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Politics

Political landslide in Mongolia as it fails to gain from minerals

July 2 (chinapost.com.tw) ULAANBAATAR -- A landslide election victory by Mongolia's opposition is a stinging rejection of the government's failed economic policies, analysts and voters said Thursday, as the country struggles to turn its vast natural resources into national wealth.

The Mongolian People's Party (MPP) won 65 out of 76 seats in the State Great Hural parliament, leaving the ruling Democratic Party (DP) in single figures with a mere nine spots, the election commission announced early Thursday.

Among the casualties was outgoing prime minister Chimediiin Saikhanbileg, who lost his own Bayanzurkh seat in Ulaanbaatar to a virtual unknown.

"I voted for the MPP because the DP used their power only for their own good," said Magsarjaviin Bold, 46, a construction worker in the capital. "They are mostly businessmen and did things that only profited them."

Billions of U.S. dollars' worth of natural resources lie buried beneath Mongolia's sprawling steppes, drawing the attention of multinational mining giants such as Anglo-Australian Rio Tinto, which has a multibillion-U.S.-dollar copper and gold project at Oyu Tolgoi.

But development has been delayed for years by disputes over the role of foreign investment, while slowing growth in Mongolia's biggest customer China has done nothing to help, and the ruling party paid the price for an anemic economy.

In 2011, the year before the DP came to power, Mongolia's GDP rose a world-leading 17.3 percent. By last year expansion had slumped to 2.3 percent.

Marissa Smith, a Mongolia expert at De Anza College in San Francisco, told AFP: "There has been a shift since the last election away from blaming foreigners toward blaming Mongolian politicians and other elites for the failure of Oyu Tolgoi and (coal project) Tavan Tolgoi to have met expectations."

'Wrong direction'

Turnout was 72 percent and 13 women were elected, up from 11 last time, despite a cut to a quota for female candidates.

Pre-election polling by the International Republican Institute (IRI) showed that over 60 percent of Mongolians felt their country was "headed in the wrong direction," a sentiment driven by concern over corruption and the government's inability to transform resources into new jobs.

"Voters were very clear with their ballots ... they wanted change," said IRI's country director Ashleigh Whelan, adding that the victory will give the MPP an overwhelming majority in the legislature: "Any initiative that they want to pass ... they'll pass it."

After the scale of the MPP's victory emerged, party chairman Miyegombiin Enkhbold vowed to put the country back on track, saying it would "do our best to fix the economic and social downturns."



But while the MPP was the ruling party during Mongolia's Communist era and the DP guided it to its democratic present, many Mongolians see little difference between the two parties and how much will change remains unclear.

Both ran virtually identical campaigns, focused on the importance of job creation through resource development, but short on practicalities.

"Our political parties don't really have a political ideology that unites them," said Mogi Badral Bontoi, CEO of market intelligence firm Cover Mongolia.

"Politicians join their parties not because of their political ideology ... but which party gives them the best chance to gain power, gain influence."

The election result was "tentatively positive" for foreign miners, which also include Chinese state-owned coal giant Shenhua, said Greg Kwan of the Economist Intelligence Unit in a research note, as the new government was unlikely to reverse "a recent shift to a more friendly stance."

Mogi hoped the next government would be "much more focused on the economy than China," he said, "less populist, less nationalist, less protectionist."

Not all MPP supporters agree.

"I don't want the new government to sell Mongolian natural riches for lower prices to foreigners," said Zagdiin Sesemjav, a 62-year-old pensioner who backed the party.

"That is giving them away," she said. "Most income must come to Mongolia, not foreign companies."

Economy top priority for Mongolia's new ruling party

June 30 (Nikkei) ULAANBAATAR -- Fresh off its blowout victory in the parliamentary election, the Mongolian People's Party has begun selecting a prime minister and a cabinet as it prepares to turn the economy around.

The MPP now must shoulder heavy responsibilities, since its dramatic election win shows the level of people's expectations, party leader Enkhbold Miegombo said early Thursday.

Having increased its seats from 30 to 65, the former opposition party now has an overwhelming majority in the 76-seat unicameral legislature. Enkhbold is largely expected to become prime minister. A new cabinet is expected by July 15, the start of a two-day summit that the East Asian country will host for the Asia-Europe Meeting.

Money on their minds

"I want the government to improve the economy above anything else," a 38-year-old business owner said.

Dissatisfaction with the previous government's economic management was the main reason for the MPP's overwhelming victory in the election, which saw 72% turnout.

Mongolian growth slowed from double digits in the 2011-13 period to just 2.3% in 2015. One big factor was the 2012 introduction of foreign investment regulations.

The regulations were meant to curb Chinese companies' ravenous acquisitions of mining rights for copper, coal and other resources but ended up also discouraging investment from Japan, the U.S. and Europe. Foreign direct investment in Mongolia sank to roughly \$200 million in 2015 -- a paltry 5% or so of the 2011 figure. The end of



the global resources boom and the Chinese economic slowdown have further added to Mongolia's economic woes.

With the country's fiscal condition having also deteriorated, concern is growing that Mongolia may default on \$2.1 billion in foreign-currency-denominated debt maturing over the 2017-18 period. The MPP government will very likely seek assistance from the International Monetary Fund as it works to restore its fiscal health.

Improving the climate

A key challenge for the new government is whether it can abolish or revise the foreign investment regulations at a time when the country remains highly wary of Chinese investment.

One piece of bright news is global mining giant Rio Tinto's decision in May to resume second-stage development of the Oyu Tolgoi copper mine. The expansion of the mine, believed to hold one of the largest copper deposits in the world, is expected to entail \$5.3 billion in investment.

Japan will likely also play a key role in Mongolia's economic development, with a bilateral economic partnership agreement having taken effect in June. Maintaining good ties with Tokyo is expected to remain a high priority.

Premier Li Keqiang to visit Mongolia

June 27 (news.mn) The Premier of the State Council of the People's Republic of China, Li Keqiang, sometimes also referred to informally as the "Prime Minister" is to visit Mongolia in July. Premier Li Keqiang will attend the 11th Asia-Europe Meeting (ASEM) Summit in Ulaanbaatar. Various other heads of state and government will also take part in the ASEM. The Chinese Premier's visit was confirmed when President Elbegdorj met President Xi Jinping in Tashkent in 23rd June.

The 11th ASEM Summit in Mongolia also marks the 20th Anniversary since the Asia-Europe Meeting dialogue process was inaugurated in 1996 in Bangkok, Thailand.

Cabinet meeting in brief

Ulaanbaatar, June 28 (MONTSAME) At the cabinet meeting held Monday, L.Purevsuren, the Minister of Foreign Affairs presented results of the Mongolian President's participation in the 16th Meeting of Council of Heads of State of the Shanghai Cooperation Organization /SCO/ as an observer and in the trilateral meeting of heads of state of Mongolia, China and Russia. Then he was assigned to submit it to the National Security Council (NSC).

-In presenting results of his working visit to Japan on May 30-31, the Foreign Minister was charged to approve a plan of follow-up actions and to make certain its implementation.

- G.Bayarsaikhan, the Minister of Labor presented to cabinet members results of his working visit to Japan on May 16-18.

- A cabinet decision was made to award cash prize of MNT 9 million to a 4th grade student of the College Music and Choreography, B.Jambalbayarnyam who took 3rd place in the 58th Kocian Violin Competition held in the Czech Republic.



Ch.Ulaan MP might chair first session of new parliament

Ulaanbaatar, June 30 (MONTSAME) Incumbent chairman of the parliamentary Standing committee on budget and re-elected MP Ch.Ulaan is expected to chair the very first parliamentary session.

By the laws, the oldest newly elected lawmaker shall chair the first session of the newly formed parliament.

The date of the session will be fixed by the President of Mongolia when a list of new PMs is submitted to the President from the General Election Commission (GEC).

Temporary passes issued to elected MPs

July 1 (Mongolian Economy) The Chairman of the General Election Committee, Ch.Sodnomtseren, handed over temporary passes to recently elected 76 members of parliament. "Your names will be delivered to the President of Mongolia. Good luck," he said after handing over the passes.

One major improvement seen this year's election was figures on voter turnout and the vote counting progress being reported online without any delays. The Secretary of the General Election Committee, B.Boldbaatar, said he would like to thank the committee's information technology staff for their diligence.

According to preliminary results, the MPP won 65 seats, the DP9, the MPRP1, and an independent candidate one, with the hand recount still in progress but expected to be complete by the end of the week, according to the secretary.

There have been no reported discrepancies between the results of the vote-counting machines and the manual recount.

Foreign Relations

Vietnam, South Korea, Mongolia back United Nations watchdog for LGBT rights

July 2 (asiancorrespondent.com) THE only Asian countries to back a United Nations mandate to safeguard gay and transgender people from violence and discrimination all around the world are Vietnam, South Korea and Mongolia. The United Nations Human Rights Council (UNHRC) voted on Thursday to appoint the independent monitor.



The Geneva-based UNHRC debated the issue for nearly four hours before agreeing to appoint an “independent expert” to identify what causes violence and discrimination towards the LGBT community, and work with governments to find ways of protecting them.

Vietnam, South Korea and Mongolia voted in favor of the mandate, the only three supporters from the Asian region to do so. The rest of the 23 members to support the mandate were from Europe and Latin America.

Six countries abstained from the vote, including the Philippines, India and South Africa, while 18 opposition votes came from mostly from Muslim and African countries, as well as China and Russia.

[According to the Washington Post](#), the resolution included a last-minute amendment as a nod to countries where homosexuality is not widely accepted, which said “the significance of national and regional particularities and various historical, cultural and religious backgrounds must be borne in mind”.

However, it added: “It is the duty of the States, regardless of their political, economic and cultural systems, to promote and protect all human rights and fundamental freedoms.”

A spokesperson for the UN Secretary General Ban Ki-Moon said in [statement](#) to journalists in New York: “I can tell you that the Secretary-General believes that the Human Rights Council marked another important step forward when it decided to appoint a UN Independent Expert to monitor and report on levels of violence and discrimination against LGBT people globally.

“It is clear that there’s still so much that needs to be done to protect people from violence, tackle discrimination at work, end bullying in schools and ensure access to healthcare, housing and essential services.”

The expert will be appointed in September, and carry out a three-year term to carry out country visits and take up individual allegations with governments.

Abe Likely to Attend ASEM Summit in Mongolia in Mid July

Tokyo, Jul 2 (Prensa Latina) Japanese Prime Minister Shinzo Abe is planning to attend the Asia-Europe Meeting summit in the Mongolian capital of Ulan Bator on July 15 and 16, government sources said Friday.

The summit will provide an opportunity for Abe to enhance cooperation with other leaders as they tackle potential threats to global economic stability in the wake of Britain's vote to leave the European Union.

The possibility of Britain's leaving the European Union was one of several risk factors considered by the leaders of the Group of Seven advanced economies at a summit in central Japan in May, where they committed to using all available policy tools to avert an economic crisis and spur global growth.

Abe is seeking to hold bilateral talks with Chinese Premier Li Keqiang on the sidelines of the gathering, ahead of Beijing's hosting of a summit of the Group of 20 major developed and developing nations in September.



He will likely aim to hold bilateral talks also with Russian President Vladimir Putin if the latter attends the summit.

The visit will be Abe's third to Mongolia as prime minister, the highest-ever number of trips by a Japanese premier.

PM to attend Asem summit in Mongolia

June 29 (thedailystar.net) Prime Minister Sheikh Hasina, who will attend the Asia-Europe Meeting (Asem) next month in Mongolia, will have the opportunity to meet top European Union leadership and discuss with them about Brexit and possible scenario following UK's exit, diplomatic sources said.

The 11th Asem Summit will be held in Ulaanbaatar, the capital of Mongolia, on July 15-16.

Emerging from a meeting with Foreign Secretary Md Shahidul Haque, EU Ambassador to Bangladesh Pierre Mayaudon has said Bangladesh has been enjoying duty-free, quota free market access to the EU but it will have to renegotiate with the UK once it comes out from EU formally.

Bangladesh, Mongolia to strengthen ties

June 29 (thedailystar.net) Bangladesh and Mongolia are eager to further strengthen relations though greater enhancement of bilateral trade between the two countries.

This was stated when the newly appointed Non-resident Ambassador of Mongolia to Bangladesh Gonchig Ganbold paid a call on Foreign Minister AH Mahmood Ali yesterday at the foreign ministry in the capital.

During the meeting, Mahmood emphasised the need for broadening and deepening the existing friendly relations between the two countries in all areas.

For greater enhancement of trade, the minister asked the ambassador to import more jute and jute products and pharmaceutical products from Bangladesh at a highly competitive price.

He also asked Ganbold to work for a closer cooperation in such fields as sports and culture.

In response, Ganbold assured that he would be working to further strengthen bilateral ties during his tenure.

He informed the minister that the two countries were already cooperating in matters related to digitisation, and asked him to encourage businesspeople from Bangladesh to import wool, cashmere, leather and meat products from Mongolia.

The Mongolian envoy mentioned that he already planned to hold Bangladesh film shows and translation of Bangla short stories in Mongolian language.

Earlier, the ambassador presented his credentials to the president of Bangladesh at Bangabhaban on Monday, said a foreign ministry press release.



New Mongolian ambassador calls on foreign minister

June 28 (bdnews24.com) Ali stressed the need for “broadening and deepening” of existing relations between the countries in all areas, the foreign ministry said. He urged the ambassador to import more jute and jute products, pharmaceuticals, and promote closer cooperation in sports and cultural fields.

Ambassador Ganbold assured he would work to strengthen bilateral ties during his tenure.

He spoke of his plan to hold Bangladeshi film shows in Mongolia and translate Bangla short stories into Mongolian.

He said the two countries were already cooperating “in matters related to digitisation”. The ambassador urged the minister to encourage Bangladeshi businesses to import wool, cashmere, leather, and meat products from Mongolia. He presented his credentials to the President of Bangladesh at Bangabhaban on Monday.

China, Russia, Mongolia Sign Long-Awaited Economic Partnership Agreement

June 28 (Diplomat) Overshadowed by the news of the British referendum on European Union (EU) membership held the same day, on June 23 Presidents Xi Jinping of China, Vladimir Putin of Russia, and Tsakhiagiin Elbegdorj of Mongolia signed a trilateral economic partnership agreement in Tashkent, Uzbekistan during the 11th meeting of the Shanghai Cooperation Organization (SCO).

The agreement consists of 32 proposed projects, and outlines the creation of a joint investment center to assess the financial requirements and feasibility of each by the end of 2016.

[According to the official press release](#) on Elbegdorj's website, a key part of the agreement involves cooperation on improving roads and other forms of transportation in the region. The agreement proposes regular consultations with third-party transport agencies, including railway companies.

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The deal also affirmed that the future trilateral relationship between China, Russia, and Mongolia would not be limited to “transport and customs issues” but perhaps extend to agriculture, tourism, emergency preparedness, and more.

Mongolia plans to host the next round of talks on the implementation of the economic corridor in the fall, after the highly-anticipated [Asia Europe Meeting \(ASEM\)](#) in Ulaanbaatar this summer.

After a roadmap for the agreement was signed in November 2015 in Ufa, Russia, [many expected](#) an official agreement to be signed during this year's SCO meeting.



[As The Diplomat reported last fall](#), the economic corridor, aimed at greater trade integration, is in line with the individual policies in all three countries: China's "One Belt, One Road" (OBOR), Russia's Trans-Eurasian Belt Development (TEPR), and Mongolia's Prairie Road program.

The leaders of the three countries [first met in September 2014](#) to discuss the corridor in Dushanbe, Tajikistan. Putin said in the initial meeting with his Chinese and Mongolian counterparts: "The natural geographic proximity of Mongolia, Russia and China makes it possible for us to implement good long-term projects in infrastructure, the power sector, and the mining industry. We have what to discuss with each other. Naturally, we deem it important, expedient, and useful to start a permanent dialogue."

Yesterday, in an exclusive interview with *The Diplomat*, Mongolian Minister of Foreign Affairs Lundeg Purevsuren said that "each of the 32 projects is the most important" when asked about Mongolia's priorities entering the agreement. Purevsuren said that the trilateral cooperation represents a new era of economic opportunity for Mongolia, which will continue to capitalize on its strategic location as an intermediary between East Asia and Europe.

Last week, also at the SCO meeting in Tashkent, [Putin asked Mongolia to back down](#) from a planned \$1 billion hydropower project on a tributary of Mongolia's Selenge River, which flows into Russia's Lake Baikal, the world's oldest and deepest freshwater lake. The project, funded in part by a loan from the China Export Import Bank and in partnership with China's National Development and Reform Commission, has been [temporarily put on hold](#).

It is unclear if the hydroelectric project will be affected by the new trilateral partnership. Purevsuren reaffirmed Mongolia's commitment to the Egiin Gol plant but also said his country is dedicated to acting in accordance with principles of environmental protection, which is a product of Mongolia's nomadic culture.

Munkhsoyol Baatarjav, CEO at the Institute for National Strategy, told *The Diplomat* that the trilateral agreement "is a good start for Mongolia in terms of cooperation with two giant neighbors." Baatarjav, who is currently running for parliament as an independent candidate, said the deal represents a valuable opportunity for Mongolia to expand its economy and solve infrastructure challenges.

Other analysts are skeptical about the future impacts of the agreement on Mongolia, which currently has the weakest economy of the three nations. Dr. Julian Dierkes, director of the Program on Inner Asia at the University of British Columbia's Institute of Asian Research and author of the popular [Mongolia Focus blog](#), described Mongolia's dilemma: "Economic possibilities on the one hand, [and, on the other,] trepidation about a situation where two powerful, sometimes overbearing neighbors agree."

Dr. Kent Calder, director of the Reischauer Center for East Asian Studies at Johns Hopkins University's School of Advanced International Studies, called the agreement indicative of a "broad regional trend" toward deepening economic integration across the continent.

Calder argued that the region's propensity toward increasing interdependence is "spurred by several developments including Chinese economic growth, deepening Sino-Russian diplomatic ties flowing from Euro-Russian tensions since the Ukraine crisis, the greater autonomy of Central Asia since the collapse of the Soviet Union, and technological developments in high-speed rail and communications."



While the news was overshadowed internationally by the U.K.'s vote to leave the EU, it was covered widely by Asian news outlets including [The Japan Times](#) and [CCTV](#).

Economy

Mogi Badral Bontoi -- Mongolia's new government could face a short honeymoon

July 2 (Nikkei) Mongolia voted out the ruling Democratic Party on June 29, and returned the left-wing opposition Mongolian People's Party to power after a four-year absence, handing it a clear victory in parliamentary and local elections.

With economic growth close to zero, the economy and unemployment were the key issues in the election. This is in sharp contrast to 2012, when Mongolia was declared to be the world's fastest-growing economy, and voters this time focused on the fair distribution of mineral wealth and more national control over major mining assets.

The MPP, the former communist party that ruled Mongolia for most of the 20th century, won 65 out of 76 seats in the State Great Khural, Mongolia's unicameral parliament. The MPP also won all but one local council elections, sweeping 20 out of 21 *aimags* (provinces) and the capital city, Ulaanbaatar. The MPP victory echoes the 2000 election when it swept the Democrats out of power by winning 72 out of 76 parliamentary seats. Opinion polls ahead of the election showed the MPP to be the clear favorite, but many analysts were surprised by the size of its victory. Not even outgoing Prime Minister Saikhanbileg Chimed and Speaker Enkhbold Zandaakhuu managed to keep their parliamentary seats as voters appeared to blame them for the deteriorating economy and growing unemployment. The DP's minority coalition government had been mired in an internal power struggle, resulting in Saikhanbileg replacing Altankhuyag Norov as prime minister in late 2014.

Despite having significantly improved the legal framework for foreign investors in the last four years, it was too little, too late for the current government.

When the Democratic Party took power in 2012 it inherited a difficult situation.

A month before the 2012 election, the MPP-dominated parliament passed the most restrictive foreign investment law since opening the economy in 1990. In addition, the government was engaged in a cost-overrun dispute with Mongolia's largest foreign investor, Rio Tinto, which halted the expansion of the Oyu Tolgoi copper mine, the country's biggest mining project.

In many ways this election demonstrated the growing maturity of Mongolian voters. Most of the more "populist" and "resource nationalist" politicians lost their seats despite being ranked highly in polls as recent as this March.



The ruling government had rolled out several state subsidy programs aimed at reversing falling confidence among voters, such as the state buyback of shares owned by citizens in Mongolia's largest coal mine, Tavan Tolgoi.

What perhaps was the tipping point for DP was the government's admission, just a day before the election, that it had approved the sale of Russia's 49% stake in the Erdenet copper mine to a private Mongolian commercial bank. Erdenet was for decades Mongolia's largest taxpayer until Oyu Tolgoi claimed that honor last year.

Faltering economy

The World Bank, the International Monetary Fund and the Asian Development Bank all forecast that economic growth this year would be the worst since the 2008 global financial crisis, with the growth rate near zero before the economy begins to pick up slightly in 2017.

Although prices of Mongolia's major exports, copper and coal, are not expected to recover soon, the \$5.3 billion underground expansion of Oyu Tolgoi is expected to help revive growth. Oyu Tolgoi began open-pit operations in 2013 and is projected to become the world's third-largest copper producer when it reaches peak production by 2030.

Despite this, the MPP, which oversaw Mongolia's earlier mining boom, will have to struggle with low single-digit growth over the next few years. If Rio Tinto had not approved the expansion of Oyu Tolgoi, the economy would have been in danger of falling into a recession.

The next step will be for the MPP to elect a new prime minister, who will face the daunting task of turning around the \$12 billion economy to benefit Mongolia's 3 million people. The new government must deal with growing government debt, a depreciating currency and a record budget deficit, while finding ways to repay more than \$1 billion in sovereign bond payments over the next 18 months.

Other challenges include reviving foreign direct investment -- which has fallen sharply -- along with improving the country's sovereign credit rating. It must also move forward with stalled major projects, including the Tavan Tolgoi coal mine, several power plants and railways to improve access to key mining areas.

The MPP has a lot on its plate and is hoping that its image of "stability" will convince investors to return. It is also committed to Mongolia's long-standing "Third Neighbor Policy" of maintaining balanced ties with China and Russia, while fostering closer relations with other regional powers, such as Japan.

ASEM host

President Elbegdorj Tsakhia, a Democrat, has answered the MPP's wish for a swift transfer of power by calling the first session of the new parliament on July 5. The first order of business will be electing a new PM. With a clear majority, the MPP will waste no time in forming a new government, as Mongolia is about to host its largest ever international event, the 11th Asia-Europe Meeting (ASEM) Summit, on July 15-16.

Japan's Prime Minister Shinzo Abe and Russia's President Vladimir Putin are expected to attend, along with 5,000 delegates from 53 Asian and European countries.



Sluggish economy casts long shadow over Mongolian poll

June 29 ULAANBAATAR (AP) — Mongolians voted in parliamentary elections Wednesday against the background of a sharp downturn in the landlocked nation's crucial mining sector.

Rising unemployment and disillusionment with the political system are also factors weighing on the vote for the 76 members of the national parliament, the State Great Khural. The result could see the ruling Democratic Party lose its majority to the opposition Mongolian People's Party, a year ahead of the 2017 presidential election.

President Tsakhia Elbegdorj urged Mongolians to participate in the lively democratic system that remains a rarity in a region characterized by one-party states and authoritarian leaders.

"I encourage young people to come to the polling stations to exercise their right to vote. This is what democracy is all about," Elbegdorj said after casting his ballot in the Sukhbaatar district of the capital Ulaanbaatar.

Official results were not expected until Thursday morning, reflecting the vast distances and poor communications in the nation of just 3 million sandwiched between China and Russia.

The parliamentary elections are the seventh since the country made a peaceful transition to democracy in 1990. Yet disillusionment with the political process in the country — recently dubbed "an oasis of democracy" by U.S. Secretary of State John Kerry — is growing among younger voters, whose turnout has steadily declined in recent years.

Sodnomtseren Choinzon, chairman of the General Election Commission of Mongolia, said 498 candidates were running for parliament and 2,288 candidates for local councils. More than 400 observers from foreign countries and non-governmental organizations were on hand to oversee the polls.

Business

BHS eyes a fresh start overseas following Qatari deal

July 1 (FT) In Britain BHS faced an insurmountable challenge but, in the Middle East, the retailer may still have a lease of life.

The department store chain expanded across the Gulf and set up outposts in smaller markets such as Mongolia, Uzbekistan and the Falkland Islands before it [collapsed into administration](#) this year.

While its problems centred on the UK business, which suffered from the rise of online competitors and more fashionable clothing brands, [BHS](#) was also battling a retail slump



in the Gulf. The low oil price has damaged sentiment and tourists' spending power has declined because regional currencies are tied to the strong US dollar.

But the lacklustre environment failed to deter Qatari retail group Al Mana, which on Friday [bought BHS's international business](#) and its website.

Wissam al Mana, who runs the retail division of the group founded by his father in the 1950s, has focused mainly on licensing luxury brands such as Hermès and Balenciaga. But the Al Mana conglomerate does already own the franchise to some BHS stores in the Middle East.

Mr al Mana was born in Qatar but educated in London and is married to the US pop star Janet Jackson.

In Dubai, the Gulf's retail capital, BHS is a well-established brand, its history stretching back to 1992, the early days of the city's transformation from a regional trading outpost to a global metropolis.

BHS has 74 stores outside the UK, from which it made £52m in 2014, or about 8 per cent of total revenues. However, since the foreign stores were run by independent franchisees that remitted only part of their takings to the British chain, the overseas business is likely to have been larger than this figure suggests.

Insiders say the international business thrived even after the retailer slipped into losses in 2009, although the company has not provided a breakdown of its more recent trading. BHS's collapse into administration in the UK after 88 years on the high street raised uncomfortable questions for workers at the regional franchise.

"There has to be a buyer — BHS is our life," said one staff member at a Dubai store shortly after news of the retailer's collapse spread.

Trading at a mark-up to British prices, BHS is known in the region for selling quality, middle-of-the-range clothing in a market dominated by high-end luxury at one end and cheap, unbranded goods at the other. "We are the main competitor to Marks and Spencer," said another assistant.

One Polish expatriate who knew the brand from a trip to the UK said she liked "the quality and aesthetics".

While the luxury sector has been hit particularly hard by a tourism slump — analysts say demand is down by as much as a third in the Gulf — observers say mid-market operators such as BHS have been less affected.

However, there were signs in recent months that not all was rosy.

The BHS at the huge Dubai Mall, the most popular shopping destination in the Middle East, closed in June. A manager said it was being renovated, though other staff members were more doubtful, saying business had been bad.

BHS outlets in less popular malls such as Lamcy Plaza and Dubai Festival City have faced tough competition from their more prominently placed competitors, such as Marks and Spencer and Matalan.

Retailers in malls across the Gulf are launching more frequent discount sales to entice increasingly thrifty customers.

It is not known whether Al Mana will continue the franchise arrangement or whether it will seek to take over the stores that it does not already run, some of which are in less developed markets such as Libya and Mongolia. Al Mana could not be reached for comment.



Al Maya Group, which owns the BHS brand franchise in Dubai and Sharjah in the United Arab Emirates, is one of several major Indian-owned expatriate retail chains that established themselves in the Gulf many decades ago.

Meanwhile the franchises in the region's largest market, Saudi Arabia, as well as Kuwait and Oman, belong to Kuwaiti retail giant Alshaya.

Al Shaya is one of the largest and most sophisticated retail operators in the Gulf. In 2012, the group bought La Senza, the troubled lingerie retailer, only for it to slip back into administration in 2014.

AmCham Mongolia and US Chamber of Commerce host roundtable discussion

Ulaanbaatar, June 30 (MONTSAME) The American Chamber of Commerce (AmCham) in Mongolia and the US Chamber of Commerce hosted a roundtable discussion with support from Oyu Tolgoi titled "Mongolia – Back on Track: Opportunities for the U.S. Private Sector" on June 24 at the US Chamber of Commerce in Washington, D.C.

The roundtable convened over 35 leaders including representatives from the U.S. Government, the Embassy of Mongolia to the United States, the Asia Pacific Council of American Chambers of Commerce (APCAC), the U.S. private sector, and other key stakeholders.

The roundtable was organized on the occasion of AmCham Mongolia's third annual U.S. Trade Mission that took place in Washington D.C. on June 20-24, 2016. Participants discussed the current state of business in Mongolia in various sectors and what AmCham Mongolia is doing in conjunction with the U.S. Chamber and APCAC to forge stronger bilateral trade and commerce between the U.S. and Mongolia.

Tami Overby, Senior Vice President for Asia at the U.S. Chamber of Commerce highlighted the importance of AmCham's mission and remarked, "The U.S. Chamber recognizes that Mongolia is an important political ally and commercial partner for the United States. We share the AmCham's mission in highlighting the commercial opportunities in Mongolia for our members and are committed to deeper engagement and stronger bilateral ties."

"APCAC provides members of AmCham Mongolia a valuable resource as it links them to the members of 28 other AmChams throughout the Asia-Pacific region. The AmCham-APCAC-US Chamber represents a powerful team dedicated to advancing the interests of their members," said Jackson Cox, Chairman of APCAC and board member of AmCham Mongolia.



Banking

Mongolia Investment Guide launch by Prime Minister

The guide was launched by Mongolia's Prime Minister, Chimediiin Saikhanbileg, at a ceremony in Ulaanbaatar. He said it would "improve transparency, reduce bureaucracy, improve the business environment and strengthen relations with investors."

Designed to facilitate investment decisions, the [UNCTAD online Investment Guide to Mongolia](#) provides local and foreign investors with updated and hard-to-find information on operating costs, wages, rents and taxes, as well as on laws, procedures opportunities in mining, agriculture, tourism and financial services, and useful contacts.

The guide is aimed at helping Mongolia attract the kind of investment it needs to fulfill the aspirations set out in the global Sustainable Development Goals. UNCTAD has calculated that to achieve the SDGs developing countries globally need to attract \$2.5 trillion a year in private investment per annum to bridge the current financing gap.

The information in the guide was developed following extensive meetings with government agencies that deal with investors as well as with investors themselves. To this end, the guide provides an overall investment picture that isn't available elsewhere.

Staff at the Invest Mongolia Agency took the lead in producing the information and data, under the guidance of UNCTAD. Training on investment issues was a key element in the programme.

The guide is based on a platform developed by UNCTAD (www.theiguides.org) and currently used in a number of countries. It has been designed to be easy update, ensuring the information available remains relevant.

The Mongolia investment guide is part of a package of assistance provided by UNCTAD to the Government on investment matters, and follows the [Investment Policy Review of Mongolia of 2013](#).

Banking Sector In Mongolia Sees Better Future

June 27 (newsghana.com.gh) **The outlook for Mongolia's banks has been less than favourable of late, with analysts citing both higher levels of non-performing loans (NPLs) and a fall in lending activity as cause for concern.**

However, newfound stability, improved business sentiment and monetary easing are all seen as key for stronger industry growth.

Commodities take their toll

In May ratings agency Moody's warned that some of the country's banks could face downgrades due to their high exposure to commodities, with Mongolia more affected than any other Asia-Pacific nation. In addition, the agency noted that Mongolia's banks were continuing to work through legacy assets on their balance sheets.



“Pressure on the quality of commodity-related loans could be a contributing factor behind possible negative bank rating actions in Singapore, [South] Korea and Mongolia over the next 12-18 months, as reflected in our negative outlooks on many banks in these systems,” Moody’s said in a recent assessment of the financial sector across the Asia-Pacific region.

Metals and mining, which account for 10% of all outstanding loans in the Mongolian banking system, were cited as the riskiest exposure for banks in terms of energy and other commodity loans.

However, Eugene Tarzimanov, vice-president and senior credit officer at Moody’s, acknowledged that most risks had already been factored in.

“In general, we do not expect negative bank ratings actions related to commodity exposures, because banks in Asia Pacific have either good financial buffers, moderate commodity exposures or ratings that already capture asset quality weakness,” he noted.

Credit down, NPLs up

The flow of credit in Mongolia has slowed during the last 12 months, with banks adopting a more cautious approach to lending.

In mid-May the Bank of Mongolia (BOM), Mongolia’s central bank, reported a 5.4% year-on-year (y-o-y) fall in outstanding loans at the end of April, with credit declining by MNT667.5bn (\$337.3m) to reach MNT11.6trn (\$5.86bn).

Principals in arrears in April fell by 5%, or MNT47.8bn (\$24.2m), on the previous month to MNT917.2bn (\$464.1m). However, this was still up MNT329.5bn (\$166.7m) y-o-y, or 56.1%.

NPLs, meanwhile, have become a growing concern, as they reached MNT1.06trn (\$540m) at the end of April, an increase of 42.5% y-o-y and 10% month on month (m-o-m).

The upward trend took the total level of NPLs to 9.2% of the banking sector’s credit portfolio, the BOM said, up by 3.1 points on the share recorded in April 2015.

Rate cuts

In a move aimed at boosting lending, the BOM cut its key policy interest rate by 1.5 percentage points to 10.5% in early May.

Inflation, which reached 2.1% y-o-y at the end of April, down from 9.2% one year earlier, was a key factor in the bank’s decision.

The BOM said low expectations of demand-driven and supply-shock inflationary pressures, alongside a positive outlook for foreign direct investment in the medium term, had given it room to move on rates.

The BOM voiced its confidence that the decision on monetary easing would “positively affect promoting monetary and credit growth, private sector investments and economic activities”.

Analysts will now be watching to see whether Mongolia’s banks decide to expand their loan portfolios.

Oyu Tolgoi breakthrough

The banking sector is further expected to benefit from signs of renewed activity in Mongolia’s mining sector.

In May, British-Australian mining multinational Rio Tinto announced plans to proceed with the stalled \$5.3bn expansion of its Oyu Tolgoi copper mine in Mongolia’s South Gobi desert.



The news was welcomed by both government and business leaders.

“Given the current situation, any news regarding progress of Oyu Tolgoi, Mongolia’s landmark project, is good news for the economy,” Chuluun Mergen, executive director of the Business Council of Mongolia, told media in May.

Similarly, Prime Minister Ch. Saikhanbileg said the approval of the project demonstrated that Mongolia was “back to business” after being affected by the commodities downturn.

EBRD helps Mongolian SME Doctor Auto chain expand

Ulaanbaatar, June 28 (MONTSAME) The European Bank for Reconstruction and Development (EBRD) said Monday it is supporting the expansion of Doctor Auto Chain, a car maintenance and spare parts retailer in Mongolia, with business advice and finance. The company, which now employs about 200 people, has now opened three new branches.

This was possible thanks to advice from industry experts, promoted by the EBRD and supported by the European Union, and a US\$ 2.7 million loan from local Khan Bank, which was co-financed by the EBRD.

Strengthening resilience by supporting the business climate and private sector growth is one of the EBRD’s key priorities. That is why in Mongolia, the Bank is helping shield the economy from exclusive dependence on natural resources through support of small and medium-sized businesses (SMEs), such as Doctor Auto Chain.

Car ownership is an important factor which can determine economic and social inclusion in Mongolia. In rural areas, it helps to cover great distances in a sparsely populated and extremely vast country. In the rapidly growing cities, it compensates for insufficient public transport.

The automobile sector is therefore growing and presents a great business opportunity. To cover kilometres on unpaved roads in safety or to be jammed in traffic with extreme temperatures outside requires a set of specific checks and car maintenance products.

Doctor Auto Chain, which was established in 1998 as a small workshop producing car seat covers, has responded to growing customer demand by gradually introducing diagnostic and repair services as well as retail of spare parts and car accessories.

The company is also the first and only private enterprise in Mongolia licensed for compulsory state vehicle inspections.

In 2012, Doctor Auto Chain’s CEO, Mr Gantuul, was ready to expand the business and add more branches, including some outside the capital Ulaanbaatar.

With the EBRD’s Advice for Small Businesses, which in Mongolia is funded by the EU, Doctor Auto Chain improved its financial reporting according to international standards and established a proper data collection and analysis system as a basis for strategic planning.

"SMEs constitute a major source of employment and generate significant domestic and export earnings," said Lars Gronvald, Head of Cooperation of the EU Delegation to Mongolia. “As such, SME development emerges as a key instrument for growth creation and in poverty reduction efforts.”



“With the aim of working towards the diversification of the economy by creating skilled jobs and decent work outside the mining sector, the EU brings support to the Mongolian SMEs.”

The project helped the company secure the loan used to finance the investment in new branches.

To support both local banks such as Khan Bank and their potential mid-market clients with larger and longer-term loans, the EBRD designed the Risk Sharing Facility, which co-finances loans extended by partner banks to local enterprises and shares up to 65 per cent of their risk.

“This is an example of how the EBRD and partner donors, through the Small Business Initiative, combine innovative financial instruments, including indirect finance and business advice, to boost SMEs’ and local financial institutions’ capacity to play their economic role to the full potential,” said Matthieu Le Blan, the EBRD’s head of office in Mongolia.

Doctor Auto Chain has continued to successfully grow. Now it has six branches in Ulaanbaatar, one in Erdenet and, only last week, opened its newest branch in Darkhan, Mongolia’s second largest city.

And the company’s journey isn’t over. Doctor Auto Chain is now exploring the possibility of entering the market in Kazakhstan.

Focusing on the private sector, the EBRD has invested more than €1.3 billion since it started working in Mongolia in 2006 in projects from energy and small business, to industry and financial institutions.

Mining

Kincora eyes massive land position in Mongolia’s South Gobi

June 30 (canadianminingjournal.com) VANCOUVER — **Kincora Copper** (TSXV: KCC; US-OTC: BZDLF) hopes that a renewed sense of political stability in Mongolia will reinvigorate investor interest, and it recently doubled down on the country with a deal that gives it one of the largest land positions in the highly prospective South Gobi region. On May 25, the company announced an agreement with Robert Friedland’s **High Power Exploration** (HPX) to consolidate over 1,500 sq. km of exploration licenses along strike from **Turquoise Hill** (TSX: TRQ; NYSE: TRQ) and **Rio Tinto’s** (NYSE: RIO; LON: RIO) Oyu Tolgoi copper-gold mine. The transaction also gives Kincora access to HPX’s exploration expertise and one of the world’s largest “regional geological and geophysical databases.”

“I think the tough markets definitely helped get the consolidation over the line, so to speak, and the recent moves by the government regarding Oyu Tolgoi, and foreign investment generally, definitely improved investor perception of the country,” elaborated president and CEO Sam Spring during an interview. “It took some time for the



government to work through the details, but the majority of these issues have been resolved regarding the mining law, and exploration licenses are being issued again for the first time in around five years.”

Under terms of the deal, Kincora will issue a total of 59 million shares and 29.5 million purchase warrants to HPX subsidiary High Power Ventures (HPV), which will end up owning around 12% of the company. Friedland's involvement is obviously significant due to his role in the Oyu Tolgoi discovery, which fueled the rise of the first iteration of his initial Ivanhoe Mines vehicle.

Rio Tinto's Oyu Tolgoi rocks on as Mongolian opposition wins landslide

June 30 (afr.com) The pro-mining Mongolian People's Party (MPP) swept back to power in landslide parliamentary elections, promising favourable conditions for miners including Rio Tinto, which last month finally approved a \$A7 billion extension plan for the Oyu Tolgoi copper mine.

Campaigning was dominated by concern over economic growth, which has slowed dramatically since 2012, stirring controversy over the role of global mining firms.

The MPP's success in attracting investors when it last held power, from 2008 to 2012, led to the country being nicknamed "Mine-golia".

Mongolia's election committee said on Thursday results showed the MPP, which has governed for most years since the revolution, had taken back power from the Democratic Party

The MPP won an 85 per cent majority, with 65 seats in the 76-member parliament, while the Democratic Party won nine seats, down from 37.

The transformation of the former Soviet bloc state since a peaceful revolution in 1990 has been a big draw for foreign investors eyeing its rich mineral resources, unleashing a boom from 2010 to 2012.

Rising debt, mining revenue shortfalls

A vast country with just 3 million people, Mongolia has struggled in recent years to adapt to falling demand for coal and copper from giant neighbour China and weak commodities prices.

The IMF forecasts economic growth of 0.4 per cent this year, compared with 17.5 per cent in 2011, the year before the Democratic Party took power.

Since 2012, Mongolia has borrowed billions of dollars in sovereign debt. In March, rating agency Moody's gave it a negative outlook, citing the rising debt burden, a projected widening of budgetary imbalances and mining revenue shortfalls.

The MPP has criticised the Democrats' economic management and the borrowing spree, promising to reassess spending and tighten fiscal management.

Mongolian bonds jumped on the election results. The \$US500 million sovereign bonds due 2021 surged 3.5 points to 105.5/106.25 cents on the dollar, and the \$US500 million bonds from Trade Development Bank due 2020 rose 2.5 points to 98/99.

Anushka Shah, a sovereign analyst at Moody's, which has a B3/negative rating on Mongolia, said further clarity on the MPP's economic and fiscal goals would come in the months ahead.



"Until then, it is too early to tell what the impact of the election will be on the sovereign credit profile," she said.

Commodity Slump Means Hard Choices for Winner of Mongolia Vote

June 29 (Bloomberg)

- Budget deficits, unemployment loom over legislative contest
- Opposition parties accused of 'playing debt card' in election

High unemployment, weak foreign investment and mounting debt are among the challenges awaiting the winner of Mongolia's first legislative elections since the global collapse in commodity prices ravaged the country's economy.

While almost 500 candidates are vying for 76 seats on the country's Great Hural on Wednesday, the race has been a two-way contest between the ruling Democratic Party and the opposition Mongolian People's Party, which ran country during its communist era. The campaign has seen the government promote accomplishments such as a nationwide road-building program, while the MPP accuses it jeopardizing the country's mineral wealth by piling on debt.

Once hailed as Asia's "wolf economy," Mongolia has fallen on hard times as China's slowdown dampens demand for its copper ore and sluggish global growth keeps commodity prices at 15-year lows. Unemployment surged more than four percentage points year on year to 11.6 percent in March. The currency, the tugrik, has lost about a third of its value since the last election four years ago.

"The business environment is getting worse and worse each year," said Sumati Luvsandendev, director of the Sant Maral Foundation in the capital, Ulaanbaatar. "People are losing jobs. Quality of life is deteriorating. This will be the main factor that will impact voters' opinions at election time."

The slowdown has taken its toll on the public finances as revenue falls and the DP plows ahead plans to expand infrastructure in one of the world's most sparsely populated countries, with 3 million people spread across an area almost the size of Alaska. The World Bank last month recommended spending controls to maintain fiscal stability after lower earnings from mining exports caused budget revenue collections to fall 11 percent year on year in the first three months of the year.

MPP Secretary Bulgantuya Khurelbaatar said the opposition party wouldn't increase debt to cover existing repayments, but austerity could be in the cards. An International Monetary Fund package would only be considered as a "last resort," she said.

"Whoever wins will have a lot of mess to clean up," said Bulgantuya, a graduate of Yale University and former employee of the Oyu Tolgoi copper mine. "Two years will probably be spent just rebuilding the economy, rebuilding trust of investors, both foreign and Mongolian."

Campaign Restrictions

Despite such debates, this year's elections have been quieter than previous ones. New laws limiting the campaigns to just 17 days and putting more rigorous standards on candidate registration made it difficult for smaller groups to challenge the two main parties. New rules also prevented parties from promising post-election cash handouts.



Instead, the DP government offered earlier this month to buy back shares of state-owned coal miner Tavan Tolgoi that had been allocated to citizens in 2011. The program amounted to about \$150 per shareholder, with 1.2 million applying as of Tuesday.

The government sold \$1.5 billion worth of sovereign debt known as Chinggis bonds in 2012 to help double the amount of paved roads, reducing traffic in the capital and increasing access to distant provinces. Additional loans, currency swaps and bonds have followed, swelling the country's public and private debt profile to \$22.6 billion from \$11.7 billion when the DP took office, according to the Bank of Mongolia.

'Debt Card'

Prime Minister Saikhanbileg Chimed has described Mongolia's debt-to-gross-domestic-product ratio of 52.3 percent as sustainable. And his fellow DP lawmaker, Oyungerel Tsedevdamba, accused opposition parties of "playing the debt card."

"They are threatening people that everything is falling down and the country is falling apart and everyone is born with huge debts," he said while campaigning in the northern province of Khovsgol. "They are bringing fear because people are insecure."

There's little polling available to help gauge the outcome. An April poll by the Sant Maral Foundation gave the MPP a 6.6 percentage lead over DP, with the Mongolian People's Revolutionary Party as a distant third.

As government debt rises, foreign direct investment has collapsed, falling to \$121.5 million last year, from \$4.45 billion in 2012. Investment was dragged down after a dispute between the government and Rio Tinto Group, which controls 66 percent of the Oyu Tolgoi mine, the country's biggest taxpayer.

The disagreement was resolved last year with a \$4.4 billion financing deal to fund an expansion of the mine, but only after Saikhanbileg's predecessor was ousted in a vote of no-confidence. Any positive effects won't be felt until well after the ballots are cast.

"FDI is picking up compared to last year, and I think the economy is ready to bottom out," World Bank Senior Economist Taehyun Lee said. "Depending on what happens in the next half, Mongolia can benefit from the positive momentum."

Prime Minister: Mongolia has taken 100 percent ownership of Erdenet Mining Corporation

July 1 (UB Post) Prime Minister Ch.Saikhanbileg announced that Mongolia has acquired 100 percent ownership of the Mongolia-Russia joint venture Erdenet Mining Corporation (EMC), on Tuesday.

In the past, the government of Mongolia owned 51 percent, and Russia's Rostech Corporation owned 49 percent of EMC.

The Prime Minister said that as a result of negotiation with the Russian side, Mongolia will continue owning 51 percent and the remaining 49 percent will be owned by Mongolian Copper Company on behalf of the Trade and Development Bank of Mongolia.



Through the transaction, EMC's status has changed from a joint venture, regulated by international agreement, to a domestic entity, regulated by the Law on Companies of Mongolia.

The Prime Minister underlined that in the past, dividends from 51 percent of the total profit of EMC remained in Mongolia, and the other 49 percent went to Rostech. He claimed that now 100 percent of the EMC profit will remain in Mongolia.

Ch.Saikhanbileg said that he was concerned that inaccurate and false information might be reported following the transaction, and made further clarifications.

"All public organizations, including EMC, will be under Mongolia's authority. No changes will be made to the staff of EMC. The joint Monrosvetment factory also became Mongolia's domestic entity though the same principle. Currently, EMC is operating normally and will conduct normal operations in the future," the Prime Minister said.

He noted that Mongolian and Russian sides will make official statements soon, adding that the Russian side has resolved the issue on a high level. Ch.Saikhanbileg said that there will not be any participation from a third party, and that Mongolia will not face any financial and payment issues following the changes.

Prime Minister Ch.Saikhanbileg stated that after finalizing the negotiations with Russia, the Cabinet will submit and introduce the ownership issue to Parliament.

"This is a thing that many governments of Mongolia and its citizens have been waiting for to come about. We have resolved the issue on big debts owed to Russia, and the Cabinet paid the remaining portion to Russia. Now, EMC has become Mongolia's domestic entity," said Ch.Saikhanbileg.

Even though the Russian side didn't release any official statements, Russian Business Development Company highlighted in their report that this will be a deal with the highest cash value in the history of Rostech. Bloomberg reported that Rostech is expected to get 500 million USD as a result of the negotiation with the Mongolian government.

Aviation

Azerbaijan, Mongolia to establish direct air services

July 1 (news.az) Azerbaijan and Mongolia are considering to implement regular flights between the two countries.

The due message was posted on the website of Azerbaijan's State Civil Aviation Administration, Trend reports.

The negotiations between the Azerbaijani and Belarusian delegations have been held in Mongolia's capital Ulaanbaatar in accordance with the previously reached agreement.

"Both delegations have agreed the draft of "Air Services Agreement between the Government of the Republic of Azerbaijan and the Government of Mongolia," said the message.



The two delegations also discussed the issues of bilateral cooperation in the field of air transportation and the prospects of scheduled flights between Azerbaijan and Mongolia, according to the message.

As a result of the meeting, the Agreed Minutes have been signed by the heads of delegations, which will serve as a basis for regular passenger and cargo operation's commencement between Azerbaijan and Mongolia.

Railway

Mongolia, Japan to Implement a Railway Cooperation

Ulaanbaatar, Jun 28 (Prensa Latina) The government of Mongolia announced today that Japan is considering the construction of a railway project altogether.

The statement takes place after a working visit to Japan of Mongolian officials earlier this month as well as the negotiation between the ministry of Foreign Affairs of the Central Asian country and the National Security Council of Japan. Previously, Ulaanbaatar asked Tokyo to consider financing railways in eastern Mongolia with a development credit.

According to the Mongolian authorities, the Japanese Prime Minister Shinzo Abe, was optimistic about the proposal and stated that the Japan Bank for International Cooperation is currently studying the options in detail.

Energy

Mongolia to become new player in energy industry

Ulaanbaatar, June 27 (MONTSAME) As Mongolia's economy expands, the energy consumption spikes up. Therefore the cabinet has decided to launch several energy project that would meet the ever-growing domestic energy needs, such as Baganuur, Tavantolgoi and Booroljuut plants and Shivee Energy projects, reports the Ministry of Energy.

The Baganuur Power Plant project, aiming at covering the increasing consumption of energy in the central region (Baganuur-Choir area including Dornogovi, Dundgovi and Khentii), has been decided to implement on a concession agreement. The total cost of the project is estimated at USD 800-900 million. The plant is to be based on Choir-Nyalga coal deposit and with estimated annual production capacity of 700 MW.



As for the Booroljuut Power Plant, it is expected to contribute USD 35.5 million each year and over USD one billion in total to the state budget and provide more than 300 workplaces. The plant will be located in Bayanjargalan soum of Tuv (Central) province. The production capacity is 300 MW a year.

The Marubeni Corporation of Japan was selected as the strategic investor in the Tavantolgoi Power Plant Project. Initial cost of the project totaled to about USD one billion. Project implementation might last for some 30 years, employing 2,000-3,000 people during construction and installation. Commissioning is expected in 2019. The main consumer will be Oyu Tolgoi LLC.

Infrastructure

New road between Undurkhaan and Choibalsan

June 28 (news.mn) A new road linking Undurkhaan and Choibalsan will allow residents to travel directly between the two towns. Construction of the first 80-km section of road was completed on 25th June. The 80 km road construction was completed by two companies: 'Badrakh-oil' and 'Arj Capital'. The road construction had been delayed for two years because of financial problems. In addition, 63 km of road projects will be completed before the Naadam festival next month. Undurkhaan and Choibalsan, which are located in the eastern part of Mongolia, will to be connected by a 143 km long road.

Agriculture

Mongolia to increase sea buckthorn export

July 1 (UB Post) The Ministry of Food and Agriculture reported that it is working toward increasing sea buckthorn exportation to foreign markets.

This year, Mongolia planted sea buckthorn in 5,860 hectares of land, and expects to harvest around 2,044 tons of sea buckthorn.

Mongolia started exporting sea buckthorn to Japan in 2010. The Fruits and Berries Association of Mongolia reported that it is seeking advice from Japan on sea buckthorn reserves, technology and packaging through the economic partnership agreement established between Mongolia and Japan. Through the economic partnership agreement, sea buckthorn export customs tax is to be exempted. The customs tax on sea buckthorn in Japan was 14 percent before the agreement.



The Mongolian National Chamber of Commerce and Industry reported that sea buckthorn cultivation is highest in Selenge Province, at 19.6 percent, and in Uvurkhangaï Province, at 13.2 percent. There are a total of 37 sea buckthorn processing factories in Mongolia, which have the capacity to process over 5,200 tons of sea buckthorn annually.

In 2015, Mongolia planted fruits and berries at around 6,000 hectares of land, 92 percent of which were for sea buckthorn.

A total of 1.08 million USD worth of sea buckthorn oil, fruit juice and dried leaves were exported to Russia, Japan and Singapore last year. Industry analysts underline that in order to increase sea buckthorn export, Mongolia needs to diversify sea buckthorn products and improve its packaging and labeling.

Ulaanbaatar

UB to create rest & relaxation riverside zone

June 28 (news.mn) UB City mayor E.Bat-Uul has issued an order authorizing the establishment of a zone for rest and relaxation on the banks of the Tuul River. The riverside zone will cover 28 hectares and be located in the 11th khoroo of the capital's Khan-Uul district. Under the mayor's order (A/521), UB designates this land to be used for rest and relaxation for the next 15 years. No alcohol will be permitted in the services to be established along the riverside.

UB-based club of cultural attaches founded

Ulaanbaatar, June 28 (MONTSAME) A ceremony took place on Tuesday in the "976" Fine Art Gallery to launch activities of a new club of cultural attaches in Ulaanbaatar.

The club was founded at the initiative of the Mongolian Ministry of Foreign Affairs in line with an international diplomatic practice.

L.Purevsuren, the Mongolian Minister of Foreign Affairs made opening remarks at the ceremony which was attended by representatives of the diplomatic missions in Ulaanbaatar. Following the opening, B.Gantuya, founder of the "976" gallery briefed about the development of the contemporary art in Mongolia and held conversations with the guests.

Main objectives of the club are to promote Mongolian history, custom, arts, tangible and intangible pieces of cultural heritage such as traditional sports, handcrafts and historical sites to foreign diplomats and to provide them with information about the state policy and actions in the cultural sector. The club also serves to support contacts between the



diplomatic missions and domestic cultural organizations and to forward new initiatives for diplomats regarding cultural cooperation.

Ulaanbaatar Citizens' Khural dominated by MPP

Ulaanbaatar, June 30 (MONTSAME) Capital city election committee made an announcement about the preliminary results and turnout of the 2016 elections of citizens' representatives khural of Ulaanbaatar at around 1.30 am.

Out of the supposed 843,689 voters in the capital city, 593,999 citizens cast their votes by 22.00, June 29, achieving 70.4 % voter turnout. In particular, the highest participation was observed in Bagakhangai (80.63%), while the lowest was in Sukhbaatar district (65.93).

According to the preliminary bills, Mongolian People's Party (MPP) secured 34 seats in the 45-seated Khural, whereas the Democratic Party (DP) won the other 11.

Company News

Turquoise Hill Resources Limited (NYSE:TRQ) Sellers Increased By 1.33% Their Shorts

July 2 (engelwooddaily.com) The stock of Turquoise Hill Resources Limited (NYSE:TRQ) registered an increase of 1.33% in short interest. TRQ's total short interest was 14.81 million shares in July as published by FINRA. Its up 1.33% from 14.61M shares, reported previously. With 4.39 million shares average volume, it will take short sellers 3 days to cover their TRQ's short positions. The short interest to Turquoise Hill Resources Limited's float is 1.67%. The stock increased 2.96% or \$0.1 on July 1, hitting \$3.48. About 2.08 million shares traded hands. Turquoise Hill Resources Ltd (NYSE:TRQ) has risen 30.83% since November 25, 2015 and is uptrending. It has outperformed by 30.15% the S&P500.

Turquoise Hill Resources Ltd. is an international mining company. The company has a market cap of \$7.19 billion. The Firm focuses on the operation and further development of the Oyu Tolgoi copper-gold mine in Southern Mongolia, which is the Company's principal material mineral resource property. It has a 17.76 P/E ratio. The Company's Oyu Tolgoi mine is located approximately 550 kilometers south of Ulaanbaatar, Mongolia's capital city, and approximately 80 kilometers north of the Mongolia-China border.

Out of 1 analysts covering Turquoise Hill Resources (NYSE:TRQ), 1 rate it a "Buy", 0 "Sell", while 1 "Hold". This means 50% are positive. Turquoise Hill Resources has been



the topic of 3 analyst reports since September 29, 2015 according to StockzIntelligence Inc.

Oyu Tolgoi shares rise after 2016 elections

July 1 (UB Post) Bloomberg reported that following the result of the 2016 elections of parliament, share prices of companies operating in Mongolia started fluctuating.

Particularly, share prices of Oyu Tolgoi's investor Rio Tinto rose by 3.42 percent, reaching 29.95 USD per share at the New York Stock Exchange. Share prices of Turquoise Hill Resource LLC, a unit of Rio Tinto, went up by 2.39 percent and reached 4.28 CAD at the Toronto Stock Exchange.

The report also says that share prices of Gatsuert's investor, Centerra Gold increased by 0.93 percent to 7.63 CAD at the Toronto Stock Exchange.

However, share prices of Mongolian Mining Corporation decreased by 1.28 percent to 0.077 HKD per share at the Wednesday's closing rate.