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Politics

Political Review 2015

December 21 (gogo.mn) GoGo News Agency names main political events of 2015.

Commercial banks freeze all mortgage loans

All commercial banks have frozen all the mortgage loans after the State Great Khural announced decision of the Constitutional Court to void some of the clauses of the Immovable Property Mortgage Law as an action of boycott on Thursday, December 10th.

Which in turn leads the APR of the mortgage loans of over 76 thousand citizens who have mortgage loans with APR 8% to jump as high as to 20%. The first claim was received from citizen A.Bazar who stated that: "It is a violation of a citizen's right to seek for an official approval from banks to be able to rent the property under mortgage loan." Constitutional Court have discussed the matter on December 9th seating and ruled that it is a violation of the equality of the citizens to provide with advantage the pledger side and violates the basic rights of the owner.

Majority of the MPs have voted pro the changes whereas bank owners have been watching closely the development process and have come up with decision to freeze the loans for an indefinite period of time.

Bank workers have mentioned that citizens whose loan application has been approved are still unable to receive their mortgage loans due to this changes in laws.

Although Mongolian Bank Association has sent an official letter warning of the negative consequences to the State Great Khural it was of no help. Politicians are working on draft law to make changes and fix their "mistake".

Constitutional changes to be shifted to next year

Working Group led by MP N.Batbayar to propose the amendments into the Constitutional Law have come up with the draft, which is ready to be discussed.

Nevertheless, rulers have decided to conduct public voting before touching the Father Law. To do so amendments to the Draft Law on Public Polls have to be done and the discussion on the draft was held in mid-November and the initial discussion of the amendments to be held soon.

But the process has been postponed until now. The amendments propose the plenary powers of the government, ensure the stability of the state activities and avoid the change of the ministries every time the government is set a new.

Constitutional amendments propose the number of the ministries to be 9 and the number of the MPs to be increased to 99 in view of the population increase lately in order to ensure the proper representation of the public at the state level.

While public is not very keen to support those changes and are watching closely on the development of this issue. While the current Parliament does not have enough time to make the amendments and some of the MPs are accepting this.

1700 prisoners have been pardoned

In view of the 25th anniversary of the establishment of the State Great Khural and Democratic voting Parliament has approved the Law on Pardoning.



According to the law about 3000 prisoners have been included in the pardoning and 1700 have been released from prison and 1300 prisoners have remitted their punishments.

Approval of the pardoning law has been conducted after six years from the previous one and has divided the public into sides as some think that it is inappropriate to pardon the convicts.

This time the pardoning did not include those who were punished for corruption and misuse of their positions. That way the state has shown its soft side and provided the prisoners with a chance to fix their mistakes and lead proper life.

Budget of MNT 130 million to help the released prisoners to adapt to life after prison, travel home and socialize has been approved.

25 year old democracy

July 29th was the celebration of the 25th anniversary of the Parliament, the day of the very first democratic elections held.

International Conference to commemorate the anniversary was organized by the Office of the President with the participation of the international guests from India, Japan, France, Germany, USA, Switzerland and many state heads have congratulated Mongolia on such an achievement.

Mongolia boasts with the peaceful democratic revolution held with no fatalities and is valued at international level for those achievements. President of Mongolia in his speech delivered at the conference said: "Democracy is not the one time choice, it is a process. And the process is difficult and requires a lot of effort. We view the democracy as human and similar to human life. This is human choice and the human is the main moving force of it. Therefore, it is crucial to work hard every day. We should cherish our democracy. It will cost a lot to restore the democracy once it is gone."

Gatsuurt deposit is being in the center again

Government has submitted the State Great Khural Resolution Draft on establishing the state ownership of the deposit for discussions for the third time.

The draft has been recalled twice back in February and June as it was viewed not necessary to be discussed. Previous draft submitted proposed the 20 percent state ownership, while the new submitted draft proposes 34 percent state ownership, which is the highest possible stake according to the Law on Mineral Resources and to be replaced with loyalty payment for the use of the mineral resources.

The license for the Gatsuurt deposit with the proven reserves of 50 tons of gold is owned by Centerra Gold and the license holder is to pay the loyalty payment for the use of the resources which is to be 3 percent. This number can be altered.

Sides have included flexible conditions to alter the percentage in view of the global market price for gold. The deposit is located in Mandal soum of Selenge aimag and is counted one of the best deposits with high gold contents and is currently hosting over 1800 ninja miners.

Although the security is working at the site ninja miners are refusing to leave the site and create commotions, which has been broadcasted through public media several times. Government has introduced that this project is to continue for 10 years and mining and processing of the gold is possible once the issue is legalized.

Although the Government is submitting the project for the third time viewed as one of the leverages for the declining economy is in hands of the Parliaments.



Politics of N.Enkhbayar

Former President of Mongolia and Leader of the Mongolian People's Revolutionary Party (MPRP) N.Enkhbayar came back to Mongolian in August after long period spent in South Korea for medical reasons.

If he was leading the party activities from distance, now he is doing it from within and in doing so has played main role in activating the upcoming election preparation. PM Ch.Saikhanbileg has received submission of N.Enkhbayar's candidacy to the Vice Minister by the MPRP on December 10th.

It is obvious that N.Enkhbayar has to overcome many criteria to be approved for the position and it is unknown whether he can do that.

Firstly, PM has to study the candidacy and support. Secondly, as the former President has been convicted of corruption, inquiry has to be delivered from the Independent Agency Against Corruption. Next, to discuss the candidacy with the President.

Finally the State Great Khural discussion has to be held and supported by the majority of the MPs. It is unknown if N.Enkhbayar, once been at the top position, could be approved for the Vice Minister.

Hence, this is one of the highlights of the political life of the year 2015.

Ministers appointed from Mongolian People's Party (MPP) being outcasts

Ruling Democratic Party has proposed MPP to cooperate in the establishment of the cabinet, but has turned its back after eight months.

Two parties with the most seats in the parliament have agreed to cooperate in order to overcome the economic decline, unfortunately the cooperation did not last long.

DP group has assigned the PM to dismiss the ministers appointed from MPP having concluded that those haven't done anything prominent to fight the economic decline other than just criticizing and politicize.

Although PM has expressed his wish to proceed with the current cabinet members in order to provide the stability, he has been pushed by the DP and agreed to the matters.

At the end, PM has submitted the request to dismiss six MPP ministers and seven vice ministers to the State Great Khural. Ruling DP has decided to continue without any coalition with other parties.

Cabinet meeting in brief

Ulaanbaatar, December 22 (MONTSAME) The cabinet meeting on Monday discussed a draft concept of the law on health of mothers and children, and ordered Ts.Oyunbaatar, the Deputy Premier and acting Minister of Health and Sport, and D.Dorligjav, the Minister of Justice, to work out the bill and to discuss it at the cabinet.

- The cabinet discussed results of the official visit of the President to France paid last November and obliged the FM L.Purevsuren to submit the matter to the National Security Council (NSC).

- The cabinet changed a rule on booking of apartments in the 1st micro-district of the "Buyant-Ukhaa" apartment town. By the alteration, an owner of the mortgage loan in the "Buyant-Ukhaan-1" town will have a right to sell or rent his/her flat after completing the loan payment. In addition, the rule on mortgage loan guarantee has been amended.

- The Minister of Environment, Green Development and Tourism N.Battsereg was obliged to obtain information about labels and packing when receiving annual reports



from those citizens and entities that are authorized to import, produce and sell chemical poisonous and hazardous substances. The Mayor of Ulaanbaatar and governors of aimags were ordered to obtain information from the above citizens and entities about remainders of chemical poisonous and hazardous substances and movements of their packages, and to organize works of abolishing the dangerous garbage.

- The cabinet ordered the FM L.Purevsuren to establish an international contract of Mongolia on land usage under principles of the equality of diplomatic missions, consular organizations and international organizations in the territory of resident country.

- By a cabinet decision, a 652,527.98 hectares near Tost and Toson Bumba mountains in Omnogobi aimag's Gurvantes soum have been put in the state reservation area in accordance with the law on minerals. By doing so, special licenses of minerals will not be granted, and mineral exploration and exploitation will be limited in this area.

“Mongolian - 2020” program targets 85% completed

December 22 (news.mn) A conference of the leaders of the Democratic Party (DP) is currently being held in the “Puma Imperial” hotel in Ulaanbaatar. DP Chairman, Z.Enkhbold, Prime Minister Ch.Saikhanbileg, Permanent Secretary L.Erkhembayar and the directors of the Civil Representative Assembly of the City and Districts are all in attendance. The aim of the conference is for the DP to analyze what has been achieved under the 2015 target schedule and to plan operations for 2016.

The moderator of the event, DP Secretary L.Erkhembayar, provided information to the media - to quote: “The market price of mining products has fallen over the last four years. Even though, these years have been economically hard, the DP has successfully implemented the set tasks of the “Mongolian 2020” program for the period up to 2016. Currently, the implementation of our action plan is 85% completed. During this operational period, we have provided apartments for 75,000 families, built the extensions of the 3rd and 4th Power Plants and launched the new “Amgalan” Power Plant. In addition we have built asphalt roads connecting seven provinces with Ulaanbaatar and provided project loans to 1084 factories.

Minister of Justice D.Dorligjav demands to prolong Economic Transparency Law

December 23 (infomongolia.com) The State Great Khural (Parliament of Mongolia) approved the Economic Transparency Law on August 07, 2015 to tackle illegal financial activity in Mongolian economy.

The law grants one-time amnesty for hiding illegal property and capitals and tax evasion, if the subject informed their illegal act by their own will in a given period of time.

The newly adopted law revealed the hidden capital and income equal to 6.1 trillion MNT (Tugrug) and liberated individuals and organizations from the payment of 1.2 trillion MNT in taxes and 352.1 billion MNT in fines as of December 16, 2015.



The Economic Transparency (Tax Amnesty) Law was supposed to end on December 31, but Minister for Justice D.Dorligjav submitted a draft amendment to current law to Speaker of Parliament Z.Enkhbold on December 22, 2015.

Minister D.Dorligjav noted that implementation time frame of the law must be prolonged until February 20, 2016 to increase income to the state budget and cover more people and organizations.

At the Budget Standing Committee's meeting held on December 23, the majority of members supported the draft amendment to the Law on Economic Transparency.

Parties agree on electoral law

December 23 (news.mn) The electoral working group made a decision on 22nd December. The director of the Mongolian People's Party Group in Parliament, S.Byambatsogt, answered some questions.

-The MPP Group called a boycott and has not been attending meetings because of the electoral law argument. It is, however, reported that the chairmen of the parties met and made a decision last weekend. Are we to understand that the electoral law projects will be discussed soon?

-We assume that the electoral law projects might be approved in the near future. According to the law, the electoral law projects must be approved before the New Year. I hope that it will be possible to do this in time.

-Did the MPP obtain what they wanted regarding the electronic voting equipment?

- Not only the MPP, but 21 other parties, both with and without representation in Parliament, have demanded the same thing as us. Furthermore, the concerns which people have regarding the voting machines must be dispelled. Anyway, we have made a deal to organize the control of counting in 50% of all the electoral districts. The new issue to on the territorial division of electoral regions was also discussed.

-What kind of region will it be? How will the division be made?

-Currently, we are discussing that Mongolia will have five regions

-What decisions were made regarding the "Electoral Law"?

-The Standing Committee will discuss the issues at their meeting. A vote on some important solutions is being held.

Heads of some Standing committees selected

Ulaanbaatar, December 24 (MONTSAME) At its plenary meeting on Thursday, the parliamentary session discussed and then backed a matter on appointing heads of some Standing committees.

With majority of MPs' votes, L.Erdenechimeg was appointed the head of the Standing committee on environment, food and agriculture; Ts.Bayarsaikhan--on economy; D.Battsogt--on social policy, education, culture and sciences; and A.Bakei--on state structure.



After the appointments, D.Terbishdagva and Kh.Bolorchuluun recommended that the Standing on environment, food and agriculture pay attention to resolving the sewage plant matter of Ulaanbaatar and treat the agricultural sphere "very carefully and precisely".

Foreign Relations

An Unlikely Partnership – Shared Experiences from Poland and Mongolia

December 21 (World Bank) In the first week of December, 2015, a parliamentary delegation from Ulaanbaatar, Mongolia, visited Poland in order to learn from this country's experience in reforming its social insurance system.

Despite the vast distance between Poland and Mongolia, the two countries actually share many similarities. Mongolia, like Poland, had a centrally planned economy and an extensive social protection system for many years. Both countries faced the challenges posed by a legacy of financial obligations following the liberalization of a once centrally planned economy. The populations of both countries are also both ageing - which raises enormous challenges for achieving fiscally affordable - yet adequate - pension and social insurance systems.

One of the World Bank's mandates is to facilitate international contacts and enable an exchange of experiences.

In 1999, both countries conducted fundamental reforms, moving from defined benefit system to defined contribution schemes, meaning that a direct link between contributions and pension benefits was introduced.

"We see a role for the World Bank to support an evidence-based approach in decision-making. Linking country policymakers with comparable experiences is a useful means of considering design options and parameters for adequate and sustainable pensions, for example," says Mark Dorfman, World Bank Senior Economist and organizer of the visit by the Mongolian delegation in Poland.

"Through a carefully designed study-tour, our counterparts learn not only the results of reform efforts but the impressions of those who implemented these specific reforms," he added.

One contrast between reforms in these countries came in the realm of communications. While Poland made a substantial effort to communicate with the public about the nature of the reforms and substantially increase the transparency of the benefits for contributors, Mongolia did not - creating confusion over the objectives of these reforms and the mechanics of notional accounts.

"The reforms in Poland were accompanied by a broad information campaign and social consultations. As a result, Poland may be seen as a country whose experience can be an inspiration to others," says Marina Wes, World Bank Country Manager for Poland.

Learning objectives



The Mongolian delegation expressed its satisfaction with this learning experience. In particular, they noted a sharpened view of the key tradeoffs, risks, and enabling conditions needed to support a funded pension scheme in Mongolia. Furthermore, they now have a better idea of the institutional and communication requirements needed to support a defined-contribution scheme, following this exchanges. They also took away ideas about how to approach a raise in the retirement age, including for special groups of workers subject to early retirement.

Finally, they also noted their appreciation for learning from Poland's experience with Farmer Pensions, including some of the potential risks and costs associated with the establishment of a subsidized program for similar kinds of beneficiaries in Mongolia.

Polish experience

Much can be learned from Poland's experience over the last 25 years of transformation in areas such as social insurance reform. Currently, experts from the World Bank are working on a report, titled "Lessons learnt from Poland," which summarizes the most important structural reforms in Poland, starting from the systemic transformation in 1989. The objective of the report is to assess Poland's achievements and to draw lessons for other countries undergoing their own structural reforms. The report also aims to identify a policy reform agenda for Poland that can help the country converge to development level of Germany, Finland, and Australia, for instance.

In 2013-2014, the World Bank office in Poland also conducted the "Poland as Global Development Partner" project. Within the framework of this project, the Bank organized debates and conferences on key development topics, initiated a knowledge exchange between Poland and a number of other countries, and prepared a number of publications summarizing Poland's accomplishments over the past quarter of a century.

Russian-Mongolian consular consultation held

December 21 (gogo.mn) The Foreign Ministries of Mongolia and the Russian Federation held the XIV Consular Consultation in Moscow on December 18th.

The XIV Consular Consultation was chaired by the Deputy Director of Consultation Department at the Ministry of Foreign Affairs, E.Batzorig from Mongolia while Director of the Consular Department at the Russian Ministry of Foreign Affairs N.M.Latipov representing Russian side.

This time parties discussed and exchanged their views on implementation of visa-free travel agreement between citizens, mutual protection of rights and legitimate interests of the citizens, coordinate the activities of border control agencies and consular relations.

Mongolian delegation at WTO Ministerial Conference

Ulaanbaatar, December 22 (MONTSAME) A delegation headed by V.Purevdorj, the Permanent Representative of Mongolia to the United Nations, have participated in the



10th World Trade Organization's Ministerial Conference, which ran this December 15-19 in Nairobi, Kenya.

Mr Purevdorj addressed a general meeting of the WTO Ministerial Conference December 17, saying that Mongolia is supporting initiatives and proposal from developing countries, which are being discussed at the WTO regarding agricultural issues such as providing these countries with an opportunity to increase their import tariff in order to protect the agricultural sector. Saying that Mongolia has an aspiration to forward the Doha Development Agenda (DDA), Purevdorj emphasized Mongolia's backing other issues--facilitating of vital trades for the landlocked developing nations and rendering commercial discounts to the countries with small and sensitive economies.

The delegation also took part in the Ministerial Meeting of the G-33 Group, delivering a speech about supporting initiatives and proposals on the agricultural sector, special protection measures and food safety.

After this they attended a Ministerial Meeting of the Group of landlocked developing countries and supported a joint statement of the Group. The Mongolian delegation urged the gathered to join an international agreement on establishment of the International Think-Tank for Landlocked Developing Countries headquartered in Ulaanbaatar.

This year's WTO's Ministerial Conference culminated in the adoption of the "Nairobi Package", a series of six Ministerial Decisions on agriculture, cotton and issues related to least-developed countries (LDCs). The Conference was chaired by Kenya's Cabinet Secretary for Foreign Affairs and International Trade, Amina Mohamed.

Ambassador of Australia presents his credentials to President of Mongolia

December 22 (infomongolia.com) The first resident Ambassador Extraordinary and Plenipotentiary of the Commonwealth of Australia to Mongolia, Mr. John Langtry presented his Letter of Credentials to the President of Mongolia, Mr. Tsakhia ELBEGDORJ on December 22, 2015.

Following the formal ceremony, the newly accredited ambassador held a meeting with President Ts.Elbegdorj.

During the meeting, President Ts.Elbegdorj congratulated Ambassador John Langtry on his appointment as the first resident Ambassador to Mongolia. Further, he noted that Mongolia and Australia have a long tradition of friendly relations and cooperation, and that Mongolia considers the decision of Australian government to establish an Embassy in Ulaanbaatar as a clear gesture of the high importance it gives to the bilateral relations with Mongolia.

In response, Ambassador John Langtry expressed his gratitude for the assistance and support provided by the Mongolian government on establishing the Embassy in Mongolia. Furthermore, Mr. John Langtry noted that he would work towards enhancing the bilateral relations and cooperation between the two countries and make his best to restore Australian government scholarship program in Mongolia.



President Ts.Elbegdorj also expressed his hope that Australia would participate at high level in the forthcoming 11th ASEM Summit to be held in 2016 in Ulaanbaatar. Ambassador John Langtry is a career diplomat, who previously served in China, Germany and Japan, and worked as the Assistant Secretary for North East Asia Branch at the Department of Foreign Affairs and Trade of Australia prior to his current appointment.

The Minister of Foreign Affairs L.Purevsuren pays an official visit to Iran

December 23 (gogo.mn) Today the Minister of Foreign Affairs L.Purevsuren is paying an official visit to Iran.

During his visit, Minister L.Purevsuren to meet with Iran's Foreign Minister Mohammad Jawad Zarif and to hold negotiation.

Mongolian delegation headed by L.Purevsuren are paying official visit to Iran with the aim to discuss expansion and development of bilateral ties.

Moreover, Minister L.Purevsuren will meet the higher officials of Iran.

During the meeting between L.Purevsuren and non-resident Ambassador to Mongolia Ali Asghar Khaji which was held in last June, the political relations between two countries have defined as "excellent".

Standing committee head meets Ambassador of Kazakhstan

Ulaanbaatar, December 24 (MONTSAME) Head of the parliamentary Standing committee on security and foreign policy J.Enkhbayar Thursday received K.I.Koblandin, the Ambassador Extraordinary and Plenipotentiary of Kazakhstan to Mongolia.

The latter thanked the committee head for the audience and noted that the two countries established the diplomatic relations on January 22 of 1992 and that the President of Kazakhstan paid a state visit to Mongolia in October of 1993. After this, the sides discussed the bilateral relations and cooperation.

Present at the meeting were A.Tleikhan and A.Bakei, head and deputy head of the Mongolia-Kazakhstan inter-parliamentary group.



Economy

Mongolia's flagging economy stalls political progress

December 26 (eastasiaforum.org) 2015 marked the 25th anniversary of Mongolia's democratic revolution. So after 25 years of democracy, where does Mongolia stand? - And, what role does Asia's only post-state socialist democracy play internationally?

Politically, it was a quiet year. The Mongolian economy remains moribund largely due to domestic policy decisions, exacerbated by international commodity prices. Yet Mongolia has continued to be active in the international arena.

The political year began with the replacement of the former Democratic Party (DP) prime minister N Altankhuyag by Ch Saikhanbileg, also of the DP, following a motion of no confidence in November 2014.

Saikhanbileg made a mark early in his tenure by conducting an SMS poll asking Mongolians to choose between austerity or large mining projects. Saikhanbileg was seeking a popular mandate for action on the giant Oyu Tolgoi (gold and copper) and Tavan Tolgoi (coal) projects. Unfortunately for the new leader, the poll delivered a tepid response: only 350,000 votes were cast from over three million cell phones. Mongolians were apparently not persuaded that an SMS poll was an appropriate method to gauge their views. Of those who did respond, 56 per cent preferred large projects over austerity.

Then in August the DP decided to remove all Mongolian People's Party (MPP) members from cabinet and return to its coalition with the Mongolian People's Revolutionary Party (MPRP) and the Mongolian National Democratic Party only. Alongside the dissolution of the super-coalition, which was forged only nine months earlier, the government introduced an amnesty law to parliament. Traditionally, parliament has marked the anniversary of democracy with a general amnesty, but this summer's variant covered a number of criminals that had been involved in political activities and corruption. This led to the general perception that it was law forced on the DP by its coalition partner, the MPRP, and its leader, N Enkhbayar, former president but also pardoned money laundering convict. Debates around this law have persisted, especially after the arrest of the MPRP Minister of Health, G Shiilegdamba, on corruption charges in November.

Ongoing proposals to reconfigure the institutional underpinnings of Mongolian democracy have received particular attention this year. Constitutional reforms centred on rebalancing the division of power between the president, prime minister and parliament were floated in November, but the push for such reforms seems to have stalled.

A more pressing issue is the timing of the upcoming 2016 parliamentary election. In recent years elections have been held at the end of June, but that will put the election just before Mongolia is set to host the Asia-Europe Meeting (ASEM) in mid-July.

On the international front, Mongolia's foreign relations continue to be rooted in its 'Third Neighbour Policy' of cultivating virtual neighbours beyond the bounds of geography.



This policy aims to balance the overwhelming and sometimes overbearing influence of Russia and China. The most significant steps taken this year towards diversifying Mongolia's foreign relations were the negotiation of an Economic Partnership Agreement with Japan and Indian Prime Minister Narendra Modi's visit.

In multinational matters, Mongolia continued to enjoy relative international prominence despite its small population, modest economy and limited geopolitical significance. In May, Mongolia served as the first Asia Pacific host for the Freedom Online Coalition, an organisation of like-minded democracies dedicated to preserving human rights online.

At the UN General Assembly in September, President Ts Elbegdorj declared his intention to pursue a state of permanent neutrality for Mongolia. Presumably, this would be used to fend off Chinese and Russian pressure for Mongolia to join the Shanghai Cooperation Organization. But the concept of permanent neutrality is now being debated actively in Mongolia with more opposition than the president might have anticipated.

In October 2015, Mongolia was elected as one of five representatives of the Asia Pacific region in the UN Human Rights Council, with the highest support in its region. It is the first time that Mongolia has been elected onto the Human Rights Council. And it might pave the way for its declared 2022 candidacy for the UN Security Council.

Since taking over the government in 2012, the DP has pushed Mongolia's economy into a largely self-made crisis, initiated by legislation that restricted sales of stakes in Mongolian mining companies. This legislation was primarily aimed at preventing further dependence on Chinese investments, but the foreign investment community saw it as an unacceptable restriction. The economic fallout from this legislative blunder has been exacerbated by a fall in the price of Mongolia's primary exports.

In March 2015, Canadian uranium miner, Khan Resources, was awarded US\$100 million in an arbitration case against the Mongolian government stemming from the loss of its mining license. This seemed to confirm that the Mongolian government had made arbitrary decisions that hurt foreign investors. This idea has been exacerbated by contradictory government statements on the giant Oyu Tolgoi mining project.

Even a commitment in May by both the government and investor Rio Tinto to underground expansion of the Oyu Tolgoi project could not halt this slide in investment. Foreign debt has put Mongolia in a fiscally precarious position and a default has only been prevented by lines of credit from China, India and international organisations. In the middle of this economic malaise, Mongolia has been promoted to 'upper middle income' status by the World Bank, as it has had a per-capita GDP of above US\$4,000 since 2012.

Mongolians will be voting for a new parliament in 2016. The government that will result from this will continue to enjoy an international visibility rooted in Mongolia's democracy. But that same democracy will also give voice to increasing expectations in the population that Mongolia meet more of its economic potential.

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This article is part of an EAF special feature series on 2015 in review and the year ahead.



MNT 6.1 trillion undeclared taxes 'declared'

December 21 (news.mn) According to Prime Minister Saikhanbileg, speaking at a session of parliament last Friday, as of the 18th December, a total of MNT 6.1 trillion has been declared by companies and individuals using the 'grace period' provided by the "Economical Transparency Law". This sum can be broken down as follows: MNT 3.7 trillion has been collected via the "Law of Company Income Tax", MNT 2.2 trillion via the "Law of Personal Income Tax" and MNT 224 billion related to real estate tax. Although, there have been many requests to extend the deadline of the "Economical Transparency Law", the government is requesting that tax statements be submitted during the period which has been officially set. In this connection, the prime minister noted: "Extending the deadline of the law might be detrimental its implementation. Therefore, we must to complete the implementation of this law by 31st December, as planned.

Several organizations are actively involved in facilitating the implementation of the law. These include: the General Tax Authority, the Social Insurance Authority, the State Registration Office of Mongolia and the State Customs House. Numerous documents have been created as a result of the law.

During the parliamentary session, the officials of the taxation office noted that they are doing their utmost to help facilitate the implementation of the law.

Mongolia to exempt gas equipment and accessories from VAT and custom duties

December 22 (infomongolia.com) The Government of Mongolia approved a complete list of items to be exempt from value added tax and customs duties on December 22, 2015.

According to Law on Value Added Tax (VAT), fuel gas and gas containers, equipment and special purpose machines, machinery and tools and other accessories will be exempt from VAT to foster gas business sector in Mongolia. The newly approved list will be put into force from January 1st, 2016.

Natural gas is one of main energy sources in the world and also it is relatively cheaper than others. Therefore, Mongolia is interested in gas industry as it is abundant in natural resources.

Moreover, gas industry can open a wide range of business opportunities to Mongolia and can become one of the main economic pillars of the country in the future.

USD-MNT Rate Stable

December 22 (Mongolian Economy) The USD exchange rate is not going down from the MNT 2000 level anytime soon. According to exchange data, one USD is sold for



MNT 1,998 at the black market known as "Naiman Sharga." However, the exchange rate at commercial banks is around MNT2000-2002.

Last week, the OT underground financing agreement was signed in Mongolia. Under this contract, OT is set to borrow USD 4.4 billion from 15 international banks. Thus, optimistic expectations are emerging around the economy, with hopes that the tugrik will appreciate in the coming year.

Re-shuffling of State Property

December 22 (Mongolian Economy) In the Constitution of Mongolia, it is stated "By its state structure, Mongolia is a unitary State." However, fully complying with the provisions of the constitution over the past twenty years has not been the norm. "State and Local Law" afforded to each province, soum and even district the right to administer itself. This conflict is due to the term "local property" in the law. In particular, provinces, the capital city, soums and districts each have rights to manage, lease, bestow or pledge their property without seeking permission.

On September 28, the government submitted a draft law on "State Property" to parliament. The draft law includes provisions and regulations that would correct the shortcomings of the current law and resolve the above mentioned issues. The government believes that by doing so, state property will become more unified and controlled, and governing bodies will be more cohesive.

As a nation with a unitary system, the government believes that the government must own state property and administer it in accordance with the laws passed by parliament, and provincial governments should only have the right to manage it. In other words, the properties currently considered "local" are to be registered as property of the state. Only parliament will have the right to change a state-owned property's entity status and privatise it. It is reflected in the draft law that parliament will give the national government the right to realign and privatise, and the government may grant the right to provinces and city councils. Furthermore, the government will be responsible for issuing detailed regulations on this issue.

One important regulation included in the draft law is the conditions and requirements in establishing a state-owned enterprise. The current law does not have any regulations in this regard. Getting started on such regulations after 20 years can be considered a step forward. In doing so, not only will it require validity to establish SOEs, but also assurance of operational and financial information transparency after establishment. The glass account law and other legislation require SOEs to be open and transparent. They must submit quarterly financial statements with audit conclusions and disclose any bonuses and awards to the members of the board of directors and executives. In addition, SOEs must disclose the unified reports of the company's operation to the public bi-annually. The information to be disclosed to the public must reflect mandatory financial and non-financial information. By doing so, state participation in the operations of SOEs will become consistent with the standards of other countries.

Today, the governance of the SOEs is one of the issues of concern. Nepotism runs rampant within Mongolia's SOEs. The root of the problems lies in the fact there were no regulations and laws regarding corporate governance. The current law in force openly allows the person in charge of a company that represents the state to freely make



decisions freely. D.Bailykhuu, a member of the Board of Directors of the Corporate Governance Development Center, believes that oversight and accountability regarding this issue is far from satisfactory. The draft law includes solutions on how to deal with this problem. It sets limits and creates a system in which "Any state institution shall be prohibited from participating in the nomination of an independent member of the boards of directors of any state-owned enterprises," and "the government must submit the names of the candidates to become the member of the board of directors to the company's nomination committee." The "nomination committee" carries an important role and will handle the selection of the state representative. In other words, the appointments will be made not by the higher authorities, but from below, according to this system.

Then there is the weak accountability. Under the current scheme, an official who violated a law shall be fined a maximum of MNT 60,000. Specifically, the law states "a guilty official who donated, bestowed, pledged, loaned or incorporated a state property without the consent of the relevant authority to another legal entity shall be fined MNT 30-60,000 and compensate the damages caused." However, by the approval of the "State Property Law," the guilty official will not only have to compensate for the damage, but will also be fired from his position.

Who, then, will represent the state? The draft law states "The legal entity to represent the state share can be a person from the government or it can be several organisations." It also says, "If necessary, a legal entity from the private sector or a nongovernmental organisation can be appointed as the shareholder."

Business

Corporate Social Responsibility Breakfast Series launched in Ulaanbaatar

December 21 (UB Post) The first of a series of breakfast meetings to discuss corporate social responsibility (CSR) was held on December 9, organized by The Veloo Foundation and its volunteers and Success Bridge Consulting.

The breakfast series was attended by local organizations which either have an established CSR practice or are starting to implement one. Success Bridge Consulting advises for the Veloo Foundation's fundraising efforts and was a co-organizer of the event. The company helps foreign companies establish operations in Mongolia and get local customers and partners. The event was hosted at U Bean Coffee Shop, which was recently featured on the international coffee culture website Sprudge.com. The coffee shop regularly donates proceeds to charitable causes.

Participants in the first CSR Breakfast Series were representatives of MSM, Mobicom Corporation, The Embassy of Canada, Arig Bank, American School of Ulaanbaatar, and



The Embassy Residence. The participants discussed how companies both small and large can make a big impact on society through a well thought out and delivered CSR program, how CSR activities improve employee morale and can improve a corporate public image, as well as how to encourage employees to participate in an organization's initiatives.

The Veloo Foundation runs a 125-child charity kindergarten, a foster care program, as well as a summer camp targeted to help the children and families currently scavenging in the city's garbage dumps. It is currently developing a community bathhouse as well as a library and a small business development program. These initiatives have been made possible thanks to donations from individuals and companies based in both in Mongolia and overseas. The foundation says that sponsorship and donations from Mongolia based companies have been the cornerstone of the development of their Children of the Peak Sanctuary Project's kindergarten facilities and infrastructure.

Wagner Asia Group and Schultz Global Investment were the guest speakers of the event to share their approach to community engagement and their experience at promoting good corporate citizenship. Despite the mining industry downturn and trimming down of their business, Wagner Asia Group reported that it continues its long term commitment to the Mongolian community and has ramped up their CSR effort with a dedicated team who select donation and volunteer causes, conducts the CSR events, and reports on the results of their CSR activities.

Wagner Asia Group's CSR program focuses on their mission to "positively contribute to sustainable socio-economic development, employing environmentally-friendly business activities carried out in good faith, working to provide for our employees' needs as well as the needs of our community". Some of the company's past CSR programs include donations of a vehicle and gers to The Veloo Foundation, renovation of an ICU unit of a maternity hospital, as well as land clean-up and construction of a garbage dump for a local community.

Schultz Global Investment operates on a "Double-Bottom-Line" principle by "considering impact in the form of job and wealth creation, community revitalization, macroeconomic impact, environmental protection, governance enhancement, knowledge transfer, government revenue support, and sustainable development". The company says it starts its CSR initiatives close to home with professional development training and yoga classes for its employees. Their community initiatives include not only donations to The Veloo Foundation, but they also require socially and economically responsible operations and CSR reports from their investment companies, influencing the spread of CSR in the Mongolian business community.

The Veloo Foundation and its volunteers aim to host the CSR Breakfast Series on a quarterly basis, as an advocate of CSR in Mongolia. As a proud CSR partner of its corporate sponsors, The Veloo Foundation says it hopes that through thoughtful leadership and advocacy of good corporate citizenship, more companies in Mongolia will consider partnering with other NGOs and charitable organizations in the practice of good corporate citizenship.



Banking

EBRD supports Mongolia's micro and small businesses with local currency loans

Ulaanbaatar, December 23 (MONTSAME) The European Bank for Reconstruction and Development (EBRD) lending programme boosts MSMEs' access to scarce local currency finance in Early Transition Countries thanks to international donors.

The people of Mongolia are very attached to its long history and many of their old traditions are still very much alive. Gulmaira Akim is so proud of its folklore that she created a business out of it. Her micro enterprise produces handcrafts and souvenirs based on ancient designs. It was published by Lucia Sconosciuto on the EBRD website on Tuesday.

"I started working during my university, when I used to sell traditional fabrics to tourists and pay for my studies," she explained. "Then, in 2006 I got married and I started producing small goods such as purses and ornaments together with my husband," Gulmaira Akim said.

Today Ms Akim employs dozens of people, mostly women, in the rural Nalaikh province where her workshop is based. When she receives large orders she reaches out to more embroiderers who work from home.

"For me it is important to give back to the community and employ elderly people or women with no formal education," she said.

Mongolia's wealth derives mostly from under its rich soil, through a large mining sector. Most finance and business operations are concentrated in the capital Ulaanbaatar, home to half of the country's population.

So micro and small businesses such as Ms Akim's are key for the development of rural areas as well as contributing to diversifying the economy and expanding the private sector.

But without adequate financial support, micro, small and medium-sized enterprises (MSMEs) would not be able to survive, let alone thrive.

On the other hand, Mongolian financial institutions are often not in a position to assume more risk and provide tailored products for this segment of potential clients.

One of the issues of lending to MSMEs is the high level of dollarisation, which, according to the latest Transition Report 2015-16, is significantly higher in the region where the EBRD invests than in other emerging market economies.

Loans denominated in foreign exchange expose small companies to the risks of depreciating local currencies. That is why the EBRD and its donors, including the Early Transition Countries (ETC) Fund, the Swiss Secretariat for Economic Affairs SECO and the US Department of Treasury, are partnering to extend local currency loans to local participating banks to lend to MSMEs in local currency at affordable interest rates.



This special Local Currency Programme, which provides long-term EBRD finance to small businesses through local partner financial institutions, is active in Armenia, Georgia, Kyrgyz Republic, Moldova, Mongolia and Tajikistan.

The EBRD financing is combined with policy dialogue with national governments to improve domestic financial intermediation in local currencies, with the lending now replicated by other International Financial Institutions.

Through the Programme, partner banks have an opportunity not only to reach out to underserved markets but also to develop the skills required to manage foreign exchange risk.

So far, around 300 thousand micro and small companies in the six countries have been able to borrow a total of around US\$ 325 million thanks to the donors.

Thanks to the Programme, Ms Akim obtained a loan of 10 million Mongolian Togrog (worth about US\$ 5,000) through XacBank. She used it to upgrade her sewing machines, EBRD said.

“As a result of this improvement, the quality of our product is higher and we could better meet our clients’ needs, so our sales boosted,” she said. Thanks to the loan she secured a Fairtrade shop in Ulaanbaatar as a fixed client.

Now she has many fewer worries about repaying her loan. And, for a change, the depreciation of the tugrik against the US dollar is a blessing for her business, since most buyers are foreigners visiting her stunning country, happy to buy relatively inexpensive and beautiful souvenirs.

November borrowing figures

December 23 (news.mn) The commercial banks provided MNT 69.2 billion to 1075 borrowers in November 2015. As the result, credit balance of all mortgage loans has now reached MNT 3,412.9 trillion and the number of borrowers- 76583. The amount lent of November 2015 has fallen by 13.9% compared to the previous month and 14.9% compared to November 2014. Practically all mortgage credit (98.5%) is in Mongolian tugriks. Unqualified loans have been calculated as 0.7%.

Mining

Minister R.Jigjid: “License granted to Gutain Davaa is legal”

Ulaanbaatar, December 23 (MONTSAME) Minister of Mining R.Jigjid called December 23 a press conference to make clarifications, in regard to the political sit-in strike by "Delkhiin Mongol Green Union" NGO protesting the issuance of mining license at Khentii aimag's Batshireet and Binder soums. The strike has been on for three days.

The mining exploitation permit was issued August 13 of 2015 to Gutain Davaa, a Mongolian mining company with Canadian investment. The company has been



possessing exploration license since 2003, and had registered 3,174 tons of gold reserve of Gutai deposit to the Professional Council on Minerals. In 2012, the “Long-Named Law” (Law on Prohibiting Mineral Exploration and Extraction Near Water Sources, Protected Areas and Forests) made the deposit and surrounding it area unavailable for mining operations, as they were intersected with forest reserve.

Last February, with the adoption of the law on implementation measures for the “Long-Named Law”, the area was not anymore intersecting with any protected areas. Therefore, the license was issued legally, said the Minister.

Mongolian side holds 51 percent ownership of Gutain Davaa Co. The professional council approved the feasibility study on Gutai deposit last month, he added. Accordingly, the company is to extract 1.3 tons of gold within 5 years of operation, providing 205 jobs, paying 22.5 billion MNT of taxes and making a profit of 30 billion MNT.

Environmental impact assessment is being conducted by Delgerekh-Ach company. Should the assessment results indicate that the mining operations will harm the ecosystem, the license will be cancelled. “For these reasons, I responsibly state that the mining permits have not been illegally issued to Gutain Davaa”, said R.Jigjid.

Erdenes Mongol and Shivee Ovoo companies to establish joint enterprise

December 23 (gogo.mn) Mongolia and China to jointly implement the project to construct Shivee Energy Complex based on strategically-significant Shivee-Ovoo coal deposit. In scope of the project, Mongolian side is set to provide 34 million tons of coal annually on a regular basis, which is needed for successful implementation of project.

Therefore, the Government decided to establish joint enterprise within this year to construct the complex, if special license owners at Shivee-Ovoo coal deposit, Erdenes Mongol JSC and Shine Shivee LLC reach consensus.

By implementing this project, Mongolian energy supply will be improved, while opportunity to export energy is to be enabled. The Shivee Energy Complex Project is expected to introduce eco friendly and advanced technologies, attract bigger investment, increase state budget and to show positive changes in economy by increasing state budget.

Drastic fall in Mongolian coal exports

December 23 (news.mn) During the first eleven months of 2015, a total of 5.5 million tons of coal was exported into China via the Gashuunsukhait border crossing, representing a fall of 50% on last year. Overall, Mongolian coal exports have dropped by 25%; this includes export from the country's most important mining complex at “Tavan Tolgoi”. Only coal exports via the Shivee Khuren border crossing remain unchanged. Analysts are unanimous that the reason for the drastic fall in coal exports has been caused by slowdown of the Chinese economy.

An important issue regards the way on which coal is transported. It is clear that rail transport must be used in order to maintain and improve competitiveness.



Currently, there are 15 coal transportation companies operating at the Gants-Mod crossing - a reduction of 19 compared to 2014.

State Commission approves 43 new mines and concentrator plants

December 24 (gogo.mn) In 2015, a total of 56 new mines and concentrator plants are under construction. Of which 40 open pit mines and three concentrator plants have fully commissioned and approved by the State Commission.

After commission of these mines and concentrator plants, total of 5342 workplaces have created and project finance reached MNT 1.2 billion. However 13 mines and concentrator plants are not yet in full operation due to other issues including financing, infrastructure and installation of equipment, reported by the Ministry of Mining.

“Solidarity” trade union submits recommendations on Tavantolgoi operations

Ulaanbaatar, December 24 (MONTSAME) On December 24, L.Erdenechimeg MP received leading members of “Solidarity” Trade Union of Erdenes Tavantolgoi JSC in connection with the draft parliamentary resolution on mining operations at Tavantolgoi coal deposit.

Opinions and recommendations are given to policymakers prior to the submission of draft resolution to parliament. The trade union members, including professional engineers and miners, suggest that the draft reflect ways of ensuring stable and favorable working environment for miners in order for them to work at the mine for many years with a greater performance and ban operations which are sorting out the best content coal-beds first.

The miners also recommend building a high-capacity concentrate plant and discover remaining reserves, designating the coal site borders and conducting regular operations and explorations in order to ensure smooth operation of Tavantolgoi mine.

Oil & Gas

Mongolia willing to import Iranian oil

December 26 (tehrantimes.com) TEHRAN- Mongolia is willing to buy oil from Iran, but as the country has no access to the free waters, its only way of crude imports is through Chinese companies, according to Iranian Oil Minister Bijan Namdar Zanganeh.



The official made the statement in a meeting with Mongolian Foreign Minister Lundeg Purevsuren in Tehran on December 24, according to the Shana News Agency.

Zanganeh said Iran has no problem in exporting oil to Mongolia if the two countries come to terms on the route of exports.

Iran is also prepared to offer Mongolia training services in the oil sector during some short-term periods, the Iranian minister added.

Purevsuren, for his part, expressed Mongolia's readiness for the expansion of ties with Iran in the field of oil.

Iran would be able to sell at least an extra 400,000 barrels per day (bpd) of crude oil to buyers in Asia and Europe when sanctions on the Islamic republic are lifted, the International Energy Agency said on November 14.

Iran has already lined up buyers for its crude for when sanctions are lifted, the sources said.

Iran, once OPEC's second-largest producer after Saudi Arabia, is seeking to clear space for its gradual return to the market after lifting of sanctions.

Western sanctions have cut Iran's oil output to 2.7 million bpd from 3.9 million bpd.

Zanganeh has vowed to reclaim the country's share of global crude oil exports within months of sanctions being lifted and said Tehran will move quickly to open the doors to international oil companies to help boost production.

Should sanctions be lifted, Iran's oil exports would reach 2.3 million barrels, compared with around 1.2 million barrels a day today.

Agriculture

FAO Deputy Rep about plan on resolving food shortage

Ulaanbaatar, December 23 (MONTSAME) The Chairman of the State Great Khural (parliament) Z.Enkhbold Wednesday received a delegation led by Mr Kevin Gallagher, the Deputy Permanent Representative of the Food and Agriculture Organization of United Nation (FAO) to Mongolia.

Mr Gallagher spoke about the FAO's strategy on tackling the food shortage throughout the world, a feasibility of supplying meat and meat products of Mongolia to the world market, and winter conditions in Mongolia.

Noting that "Mongolia has 51.9 million heads of livestock", he said that every eighth one person, or 842 million people are suffering from food shortage, "Mongolia is required to reserve strategically important foods such as meat for up to five years in case of winter worsening".

General director of the "Taij" group L.Ganpurev said his company together with the FAO and several meat processing companies can offer conserved meat to refugees and in times of food shortage.



Minister submits bill on tax exemption for wheat seed

Ulaanbaatar, December 23 (MONTSAME) Minister of Food and Agriculture R.Burmaa presented a bill on exempting wheat seed from customs and value-added taxes to the Chairman of State Great Khural (parliament) Z.Enkhbold December 23.

In 2015, a total of 215.7 thousand ton crop has been harvested, of which 203.9 thousand tons are wheat. Most of the crop fields have been hit by drought, due to the cold weather in May, to sudden temperature rise in June up to 60-64 Celsius in some areas, and to increased precipitation between August 12 and September 20.

Mongolia prepared fallow in 335.7 hectare area for the next year's crop planting, which requires 48 thousand tons of wheat seeds. However, the state reserve accumulated only 28.0 tons this year. In order to meet the shortage of 20.0 tons of wheat seeds, the National Food Security Council recommended an import.

Value of the tax exemption has not been reflected in the expected revenue of 2016 State Budget. Therefore, this will not become a burden on state budget revenue, said the Minister.

Number of livestock reached almost 56 million heads

December 25 (infomongolia.com) On 24 December 2015, the National Statistical Office (NSO) of Mongolia has released the preliminary results of the 2015 livestock census.

According to the report, Mongolia has 55 million 957.6 thousand heads of livestock, including horses - 3,294.6 thousand, cattle - 3,779.5 thousand, camels - 367.9 thousand, sheep - 24,933.4 thousand, goats - 23,582.2 thousand heads.

The number of animals has increased by 7.6% or 3,975.0 thousand heads compared to the same period of the previous year, where the number of horses increased by 298.8 thousand, cattle by 365.6 thousand, camels by 18.6 thousand, sheep by 1,718.6 thousand and goats by 1,573.3 thousand heads respectively.

Uvurkhangai aimag counted the largest number of livestock (4,511.0 thousand), being followed by Arkhangai (4,457.0 thousand), Tuv (4,444.9 thousand), Khuvsgul (4,397.2 thousand) and Bayankhongor (3,771.8 thousand) aimags.

In Orkhon, Selenge and Darkhan-Uul aimags, the number of livestock declined by 3.5-36.2 thousand heads.



Aviation

Azerbaijan, Mongolia discuss prospects for cooperation in civil aviation

December 23 (news.az) Azerbaijan and Mongolia have discussed prospects for cooperation in the field of civil aviation as President of Azerbaijan Airlines (AZAL) Jahangir Asgarov met with President and CEO of Mongolian Airlines (MIAT) Tamir Tumurbaatar, AzerTag reports.

They discussed the bilateral cooperation between Azerbaijan and Mongolia in the field of civil aviation, as well as long-term plans to increase passenger and freight traffic. The sides pointed out that infrastructure in the field of civil aviation and favorable geographical location of Azerbaijan creates good opportunities for the supply of goods to Europe and the Pacific Rim through Azerbaijan.

The sides agreed to establish a joint working group of representatives of AZAL and MIAT with the first meeting slated for next year in Ulan Bator.

Energy

Prophecy Development signs EPC and Equity Investment Agreements with SEPCO II for Chandgana Power Plant

December 21 (infomongolia.com) On 18 December 2015, Prophecy Development Corp. (Prophecy) announced the signing of the Engineering, Procurement and Construction (EPC), Equity Investment, and Share Purchase Agreements with China-based Shandong Electrical Power Construction No.2 Company (SEPCO II) to invest in, and build the company's 600 MW Chandgana Power Plant in Khentii aimag of Mongolia.

The agreements' signing ceremony took place at the Canadian Embassy in Ulaanbaatar and was witnessed by Senior Trade Commissioner from Embassy of Canada to Mongolia. The President of SEPCO II, Mr. Zhang Shitao and the Executive Chairman of Prophecy, Mr. John Lee executed the Agreements on behalf of SEPCO II, and Prophecy, respectively.

The Chandgana Power Plant Project, under the development of Prophecy's wholly-owned Mongolian subsidiary, Prophecy Power Generation LLC since 2011, has secured power plant land use rights and the construction license, and is included on the Mongolian Government concession list.

The Chandgana Power Plant is strategically located in Khentii aimag, 150 km east of Baganuur, to provide power to both Mongolia's Eastern Energy Grid and Central Energy



Grid. The Chandgana Power Plant will be a coal-fired mine-mouth power plant where coal will be supplied from Prophecy's wholly owned Mongolian subsidiary Chandgana Coal LLC's adjacent open pit coal mine.

The total capital investment necessary to complete the 600MW Chandgana Power Plant is expected to be approximately 1 billion USD. The proposed investment for Phase 1 (150MW x2) is estimated to be USD 600 million, Phase 1 is to be completed within 3 years from the start of construction. Prophecy has identified the main EPC contractor, and equity and debt investors that are ready to invest and start the project once a bankable Concession Agreement and Power Purchase Agreement including tariff are finalized with the already-established Mongolian government-appointed working group.

Sitework of Baganuur Power Plant being executed by Chinese company

Ulaanbaatar, December 24 (MONTSAME) Official opening ceremony for site work commencement of Baganuur Power Plant took place on December 23. The development is reflected in the Government Action Plan for 2012-2016 in order to meet the increasing electric and heating power demand in the central region.

"This is the first power plant in Mongolia to be built on the neck of a deposit", PM Ch.Saikhanbileg stated while taking part in the ceremony.

In frames of the Government's energy policy, more developments including Booroljuut power plant based on Booroljuut coal deposit, Tavantolgoi Power Plant based on the Tavantolgoi deposit and Eg Power Plant basing on Eg river are expected next.

The site work is being executed by China Nuclear Industry 22 Corporation. The 700 MWT TPA power plant will be commissioned in 3.5 years.

Recently commissioned Amgalan Power Plant and the extension at Third Thermal Power Station had been executed in cooperation with the Chinese companies as well. The Chinese companies are also taking part in the developments at the Eg river and Booroljuut power plants.

Baganuur Power LLC signed a Build-Operate-Transfer concession agreement with the Government last April. With the implementation of Baganuur Power Plant project, 300 permanent jobs and 2,500 temporary workplaces are being created.

Present at the ceremony were also Ministry of Energy of Mongolia D.Zorigt, Minister of Industry D.Erdenebat and the Ambassador of People's Republic of China Xing Haiming.



Construction

Ministry of Construction and Urban Development signed a MoU with Golomt Bank on housing mortgage program

December 22 (infomongolia.com) The Minister for Construction and Urban Development of Mongolia, Ms. Z.Bayanselenge signed a Memorandum of Understanding on 10 percent down payment housing mortgage loan program with 8 percent rate per annum with Golomt Bank on December 21, 2015.

Mongolian citizens had to make a down payment of 30 percent when they applied for the government Housing Mortgage Program before the Government made a decision to guarantee its 20 percent during its Cabinet meeting held on July 07, 2015.

Head of the Strategy and Policy Development Department of the Ministry of Construction and Urban Development, Mr. Kh.Batbold said: "There are 17,700 apartments in Mongolia not sold yet so far, and even though lots of people are interested in buying a new apartment they cannot afford it because of financial difficulty. Moreover, recent conclusion of Constitutional Court of Mongolia that Real Estate Collateral Law conflicts with the Constitution of Mongolia made Mongolian commercial banks to suspend their mortgage loan programs.

However, the deal that the Ministry of Construction and Urban Development and Golomt Bank signed today gives people an opportunity to get 8 percent interest rate mortgage loan with 10 percent down payment despite the conclusion of Constitutional Court. The procedure will go the same as before with the same document requirements."

"MIC" plans public sale of stocks

December 23 (news.mn) The "Mongolian Mortgage Corporation", known by its Mongolian acronym (MIC), is part of "MIC Holding". They have announced that they are changing their company status in order to become an openstock company. Therefore, "MIC" is going to offer its additional stocks to the public. Seven years ago, in April 2008, The Bank of Mongolia and ten commercial banks established "MIC". Since then it grown into a large company, with property assets of MNT 1.8 trillion, and business assets of MNT 213.7 million.

"MIC" has claimed that they are going to raise MNT 37.3 billion from the international stock market via an IPO. In order to undertake this, they have chosen "TDB Capital U.Ts.K" as the underwriter. "MIC" plans to exchange 3,106,398 stocks for MNT 12,000 through the public sale.



Ulaanbaatar

More than 300 million USD to be dedicated to ger area development

Ulaanbaatar, December 21 (MONTSAME) Developmental works of MNT 319 billion will be executed in Ulaanbaatar next year, reports the UB city administration. As of today, the city has received proposals on 530 projects to cost 847 billion Togrog.

Expected in 2016 developments include 15 elementary school and kindergarten buildings for 2,700 children, two children's hospitals, a building for police unit, a complex building for khoroo administration, family hospital, police station, and buildings for public service branches in Bayanzurkh, Khan-Uul and Songinokhairkhan districts.

Infrastructural developments comprise, 0.9km heat line, 2,500 lighting installations, 8.1km auto-road building, and extensions to 5.4km road. Building of 23 km road will be applied to housing districts.

In the margin of the program on development of ger areas and promotion for investment, Ulaanbaatar has been planning to have six suburban centers. The program is costing 320 million USD, to be allocated from the Government, Asian Development Bank and European Investment Bank.

Yarmag Temporary Bridge opened for transport

December 22 (gogo.mn) Repair of Yarmag Temporary Bridge was finished and opened for transport starting yesterday (on Dec 21).

After the crash between Hyundai Aerocity bus of Erdemtrans LLC and Kia Bongo car which was occurred on Dec 02, seven people were wounded and load bearing capacity of bridge was damaged.

City Road Department stated that MNT 77 million was required for bridge repair and the loss will be paid by the person at fault for an accident in accordance with the Road Traffic Safety Act.

Currently, Police Department is investigating the cause of the accident and guilty person.



Company News

Oyu-Tolgoi has generated USD 1.3 billion for the state budget

December 21 (news.mn) During "Ministers' Hour" program, Mining Minister R.Jigjid along with the CEO of "Erdenes Mongol", B.Byambasaikhan, and the CEO of the "Erdenes Oyu-Tolgoi" company Da.Ganbold answered some questions from the media.

-The investment contract of Oyu-Tolgoi underground mining has been signed. Will the dollar rate be reduced, as a result of investment?

R.Jigjid: In 2009-2014, USD 7.9 billion was invested to the Oyu-Tolgoi, and USD 2 billion was traded. Also, Oyu-Tolgoi has generated USD 1.3 billion in tax for the state budget. The contract which has been signed approves investment of USD 4.4 billion. 80% of the gold and copper will be extracted from the underground mine.

B.Byambasaikhan: The construction works of the Oyu -Tolgoi underground mine requires USD 6-7 billion. The financing will come to Mongolia after the beginning of 2016.

-Mongolia owns 34% of Oyu-Tolgoi. When will Mongolia obtain the benefits? Also, the Mongolian government debt seems like it is becoming endless.

-6400 Mongolian employees work at Oyu-Tolgoi. No project yields short time benefit. Money doesn't just rain. In a developing country, like Mongolia, the benefits of big projects are noticed progressively. The copper price will stabilize in 2017-2018. The price of the metal, which was USD 10,000, currently stands at USD 4685. The copper price is falling gradually. Of course, the price will never reach a zero US dollar rate. How much do people around the world need copper? It is just a cycle of growth and decline. Therefore, the copper price will increase again in 2018.

Cabinet members receive Oyu Tolgoi investors

December 21 (UB Post) Following the signing of the financial agreement for expanding Oyu Tolgoi's (OT) underground mine, members of Cabinet and other officials received OT investors on December 16.

Beginning the meeting, Prime Minister Ch.Saikhanbileg thanked the investors for believing in Mongolia's economy and investing in Oyu Tolgoi during difficult times for the global economy. The sides exchanged views on the next measures to be taken, and agreed that all plans need to start and underground development should commence in the near future, as financing has now been resolved.

The meeting was attended by Prime Minister Ch.Saikhanbileg, Minister of Mining R.Jigjid, Minister of Mongolia M.Enkhsaikhan, Head of the Cabinet Secretariat S.Bayartsogt, Minister of Energy D.Zorigt, President of Mongol Bank N.Zoljargal, Executive Director of Erdenes Mongol B.Byambasaikhan, Executive Director of Erdenes



Oyu Tolgoi D.Ganbold, and representatives from investing banks, Turquoise Hill, Rio Tinto, and Oyu Tolgoi.

The Office of Media and Public Relations of the Government reported that the sides plan to commence underground mine development work by the first quarter of 2016, and investors have said that they are ready for making investments.

Investment agreement on Moncement Plant approved

Ulaanbaatar, December 22 (MONTSAME) On December 21, the cabinet approved a draft of Investment Agreement on Moncement plant project, and permitted Minister of Industry D.Erdenebat to sign the agreement on behalf of the Government.

The project on building a high-tech lime and clinker plant, based on the limestone deposit of Senjit Khudag of Orgon soum, Dornogovi aimag, was commenced in 2006. When commissioned, the plant is expected to produce 984 thousand ton quarries, one million ton cement, 100 thousand ton lime per year. It is estimated that the plant, equipped with eco-friendly dry processing technology, will make contribution of 21.8 billion MNT each year and total of 458.1 billion MNT taxes to the State Budget. The plant is to offer 375 new jobs.

By signing the investment agreement, which reflects the amount of investment, project stages, sources, stabilized tax conditions and responsibilities and rights of the government and the investor, the project works are to be forwarded.

The investors include the Development Bank of Mongolia and European Bank for Reconstruction and Development, as well as Senj Sant LLC.