbaatar for 14 days from February 25, Munkhtuya Lhagvasuren, spokeswoman for the first level District Criminal Court,



said by phone. She declined to comment on the details of the case as the investigation remains under way.

The arrest comes as Erdenes Tavan Tolgoi JSC is negotiating with companies including Energy Resources LLC, China Shenhua Energy Co. and Sumitomo Corp to develop a \$4 billion coal extraction project at its Tsankhi coking coal pits.

Batsuuri, a former member of parliament who also served in Mongolia's foreign service, has been head of Erdenes TT since October 2012.

Batsuuri's tenure at Erdenes TT has been plagued with work suspensions due to disputes with Chinese coal buyers and a disagreement with Macmahon Holdings Ltd., the main contractor for the site. Erdenes TT and Macmahon are currently in a standstill agreement as they negotiate over payments.

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## **SouthGobi Employees Depart Mongolia After Presidential Pardon**

(Bloomberg) February 27 -- 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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## Discussion on Noyon Uul Held

Ulaanbaatar, March 2 (MONTSAME) A discussion on Noyon Uul cultural heritage site was held on February 27 at the Citizen's Chamber under the President of Mongolia. It gathered representatives of the stakeholders: Government and NGO's, civil society organizations, Mongolian Academy of Sciences and Centerra Gold Inc.

Chief of Staff of the President's Office P.Tsagaan opened the discussion noting that in the recent times, disputes and movements are intensifying on mining of Noyon Uul site. "Noyon Uul" movement, "Bosoo Khukh Mongol" NGO and Mongol Nature NGO submitted over 10 letters to President of Mongolia.

"President's position on cultural heritages and development in mining sector is clear. During the visit to the Russian Federation in 2011, President Elbegdorj visited the Hermitage Museum in Saint Petersburg and got acquainted with its exhibits that found by P.K.Kozlov's expedition in Noyon Uul site in 1924-1925. And the President and former President of Russia D.Medvedev agreed to release a comprehensive catalogue of Noyon Uul exhibits. In the scope of this initiative, a joint team of Mongolian and Russian researchers are working to release this catalogue within this year. It is well known for our historians and archaeologists that this catalogue includes the rarest and the most remarkable cultural treasures of Noyon Uul" he said.

President's position on mining of Noyon Uul heritage site has never changed, he added and noted that the President took a strong stance against the mining of Noyon Uul and wants to leave the cultural heritage site intact. "Archaeologists and experts should undertake research and then make decision on mining this site and mining companies should fully ensure their exploration costs. Findings will be introduced to the local or state museums and this site will be one of Mongolia's major tourist attractions" concluded Mr Tsagaan.

## Khan compensated for Mongolian expropriation

March 3 (worldnuclearnews.org) **The Mongolian government must pay Khan Resources \$100 million in compensation for its 2009 cancellation of the company's uranium licences, an international arbitration tribunal has ruled.**

The final and binding ruling, administered by the Permanent Court of Arbitration in the Netherlands, concludes the arbitration process launched by Khan in January 2011. If the Mongolian government and state uranium exploration and mining company Monatom fail to make the settlement as directed by the court, Khan says it will take steps to collect the payment under a multilateral treaty on arbitration awards of which Mongolia is a signatory.

Mongolia has substantial uranium resources, and Russian company Priargunsky Industrial Mining & Chemical Union carried out open-pit mining at the Dornod deposit between 1988 and 1995. No uranium mining has taken place in Mongolia since then. Post-1995, Canadian company Khan Resources and its predecessor companies took up interests in Dornod, and a full definitive feasibility study on the property published by Khan in early 2009 showed the project to be economically sound.



However, later the same year the Mongolian Nuclear Energy Agency and Russia's Rosatom agreed to establish a joint venture company between the then recently established Monatom and Russian uranium mining company ARMZ to develop two Mongolian uranium projects including Dornod.

In July 2009, the Mongolian government passed a nuclear energy law which provided the state with 51% of the Dornod property without compensation to prior owners. The following year, the government refused to reissue Khan with licences for the property, effectively expropriating Dornod from Khan. In response, Khan initiated legal action.

Khan said yesterday that the tribunal had agreed with "virtually all" of the company's arguments and concluded that Mongolia had breached its obligations to Khan under its own foreign investment law.

Khan's arbitration filing had sought a minimum of \$200 million in compensation, plus fees and interests, based on net present value. However, the tribunal ruled that this approach was inappropriate, and instead determined damages based on previous offers made for Dornod, notably a February 2010 offer to purchase Khan by the China National Nuclear Corporation (CNNC) which failed to progress after problems obtaining regulatory clearance.

The final damages awarded were therefore based on a July 2009 value of \$80 million, plus interest. The tribunal also awarded Khan full arbitration and counsel costs of \$9.1 million.

Khan president and CEO Grant Edey said the company was pleased with the ruling. "A former Mongolian government illegally expropriated Khan's uranium property without any compensation which is contrary to the rule of law," he said.

Khan closed all of its Mongolian subsidiaries in 2013 and shut its Ulaanbaatar office in June 2014.

## **Mongolia fined \$100M for expropriating uranium mine**

March 3 (mining.com) An international arbitration tribunal has ordered Mongolia to fork over \$100 million for expropriating the Dornod uranium project from Khan Resources (CNSX:KRI) back in 2009.

The Canadian company had sought \$354 million in compensation for having its mining licenses cancelled by Mongolia and given to Russian producer ARMZ, but the tribunal lowered the payout to \$100 million, including interest and costs, based on previous offers made for the asset, Reuters reported.

The decision caused stock in the \$41.5-million small-cap to climb 27.9 percent on Monday.

Mongolia has been under increasing pressure to stop the flight of foreign direct investment in to the country.

Changes to Mongolia's 2012 foreign investment law (SEFIL) approved by the country's cabinet in 2013 provided more certainty surrounding mining taxes and royalties and scraps the distinction between private foreign and domestic investors, but seem to have had little impact.



Last August Mongolia's central bank said fresh capital entering the country fell 70% for a total of \$873.2 million from January to June against a year earlier. Last year's dismal numbers followed a 47% drop during 2013.

The number one issue for investor confidence to return is the future of Oyu Tolgoi.

The \$6 billion Oyu Tolgoi mine is 34% owned by the Mongolian government with Rio Tinto-controlled Turquoise Hill (TSE:TRQ) owning the rest. But Rio Tinto and the government of Mongolia have been locked in bitter talks over how to fund the \$6 billion copper and gold project that at full tilt will transform the Asian nation's economy.

## **SouthGobi Sands appeals**

March 4 (gogo.mn) Ex-Employees of SouthGobi Sands namely citizen of U.S. Justin Kapla has been pardoned and went back home. Primary court ruled to imprison ex-employees for 5-6 years for tax evasion and imposed SouthGobi Sands remuneration of MNT35 billion.

Presidential pardoning left the penalty for monetary remuneration valid, which has led the company for appeal. Company appeals that the MNT 35 billion remuneration conclusion of the experts has violated Tax and other regulatory laws and sees the order as unreasonable.

Court officials have confirmed that the case has been submitted at the 10th District Criminal Appeal Court and according to the law the court hearing date will be set within 30 days.

## **Mining Minister of Mongolia Attends 2015 PDAC International Convention in Toronto**

March 4 (infomongolia.com) On March 01-04, 2015, Mining Minister of Mongolia, Rentsendoo JIGJID is participating in the Prospectors & Developers Association of Canada (PDAC) International Convention being organized in Toronto, Canada.

The 2015 PDAC International Convention has brought over 1,000 exhibitors and 25,000 attendees from 103 countries to attend technical sessions, short courses as well as social and networking events that boasts the presence of trading products, goods and services; corporate programs, investment services and related products and services.

During the Convention, the Mining Minister R.Jigjid and Parliamentary Secretary for the Ministry of Natural Resources of Canada Kelly Block have signed an intergovernmental document on cooperation.

Also, Minister R.Jigjid held separate meetings with the Finance Minister of Canada Joe Oliver, PDAC President Rod Thomas, member of the House of Commons of Canada Geoff Hogan, and Vice Minister for Mining of Chile Ignacio Moreno to seek collaboration issues and exchange views on mining and investment sectors that has been Mongolia's economic support issue for the country's development and boost.



In conjunction, Mongolia hosts the "Mongolia Mining 2015" International Mining and Oil Expo to take place at the Buyant-Ukhaa Sports Palace in Ulaanbaatar on April 01-03, 2015.

## **Registration for Coal Mongolia 2015 Ongoing**

March 5 (infomongolia.com) The "Coal Mongolia 2015" an International Conference and Exhibition on Mongolian Coal Market is celebrating its 5th anniversary with the support from the Government of Mongolia and main organizer mining.mn and co-organizer Erdenes Mongol Corporation and is to be held at the SS Convention Center in Ulaanbaatar as scheduled on April 09-10, 2015.

The primary objective of Coal Mongolia is to bring International Investors into the coal sector of Mongolia; to introduce the most advanced, environmentally friendly technologies in coal mining sector; to create a mutually beneficial partnership that will strengthen Mongolia's competitiveness in Asian region.

The increasing number of the foreign and domestic participants attending this event has proven that it has become one of the biggest coal market events in Asian region involving Government of Mongolia, government officials, investors, mining companies, equipment suppliers and internationally acknowledged research institutions.

This year over 400 participants from over 10 countries have applied to take part at the conference and over 40 international mining companies have confirmed participation at the exhibition.

As part of the Conference on April 08, 2015, an introductory trip to Mongolia's biggest coking coal deposits at Tavan Tolgoi under Energy Resources LLC, Erdenes Tavan Tolgoi JSC and Tavan Tolgoi JSC will be organized.

Registration for COAL MONGOLIA 2015 please visit [www.coalmongolia.mn](http://www.coalmongolia.mn) or contact (976+) 7011 5590.

[www.InfoMongolia.com](http://www.InfoMongolia.com) is collaborating with organizers of this international event as a local media partner and for more information please visit [www.coalmongolia.mn](http://www.coalmongolia.mn).

## **Second World Clean Coal Conference, Mongolia to Take Place in Ulaanbaatar on May 14-15, 2015**

March 5 (infomongolia.com) Another news related to Coal Conference for 2015 focused on Mongolia is a series of the World Clean Coal Conference that recently started in India last February to continue in Indonesia in April and thereafter to launch the second edition of the World Clean Coal Conference, Mongolia to take place in Ulaanbaatar on May 14-15, 2015.

The World Clean Coal Conference in response to the new challenges and opportunities facing clean coal industry worldwide is aimed to introducing the leading coal companies, power utilities, oil & gas companies, chemical and fertilizer producers' innovative



experiences, addressing the major challenges in government policy, regulation and industrial standards, delivering latest developments in technologies that help clean coal industry build new business model fitting into a low carbon and sustainable future.

#### Why Mongolia Conference

As one of the growing emerging market, Mongolia enjoys a very rich coal reserve. However, due to air pollution and dependence on importing oil & gas from abroad, Mongolia needs to find a sustainable energy mix to fuel its economic growth. Clean coal, thanks to its high carbon conversion efficiency and enticing profitability for its coal-derivatives, has shown a great potential in the national energy security of Mongolia.

According to Draft Agenda of the 2015 World Clean Coal Conference, Mongolia, the following topics will be featured.

#### Day One, May 14, 2015

##### Government Policies and Priorities for CTX Development in Mongolia

- Identifying Best Solution to Apply Coal Conversion Technology in Mongolia, with A View to Macroeconomic Situation
- Government's Activities and Future Programs to Boosting CTX Industry in Mongolia
- Prospective Trend of Coal Sector and Comprehensive Deployment of Clean Coal Industry Projects in Mongolia: Strategic Planning and Partnership
- Coal-to-X: the Commercially Proven Way for Alternative Energy
- Coal to Chemicals Industry in Mongolia
- Case Study: YITAI Indirect Coal to Liquid Project Technologies: Gasification, Liquefaction and Processing
- Reliable Gasification Technology, Utilizing Low Rank Coals for SNG and Byproducts
- Oxygen-Blown Entrained-Flow Gasifier
- Case Study: Syngas Cleaning Unit in Operation
- Application and Commercialization of Synfuels China CTL Technology
- Liquefied Coals: Fischer-Tropsch (FT) Technology
- Coal Chemicals Engineering for Fuel, Power and Petrochemical Purposes

#### Day Two, May 15, 2015

##### Unlocking the Business Potential of CTX in Mongolia

- Infrastructure Project Financing in Mongolia
- Challenges and Opportunities for Sustainable Growth of Clean Coal Industry
- Policies Background and Economic Projection on Mongolia's Coal Processing Sector
- Research Findings and Alternative Technologies for Sustainable Development
- Investigation on Thermal Stability of Some Mongolian Coals
- Steam Gasification of Mongolian Brown Coals
- The Development of IGCC and CCUS in China
- Producing Clean Water and Stable Solids to Achieve Zero-Liquid Discharge from Coal Gasification Waste Waters

www.InfoMongolia.com is collaborating with organizers of this international event as a local media partner and for more information please visit

[www.worldcleancoal.org/Mongolia/](http://www.worldcleancoal.org/Mongolia/)



## **Tavantolgoi Negotiations take break due to issues with Chalco Debt**

March 7 (gogo.mn) Minister of State M.Enkhsaikhan briefed on Tavantolgoi negotiations. According to him the Tavantolgoi negotiations are taking a break, due to the debt of a company to Chalvo. Everyone in Mongolia knows that the company have signed a loan agreement of USD 350 million with Chalco in 2011 to repay with coal.

Every Mongolian knows of this deal as every citizen has received the state grace from that USD 350 million, of which we still have to pay USD 150 million.

-Why the Chalco agreements haven't been discussed until now? Were the investors aware of this debt?

-The reason why the debt issue has emerged is because it was not disclosed to the third party. And now when the details are emerging, negotiations are being stalled. During the negotiations with investors on paying the remainder of USD 150 million another provision of the agreement states that Chalco is to receive 60-80 percent of the extracted coal from East Tsankhi for the period of another 5-6 years. Which means that this agreement bails East Tsankhi for 10 years.

Therefore, it is essential for us to study the agreement more in depth and come up with solutions ourselves and decided to take a break from negotiations.

-Can we terminate the Chalco contract?

-We can, but in that scenario GoM is to pay USD 50 million right away and be called at New York Arbitration Court. If Chalco is to claim the profits for 5-6 years we have to pay.

-What are the possible solutions?

-We will work on finding solutions. This is not an easy task. If we cannot solve this issue we will have to pay the Chalco debt of USD 150 million, which has annual interest rate of 12 percent. Also Chalco is not interested in receiving it in coal form, as the coal prices has declined.

## *Energy*

### **Mongolia seeks feasibility study of dam construction on Orkhon River**

March 4 (hydroworld.com) The government of Mongolia invites expressions of interest from consultants to develop a feasibility study of flow regulation and dam construction on the Orkhon River. Responses are due March 16.

Mongolia received funding from the World Bank's International Development Association for technical assistance to the Mining Infrastructure Investment Support Project (MINIS), which includes study of proposed flow regulation of the Orkhon River and construction of a water reservoir complex.



The government recruited consultants in 2013 to prepare specifications for the feasibility study of dam construction on the Orkhon, adding at that time that the study would include the feasibility of building a hydroelectric project. MINIS recruited consultants in February to develop a detailed set of feasibility studies of the 300-MW Shuren hydroelectric project on the Selenge River.

MINIS now seeks consultants to prepare a detailed set of feasibility studies of flow regulation of the Orkhon and construction of a water reservoir complex. The 15-month assignment is expected to begin in April.

The project is aimed at constructing a dam and reservoir on the Orkhon River to secure water supply for mining operations in Mongolia's Southern Gobi region.

Terms of reference for the work may be obtained from the MINIS Internet site, [www.minis.mn](http://www.minis.mn). Expressions of interest in English are due by 3 p.m. March 16 by delivery, mail, fax, or e-mail to the address below.

For information, contact Project Implementation Unit, Mining Infrastructure Investment Support Project (MINIS), Attn.: B. Odonchimeg, Procurement Specialist, Arig Center Building, Suite 401, Jamyangun Street-10, Khoroo 1, Sukhbaatar District, Ulaanbaatar, Mongolia; Tel/Fax: (976) 70112689; E-mail: [odonchimegb@minis.mn](mailto:odonchimegb@minis.mn), [baigali@minis.mn](mailto:baigali@minis.mn); Internet: [www.minis.mn](http://www.minis.mn).

## Consultative meeting of energy sector representatives underway

March 2 (news.mn) A consultative meeting of executive directors of companies working in the energy sector is being organized today.

The meeting will address the implementation of the energy sector's plans, reports, winter operations in 2014-2015, difficulties facing the energy sector, generated decisions, general plans for winter preparation for 2015-2016, the winter preparation budget, and the presentation of information from the executive directors of the nation's energy companies, proposals and conclusions.

As of 2014, the energy sector general system produced 5,476.7 kWh of energy, and 7,075.5 giga calories of energy. In comparison with 2013, the production of energy and power increased by 6.7 percent, or 344.4 million kilowatts, and thermal power production grew by 4.3 percent, or 305,200 giga calories.

Presently, 10,340 employees are working at 21 energy companies. The company with the highest number of employees is Ulaanbaatar Electricity Distribution Network, with 1,728 employees.

In previous years, 21 companies were working in the energy sector with losses of 30.7 billion MNT, which decreased in 2014.

The following projects were complete in 2014: increasing the capacity of Thermal Power Plant 4 by 50 MW, increasing the capacity of Thermal Power Plant 3 by 123 MW, the building of Amgalan Power Plant, and the building of thermal lines in Uvs, Khovd, and Khuvsugul aimags.

Minister of Energy D.Zorigt, Deputy Minister U.Purevbaatar, State Secretary of the Ministry of Energy D.Delgertsogt, and other officials of energy sector participated in the consultative meeting.



## **Government Approves Structure and Functions of Nuclear Energy Commission of Mongolia**

March 3 (infomongolia.com) At the regular Cabinet meeting held on March 02, 2015, it was discussed a new structure and functions of formerly known Nuclear Energy Agency of Mongolia.

During the Autumn Session of the State Great Khural (Parliament), some amendments were made to the Law on Nuclear Energy to close-down the Nuclear Energy Agency and thereby, Nuclear Energy Commission was in charge of functions to date.

At the meeting, Cabinet members reviewed and approved the structure and functions of the Nuclear Energy Commission of Mongolia.

Accordingly, the Commission will be chaired by the Prime Minister of Mongolia, where relevant Ministers, Deputy Ministers and Authority Chairpersons will be members of the Nuclear Energy Commission. Moreover, the Commission staff will not exceed 33 personnel.

## **Two Turkish companies operate in Energy Sector**

March 3 (gogo.mn) D.Zorigt, Minister of Energy received the Ambassador Extraordinary and Plenipotentiary of the Republic of Turkey to Mongolia Murat Karagoz.

Mongolian Foreign Policy document states that Mongolia will develop amiable relations with Republic of Turkey through improvement of economic and other interests in Mongolia. Currently Mongolia and Turkey are advancing the international relations to the partnership level.

Intergovernmental economic and trade commission has been established in 1994 and there is great potential for both countries to partner in sectors as agriculture, construction, environment, SME, tourism, mining and logistics.

Minister D.Zorigt emphasized that Turkey is experienced in renewable energy, especially topping the list of hydropower sector and expressed interest in adopting the technology and know-how in Mongolia and training Mongolian engineers and technical staff in Turkey, adding that there are two Turkish companies already operating in Energy sector in Mongolia.

Aidiner Global LLC started its operation in Sumber soum of Gobisumber aimag back in 2009 and is involved in a wind power plant project and has established 2 measuring stations to conduct wind capacity studies. Currently the company holds licenses and necessary approvals, signed energy supply and purchase agreement dated March 1st, 2012, which was renewed on January 14, 2014.

The project is now at negotiations with investment banks and international funds, wind turbine manufacturers, transport and insurance companies.



ZTM LLC developed Feasibility Study on Hydroelectric Power Plant planned with funding from the Turkish ZTM on Tavaltain Khavtsal (Tavaltai Canyon) in Nogoonnuur soum of Bayan-Ulgii aimag has been conducted and upon building the power plant, Mongolia hopes to fully supply western region aimags with electricity.

The FS indicates that Turkish side to introduce the efficient technology and develop the Power Plant with capacities of 88,7MW. Moreover, ZTM expressed their interest in taking on the project of Khovd River Hydroelectric Power Plant on a concession agreement basis. Upon building the power plant, Mongolia hopes to fully supply western region aimags with electricity. ZTM Engineering and Consulting also started creating a master plan for Mongolian hydroelectric power plant development.

Republic of Turkey Ambassador asked for support on these two projects with the licenses and other documentations needed.

ZTM LLC developed Hydropower Master Plan based on studies conducted at 29 river basins in Mongolia and submitted to the Ministry of Energy.

## Aviation

# Mongolian carriers call for partnership with Lufthansa

March 6 (ch-aviation.com) MIAT - Mongolian Airlines (OM, Ulaanbaatar) and other Mongolian carriers have expressed a strong interest in setting up a partnership agreement with Lufthansa (LH, Frankfurt Int'l) German chancellor Angela Merkel has said.

"We want to talk to Lufthansa to call their attention to the potential cooperation and maybe there can be an intensification of the cooperation between Lufthansa and Mongolian airlines," Reuters quoted Merkel as saying.

Mongolia's President Tsakhiagiin Elbegdorj is currently on a working visit to Germany and other European countries to drum up investor support for his country's recovering economy. According to Elbegdorj, the country is looking to develop itself into a regional transport hub.

"Mongolia is pursuing greater connectivity with Europe. Our country can serve as a land and air hub located between Russia and China. We are now building a new airport. Mongolia will be extremely pleased to start-up any joint project in this field with Germany," he said.

MIAT opened the door to possible international cooperation last year when it requested interested parties to submit their own partnership proposals to the carrier. Then, on the back of talks between Russian strongman Vladimir Putin and Elbegdorj in September 2014, MIAT signed a Memorandum of Understanding with Aeroflot (SU, Moscow Sheremetyevo) in which the Russian carrier pledged its cooperation and support for the Mongolian airline. The extent to which the agreement has been implemented is currently unknown.



## **Safe Distance between Aircrafts on High-Altitude Flights over Territory of Mongolia to Be 30 Km from March 16, 2015**

March 2 (infomongolia.com) Mongolia has accomplished a work to adhere a new service of safe distance between aircrafts on high-altitude flights from 90 km to 30 km, which is effective from 10:00 am of March 16, 2015.

By reducing the safety distance, it expected to improve the ability to enter the airspace of Mongolian territory, which can increase the number of flights and will be an important contribution to the development of the air transport industry.

## **Aviation fuel can be provided from second source**

Ulaanbaatar, March 5 (MONTSAME) In an effort to find a second source of aviation fuel supply, the Prime Ch.Saikhanbileg invited on Wednesday to a meeting the head of the Oil Authority G.Ulziiburen and his deputy Ts.Amraa, the Chief operating officer of MIAT company N.Ganbold, and the chairman of Ulaanbaatar Railways JSC L.Purevbaatar.

Ganbold said the cost of jet fuel is a major factor in the economic difficulties and in current financial situation of the MIAT, "we suffered a 736 million Togrog loss in the last six months".

After reviewing this and other situations, the Premier sharply criticized the heads of several departments and MIAT for the losses and urged them to eliminate the fuel dependence on a single source. "Contracts in favor of private companies cause great losses to state-run companies. Bear in mind, only the people, not the MIAT, are paying for the expensive fuel. Our priority is to get rid of this dependency and a monopoly," he stressed.

The head of the Oil Authority G.Ulziiburen said his office together with the "Ulaanbaatar Railways" JSC were seeking a second supplier of jet fuel. "We have studied a possibility of fuel imports from China and Russia, and are thoroughly considering the issue of purchasing fuel storage and transport logistics.

The calculation of the cost of fuel will be based on the prices of the Singapore Exchange, an international model. In late April-early May we will be able to start importing the fuel from another source," he said.

The PM instructed them to take urgent measures to get prepared for the installation of containers in Zamiin-Uud border checkpoint and to develop a report to be submitted to the cabinet.



# MIAT Mongolian Airlines Announces to Halt Flights to Singapore Due to Country's Ailing Economy

March 5 (infomongolia.com) The National Flag Carrier, MIAT Mongolian Airlines announced to cancel a direct flight from Ulaanbaatar to Singapore under the reason of running a deficit and the decision was issued by Chairman of the State Property Committee Ts.Nanzadorj in February 2015.

MIAT had been conducting a UB-Singapore direct flight since September 2014 and in order to not stop the service, Mongolian Airlines used to pick up passengers in Beijing, China from/to Singapore, but consequently had to cancel the flight.

In his statement, Chairman Ts.Nanzadorj said, "In five months of the flights to Singapore, MIAT lost three billion and seven hundred million Tugrugs. The company unable to bear such financial losses and therefore, we forced to cancel the flights. Within this action, we understand to breaching the Fifth Act of International Carriage Rules, but due to economic crisis facing today, we had to stop the service.

Currently, MIAT is also running a deficit in a UB-Berlin flight, although, surplus in tourism peak season of summer and contrary in winter. Nevertheless, Germany is the only gate to Europe and a bridge to attract European tourists to Mongolia, thus, it is impossible to cancel the many-years last direct flight to Germany. The decision to halt flights to Singapore was effective from March 01, 2015".

## *Environment*

### **Biological Diversity Monitoring Assessment in Umnugobi aimag**

March 3 (gogo.mn) Biological Diversity Monitoring Assessment 2013-2014 has been done in Umnugobi aimag where Oyu Tolgoi LLC is conducting the mining activities. The results of this assessment are to be introduced today at the press conference.

The conference will be attended by representatives from Ministry of Environment and Green Development, Ministry of Road and Transportation, Oyu Tolgoi LLC, mining companies and scientific institutions.

Report meeting will be held at 9AM at Kharkhorin Hall of Ulaanbaatar Hotel.



## Tourism

# Mongolia features at Berlin's ITB travel fair

March 3 (dw.de) "Niche" is the buzzword in Berlin as the 49th edition of the world's largest travel show, the ITB, gets underway in the booming capital. German tour operators are looking ahead to brisk business once again.

Mongolia has been chosen as the partner country for this year's ITB travel fair in Berlin (March 4 – March 8) as operators around the world are trying to get more visitors to travel off the beaten path.

The world's largest get-together of the tourism industry is being attended by more than 10,000 exhibitors from 186 nations which all hope to do brisk business despite growing uncertainty in the wake of terrorist attacks and geopolitical conflicts in many parts of the world.

Last year, business concluded at the ITB amounted to 6.5 billion euros (\$7.3 billion) and operators are hoping for a repeat.

Another bumper year?

They'll be well-advised to woo the Germans, who have earned a reputation as the world's fondest travellers. The president of the German Tourism Industry, Michael Frenzel, said the domestic travel business was expected to rise by another 1.5 percent to 2.0 percent this year.

He cited favorable conditions such as relatively safe jobs, rising wages in many sectors of the economy and record-low interest rates, all enhancing people's willingness to spend more. Problems only occurred in the aviation sector, Frenzel noted, where a special environmental tax, bans on night flights and frequent strikes had put off potential clients.

For the first time in its history, the ITB fair will be honoring sustainable tourism projects and programs by presenting World Legacy Awards to the contest winners in cooperation with National Geographic.

## Company News

# Aspire Mining granted trading halt

March 9 (Proactive Investors) Aspire Mining (ASX:AKM) has been granted a trading halt by the ASX with its shares placed in pre-open.

Aspire requested the halt due to finalisation of a terms sheet on the extension of the due date for payment of the loan owed to Noble Resources International Pte Ltd and revised arrangements in relation to coal interests in Mongolia.



The halt will remain in place until the opening of trade on Wednesday 11th March 2015, or earlier if an announcement is made to the market.

## **Kincora Copper welcomes reinstatement of Mongolian gold licences with new 12-year terms**

March 4 (Proactive Investor) Kincora Copper (CVE:KCC) has confirmed the reinstatement of its two gold exploration licences in Mongolia with new 12-year terms. The Golden Grouse gold prospects comprise the North Fox prospect and the Western licence and are next door to the company's copper project, Bronze Fox. The Western licence hosts the Khunguut copper/gold extension of the West Kasulu prospect on Bronze Fox and the Tourmaline Hills, West Fox and Southwest targets. Drilling undertaken by Kincora so far has focused on West Kasulu and 15 holes at Tourmaline Hills.

Sam Spring, Kincora's chief executive, said: "Uncertainty and the revocation of our Golden Grouse licences has significantly impacted Kincora and general investor confidence towards Mongolia for over two years.

"We welcome this resolution in the most equitable and timely manner available to us, taking into consideration the interests of our shareholders and avoiding the courts.

"Regaining the returned Western licence is particularly significant given its strategic importance, common geology with our Bronze Fox licence, prospective previous results and favourable structural setting.

"The 106-license dispute has materially impeded Kincora's exploration efforts, including at Bronze Fox, and our corporate discussions and strategy."

Elisabeth Ellis, resident managing partner at Minter Ellison, which advised Kincora added it was timely and welcome news for foreign investors with assets in Mongolia and those considering an investment in the country.

## **Guildford mulls Singapore listing, to relocate corporate office**

JOHANNESBURG (miningweekly.com) March 2 – Mongolia-focused Guildford Coal is considering a potential listing on the Singapore stock exchange and plans to relocate its corporate office to the South East Asian island country.

The ASX-listed company announced the potential listing and relocation decision on Monday, when it detailed the outcomes of a strategic review that was started December last year.

Guildford stated that a potential listing on the Singapore exchange – either dual or sole – would take the company closer to its operational activities and its majority shareholder base. Asian shareholders represent about half of the coalfirm's investor base.

The corporate office relocation from Spring Hill, Queensland, to Singapore was also aimed at bringing the company closer to the majority of shareholders, financiers,



existing operations and customers. It would maintain streamlined regional offices in Queensland and Mongolia to manage its projects.

Guildford reported that it had advanced discussions on restructuring its finance to reduce its debt burden and that it would implement a zero-based cost-reduction programme aimed at achieving between A\$3-million and A\$5-million in yearly savings.

The group further confirmed that it would look for an equity joint venture (JV) partner for its Australian assets, comprising its two priority Queensland projects—Northern Galilee and Springsure. Discussions were reportedly under way with potential JV and/or offtake partners to provide self-sustaining funding to develop these projects into operating mines.

The company stated that both projects had large proven resources with access to existing coal logistics infrastructure that could connect them to the market.

In Mongolia, Guildford would focus on achieving the planned one-million-tonne output for 2015 from the Baruun Noyon Uul (BNU) mine, which recently started shipments to China.

The group would expand its production profile from the South Gobi project through increasing output from BNU and by opening additional satellite pits to achieve two-million tonnes in 2016 and three-million tonnes in 2017. It was targeting sustainable production of five-million tonnes by 2020.

Organic and acquisitive growth options were also under consideration.

## **Cogegobi ready to start uranium exploration this year**

March 5 (news.mn) Cogegobi LLC, the Mongolian subsidiary of the Areva Group of France conducting exploration work in Ulaanbadrakh and Zuunbayan soums of Dornogobi aimag, plan to start exploring uranium on an experimental basis this year.

Chairman of the company Terry Pleasant met with Head of the Citizen's Representative' Council G.Ganbaatar on February 25, and discussed the projects to be carried out this year.

Cogegobi LLC has been approved to conduct a feasibility study and plans for exploration are nearing completion. If the company receives a mining exploration license, exploration activity will start soon.

The residents of the area where the mining activity of Cogegobi LLC is taking place have claimed that due to the improper activity of the company, cattle are dying and becoming ill.

## **Minister of Industry meets with CEO of Oyu Tolgoi**

March 5 (news.mn) Minister of Industry D.Erdenebat received the President and CEO of Oyu Tolgoi, Andrew Woodley, today.



At the beginning of the meeting, Woodley expressed his views on the decreasing prices of raw materials for mineral resources in the global market, but noted that although prices are due to decrease, it is possible to see them increase at mid-level pricing.

He mentioned that in recent years, the procurement of goods to Oyu Tolgoi LLC has been mostly handled by Mongolian companies, and 50 percent of OT's supply procurement was from domestic producers.

The President and CEO of Oyu Tolgoi stressed that it is possible to increase the procurement of domestic supplies.

The Minister of Industry noted that the Ministry of Industry has revised the state policy document to be adhered to in the industrial sector and submitted it for approval by the Parliament.

The policy paper addresses how to resolve the issues of heavy industry in the future.

The Minister stressed that the policy document covers establishing a copper melting factory. Woodley said that the company is following the issue closely. OT's first copper concentrate was exported in July 2013, and since that time, the total amount of exported copper has reached one million tons.

Last year the company has paid 250 million USD in taxes and fees, and procurement expenses of 300 million USD were paid to domestic producers.