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## *Politics*

# **Ulaanbaatar to host meetings of experts, Mongolia-Russia Intergovernmental Committee**

Ulaanbaatar, November 7 (MONTSAME) State Secretary of the Ministry of Foreign Affairs D.Davaasuren had a meeting with Director of the Department of Asia, Africa and Latin America of the Ministry of Economic Development of the Russian Federation E.N.Popov on November 3 to discuss key issues of the bilateral trade and economic ties.

The sides emphasized an importance of the Program on Establishing a Russia-Mongolia-China Economic Corridor for stimulating commercial ties. They have also agreed on the need to establish an investment projecting center for conducting feasibility studies for and implementing the tri-partite projects, reflected in the above mentioned program, and to launch talks on its venue Ulaanbaatar is proposed for as well as to holding a meeting of experts from Mongolia, Russia and China in December in Ulaanbaatar.

The dignitaries also set the date for the 20th meeting of the Mongolia-Russia Intergovernmental Committee on Trade, Economy, Sciences and Technical Cooperation in December in Ulaanbaatar.

## **Former PM Altankhuyag to run for President**

November 9 (news.mn) Former Prime Minister N.Altankhuyag has announced that he will run for the office of President of Mongolia in next year's election. Earlier today (9th of November), Mr Altankhuyag called a press conference at Ulaanbaatar's Tuushin Hotel today, during which he accused Mongolian People's Party of breaking its election campaign pledges and trying to seize power at all levels of government.

N.Altankhuyag served as PM in the previous Democratic Party government before being ousted by MPs, including some from his own party, in a 'no-confidence' vote in 2014. He had been accused of economic mismanagement, corruption and nepotism.

N.Altankhuyag served as the 27th Prime Minister of Mongolia from 2012 to 2014.

## **PM meets Czech Ambassador**

Ulaanbaatar, November 9 (MONTSAME) The Prime Minister, Mr J.Erdenebat met with the Ambassador Extraordinary and Plenipotentiary of the Czech Republic to Mongolia, Ms Ivana Grollova on November 9. Applauding the current level of bilateral cooperation and friendship between Mongolia and the Czech Republic, the PM pledged all efforts to deepen the ties.

Mr Grollova informed the PM of joint projects that have been ongoing with success since 1996, and wished more support from the Government of Mongolia. The Ambassador also



rushed the Premier to sign an intergovernmental agreement, which has been agreed in principle by both sides.

The Czech Ambassador invited PM J.Erdenebat to pay a visit to the Czech Republic at his convenience.

## **The Government approves the percentage of foreign labor force and specialists**

November 10 (gogo.mn) The Government of Mongolia approved the percentage of labor force and specialists to receive from abroad in legal entities operating in Mongolia for 2017.

The percentage of foreign labor force and specialists in legal entities is set to be up to 5% of the total number of their employees. Labour and Social Welfare Department will grant the permission for the foreigners up to 50% and permission for more than 50% of foreign labor force and specialists shall be discussed by the Government of Mongolia.

As of Oct 2016, total of 11072 foreigners were working in Mongolia, which dropped by 33 percent compared to the previous year.

According to the Law on Sending Labor Force Abroad and Receiving Labor Force and Specialists from Abroad, monthly workplace amount is equal to 2 times of the minimum wage per foreign citizen. Such payment is MNT 192,000.

Employment Promotion Fund earned MNT 43 billion in 2015 and it has projected to earn MNT 37.8 billion this year while MNT 12 billion was concentrated as of Oct 2016.

## **Cabinet meeting in brief**

Ulaanbaatar, November 10 (MONTSAME) At its regular meeting on Wednesday, the cabinet backed a draft Intergovernmental Visa Waiver Agreement for Holders of Diplomatic and Official Passports between Mongolia and the Republic of Lithuania. In accordance with the document, the bearers of such passports of both countries will be able to enjoy visa-free travel for 90 or less days.

-The cabinet amended the regulation on the nonpermanent council for protection of the rights of people with disabilities. The council will work from now on under the direct administration of the Prime Minister.

-Majority of the cabinet members deemed the amendments to the Law on Land Ownership of Mongolian Citizen proposed by Ts.Garamjav and N.Oyundari contradict several provisions of the Constitution and other laws of Mongolia.

--At the regular meeting, draft amendments to the Laws on Fire Arms, Driver's insurance and Breaches, as well as the regulation on implementation of the Law on Police Services were considered.



## *Foreign Relations*

# **Russia open for political dialogue with Mongolia — diplomat**

MOSCOW, November 11. /TASS/. Russia is open for political dialogue and comprehensive cooperation with Mongolia, a senior official of the Russian foreign ministry said on Friday.

"The two countries have traditionally friendly relations and cooperation on the basis of close partnership and respect to each other's interests," Andrei Kulik, director of the ministry's first Asia department, said at an exhibition at the Russian foreign ministry dedicated to the 95th anniversary of diplomatic relations between Russia and Mongolia.

"Russia was the first state to recognize Mongolia's freedom and independence," he said.

"We will continue to support Mongolia's national sovereignty and socio-economic progress, observance of its legal interests on the international arena and in the region."

Mongolia "is Russia's good neighbor and a strategic partner," the Russian diplomat said, adding that relations between the two countries are built on a solid legal basis which creates conditions "for fruitful dialogue at the top and higher levels."

"Russia stays open for active political dialogue and comprehensive cooperation with sovereign and independent Mongolia," Kulik stressed.

# **Bulgarian President bestows “Madarski Konnik” to Mongolian Ambassador**

Ulaanbaatar, November 7 (MONTSAME) The President of Bulgaria, Mr Rosen Plevneliev handed the “Madarski Konnik”, the high state order of Bulgaria, to the Ambassador Extraordinary and Plenipotentiary of Mongolia, Mr L.Dugerjav on November 2.

The decree of the Bulgarian President says the Mongolian Ambassador to Bulgaria was awarded the order in recognition of his contributions to the strengthening of Bulgaria-Mongolia relations.

Mentioning that Mongolia and Bulgaria ties have a history of 65 years, President Rosen Plevneliev noted many important decisions have been made regarding the bilateral relations during the L.Dugerjav's term of office of the head of Mongolian diplomatic mission in Bulgaria. The Sixth Intergovernmental Committee has met and shaped new cooperation in political and economic spheres, and the cooperation in education has been broadened as more Mongolian students have been coming to Bulgaria to study, highlighted the President out of the achievements by L.Dugerjav.

“Mongolia is opening a research base next to that of the Bulgaria in Antarctica thanks to His efforts”, remarked Mr Plevneliev and wished Mr L.Dugerjav health and happiness, and success in his further endeavors in sciences and other spheres.



## **Mongolia, China foreign ministries hold 18th consular meeting**

Ulaanbaatar, November 8 (MONTSAME) The Ministries of Foreign Affairs of Mongolia and China held the 18th consular meeting in Ulaanbaatar on November 7. The annual consular consultations addresses consular affairs including protection of nationals' interests and rights as well as institutional cooperation.

The meeting was chaired by the Director of the Consular Department of the Ministry of Foreign Affairs, Mr Ch.Ariunbold and the Minister Counsellor of the Chinese Embassy in Ulaanbaatar, Mr Yang Qingdong. The sides focused on a broad range of issues concerning bilateral consular relations, protection of nationals' interests and rights, employment and cooperation between affiliated organizations, and determined the further joint actions.

## **UAE Ambassador received by the Ministry of Foreign Affairs to discuss economic cooperation**

November 8 (UB Post) Deputy Minister of Foreign Affairs B.Battsetseg met with Ambassador Extraordinary and Plenipotentiary of the United Arab Emirates (UAE) to Mongolia Abdullah Al Tinij to exchange views on relations and cooperation between the two countries.

The Deputy Minister expressed her satisfaction with Mongolia's increased cooperation with the UAE and the opening of the new embassy of the UAE in Ulaanbaatar.

B.Battsetseg stressed that boosting economic cooperation, pursuing investment from the UAE, the issuance of a soft loan from the UAE, and encouraging collaboration between the nations' entrepreneurs are important.

The Ambassador stated that he has given entrepreneurs from the UAE information about possible areas for developing trade and economic cooperation between the two countries. He said that UAE companies are expected to participate in an international trade exhibition which will take place in Ulaanbaatar next April.

Ambassador Abdullah Al Tinij noted that Mongolia has the opportunity to have a booth at the Global Village Exhibition in Dubai. He also confirmed Mongolia's invitation to participate in Expo 2020 Dubai.

## **Mongolia and India share common interests**

November 8 (news.mn) A Mongolian delegation led by the Deputy Prime Minister U.Khurelsukh visited India last week. U.Khurelsukh met Indian Union Home Minister Rajnath Singh on Friday.



Rajnath Singh said India and Mongolia shared concerns on terrorism and strategic ties between the two countries have strengthened during the last year with the landmark visit of the Prime Minister Narendra Modi.

U.Khurelsukh said there is no disagreement between the two sides and the two countries have deep economic and cultural ties. He said a large number of Mongolian students are pursuing higher studies in Indian Universities while about 40 Indian companies have invested in Mongolia. There is great scope for further Indian investment in Mongolia's agriculture sector and exploiting the Central Asian nation's huge natural resources in the mining sector, he said.

U.Khurelsukh also sought India's support for Mongolia's plans to host the next Asian Ministerial Conference for Disaster Risk Reduction at Ulaanbaatar in 2018.

## **Visa fees will be paid in Mongolian Tugrik only**

November 10 (gogo.mn) Prime Minister J.Erdenebat obliged affiliated ministries on several issues at the beginning of the cabinet meeting.

Particularly, Prime Minister gave a concrete task to authorities of Oyu Tolgoi, Erdenes-Tavantolgoi, Energy Resource and local Tavantolgoi company when he was working in Umnugobi aimag during the weekend. In regards, he obliged affiliated ministries to establish a working group in charge of developing proposal on measures to be taken on Gashuunsuhait port, ensuring the implementation and monitoring upon fulfillment of tasks.

Moreover, he assigned Deputy Minister of Mongolia to provide winter preparation while he assigned Minister of Finance to study the possibility to freeze the increase in exchange rate and to develop affiliated draft law if needed.

In addition, he engaged all foreign embassies, operating in Mongolia to receive their visa fees in national currency of Mongolia, the Tugrik (MNT).

## **New Japanese Ambassador to Mongolia appointed**

November 11 (Mongolian Economy) With the current Japanese Ambassador to Mongolia Takenori Shimizu's term nearing its end, the Japanese government has appointed the next Ambassador Extraordinary and Plenipotentiary of Japan to Mongolia. According to Kyodo agency, Mr. Masato Takaoka previously served as the Consul-General of Japan in Sydney and Ambassador of Japan to Iraq.

A career diplomat at 58 years old this year, Mr. Takaoka entered the Ministry of Foreign Affairs of Japan in 1981.

As for the current Ambassador Takenori Shimizu, he speaks Mongolian language and was awarded an honorary doctorate degree by the Mongolian University of Science and Technology in 2015 for his contributions to strengthening bilateral cooperation in the sectors of education, science and technology.



## Economy

# Mongolia, IMF Close to Agreeing Loan Deal

November 9 (tol.org) Government willing to accept external aid to rescue an export-driven economy that has been battered by low commodity prices and a backlog of old debt.

9 November 2016

With inflation hitting record highs and the budget deficit worsening, top-level Mongolian officials say they will seek assistance from the International Monetary Fund, [according to Bloomberg](#).

Foreign Minister Munkh-Orgil Tsend (pictured) said he was confident an agreement with the international lender would be in place by February. Khayankhyarvaa Damdin, chairman of the ruling party's parliamentary caucus, agreed that Mongolia should enter the lending program as soon as possible, Bloomberg reports.

The IMF "held very productive discussions with the Mongolian authorities" on policies that could become part of an IMF-supported economic and financial program, [the fund said last week](#) after a two-week trip to Mongolia.

Mongolia, a country so rich in copper, gold, coal, iron and other mineral resources that some dub it the Kuwait of Asia, is now facing a financial crisis spurred by slumping commodity prices and mounting debt. Since [coming to power in June](#), the Mongolian People's Party has announced an economic reform plan containing spending cuts, and requested the IMF's help.

IMF aid could ease financial concerns moving forward, as Mongolia will have to repay \$1 billion in debt by 2018. Signaling the poor state of its export-driven economy, the national currency fell to an all-time low against the dollar yesterday, Bloomberg says.

- Russian state-controlled news agency [Sputnik reports](#) Mongolia expressed "high interest" in working with the Eurasian Economic Union, a Russia-led regional economic bloc. If Mongolia joins, it will be the first member from outside the former Soviet Union.
- The IMF has also approved \$180 million in loans for Moldova, a country plagued by financial scandal and political corruption, [RFE/RL reports](#). The three-year loan package was approved as Moldova showed signs of carrying out economic reforms.

## Mongolia to receive MNT 7 trillion 431.8 billion loan in 2017

November 7 (gogo.mn) Mongolia expects to receive MNT 7 trillion 431.8 billion loan in 2017. Of which MNT 723.1 billion will be project loan and remaining loan will be funded by both domestic and foreign bonds. Next year, 111 projects has planned to be implemented by foreign loans and aids.



Of which 24 percent of the projects will be implemented in infrastructure sector. In other words, 49 percent of the foreign loan will be funded to infrastructure sector.

The Government of China and its affiliated organizations to grant the most of loans and the remaining amount of loans and aids will be provided by Japan, Asian Development Bank, World Bank and South Korea. However, 51 percent of loans, to be received from China will be granted by Exim bank, highlighted by Open society forum.

## **N.Bayartsaikhan (central bank governor): “Mongolia should draw more direct foreign investment”**

Ulaanbaatar, November 8 (MONTSAME) A reporter from shuud.mn news website clarified some issues regarding the monetary policy for the next year from the Governor of the Bank of Mongolia, Mr N.Bayartsaikhan.

### **How well do you think the government budget and the monetary policy for 2017 are coordinated?**

The budgetary and monetary policies are well cohered for the coming year. We have worked together on its development. The Financial Stability Council comprises the Minister of Finance, the Governor of the Bank of Mongolia and the Chairman of the Financial Regulatory Commission. The council has deliberately elaborated the monetary policy.

### **What suggestions and recommendations have the recent International Monetary Fund mission given?**

The IMF mission team has left Mongolia this week. This is not a working group to finalize an agreement. They have arrived here to learn the current economic conditions and to compile necessary information. We have collaborated with the team by all possible means and provided the required information. The mission team should report on their work to the IMF Board. If the board consents working with the Government of Mongolia, the IMF will send an agreement working group. We expect the team to arrive in early December. In case the IMF approves our joint draft, the arrangement would be launched as early as possible in 2017.

### **What measures will be undertaken to stabilize the growing foreign exchange rate?**

The increase of foreign exchange rate against Mongolian Tugrug is one the main concerns. The MPP (Mongolian People's Party) faction in the parliament is addressing this issues. Foreign currency reserves need to be increased in order to stabilize the currency rate. For this, Mongolia should draw more direct foreign investment and cope with the problems that constitute a barrier for investments. Foreign currency flow will also increase as the country encourages exports. On the other hand, the national currency depreciation leads to slowing down imports while activating exports. A long-term and low-interest foreign currencies are indispensable. The central bank is planning to enlarge the reserves through mobilizing these approaches. The rate cannot be mastered under a tough regulation. The economy is facing difficulties. National currency was printed out in huge amount in the recent years which went into market circulation.

### **Is it possible to reduce the foreign exchange rate?**



It is impossible to promise anything at this moment. The MPP faction in the parliament have agreed on working towards intensifying the foreign currency flow in to the national economy. It is crucial to find out fast and effective approach to make sure our decision happen.

## National debt soars as Mongolian tugrik falls

November 8 (news.mn) On Tuesday, 8th of November, the US dollar exchange rate hit MNT 2430 in the commercial banks. The US dollar has been steadily rising against the national currency, the Mongolian tugrik, one of the results has been an automatic increase in the volume of foreign debt. Mongolia has lost control of the USD exchange rate. In August, the Central Bank of Mongolia increased its interest policy rate by 4.5% to restrict rolling on the exchange rate. In September, however, it launched a MNT 765.8 billion and 9% credit risk. A total of 37% of total credit risk was from mining sectors, which indicates that the main segment of Mongolia's economy has been working at a considerable loss. The currency credit risk balance amounted for USD742.5 thousand and the tugrik credit risk balanced MNT 372.8 billion; thus, the total credit risk for banks has reached MNT115.3 billion. The devaluation of the Mongolian tugrik has directly affected debt repayment.

Mongolia, indeed has problems: it must make debt repayments which are three times larger than annual GDP. By the end of the year, the country is required to repay a debt equivalent to 21% of GDP. On this occasion the stand-by programme of the International Monetary Fund (IMF) is much needed in Mongolia; sadly, it will not solve the whole of Mongolia's economic crisis in. The IMF has said that can give a maximum of USD1.5 billion financial aid to Mongolia.

## Mongolia ranks 76th in 2016 Prosperity Index

November 8 (UB Post) The 10th Legatum Prosperity Index, covering 149 countries, was published on November 3 by the London-based international think tank Legatum Institute. Going beyond narrow measures of wealth such as GDP to determine successful nations, the Legatum Prosperity Index is the only global index that measures national prosperity based on both wealth and wellbeing. The index ranks nations based on nine areas of potential success or failure: economic quality, business environment, governance, education, health, safety and security, personal freedom, social capital, and the natural environment.

The key finding of this year's Prosperity Index is that global prosperity is at its highest point in the past decade, increasing by three percent since 2007. The 2016 Legatum Prosperity Index ranked New Zealand the most prosperous country out of 149 countries. Mongolia has risen to 76th place over the past decade.

Mongolia was noted as a country at "the threshold of prosperity", on account of strengthening its society and its improved performance on education, as well as its vast



mineral resources. However, the report also states, “besides facing challenges in converting burgeoning wealth into prosperity, Mongolia’s health and environment sectors obstruct the nation from achieving greater prosperity.”

Mongolia made very little improvement in the health sub-index over the last decade, where it ranks 93rd, six places lower than its ranking in 2007. Nevertheless, Mongolia has made significant improvements in the education sub-index, now ranking in the top 50 after rising six places to 48th. There was a slight decline in education inequality but an improvement in the girls to boys enrollment ratio. The Prosperity Index recommended that Mongolia focus on education quality, as the coverage has become high so that education could have a greater impact on Mongolia’s future prosperity growth.

In the economic quality sub-index, Mongolia rose from 90th in 2007 to 64th, but the social capital sub-index contributed the most to Mongolia securing prosperity growth in the future. Mongolian society has been growing stronger, with the country rising from 84th to 30th since 2007. This has been attributed to rising social trust and greater altruistic activity by Mongolians towards one another.

The five most prosperous countries on the index, ranked first to fifth, were New Zealand, Norway, Finland, Switzerland, and Canada. The five least prosperous countries on the index, ranked 149th to 145th, were Yemen, Afghanistan, the Central African Republic, Sudan, and the Democratic Republic of Congo.

## How to stabilize the Dollar

November 9 (gogo.mn) One month before, US dollar traded at 2273 tugrik while it has reached 2413 Tugrik today, according to the Bank of Mongolia. What caused a rise in the US dollar?

A rate is the price of any currency. Thus, the price of US dollar is increasing in Mongolia. In other words, a lack of US dollars has given rise.

Mongolian Balance of Payments shows that shortage of US dollar deepens in Mongolian market. For instance, as of the first nine months of 2016, Mongolian balance of payments totaled to US\$ 232 million deficit, meaning that total of US\$ 231 million went from the Mongolian market.

Therefore, the Government should urge to forward major projects and cooperate international organizations in order to bring back the dollar which is avoiding from the country day by day. As a result, Mongolia could attract investment, improve balance of payments and stabilize the rate. Briefly, rate future depends on Mongolian balance of payments. However, the balance of payments has facing a deficit today. Therefore, tugrik rate reaches record low against US dollar.

The Bank of Mongolia has been trying to minimize the pressure on rate due to the balance of payments deficit with its currency reserves. However, because of the decline in foreign exchange reserves, the Bank of Mongolia will no longer participate in the currency market. In such circumstances, it is significant for the Government to take immediate actions to attract investment and stabilize the rate.



## US Dollar rises by hour

November 10 (gogo.mn) US Dollar is traded at MNT 2428, according to the Bank of Mongolia (BoM) while currency exchange centers are selling Dollar at MNT 2590 and commercial banks are selling at MNT 2450. US Dollar rate risen by MNT 10-20 only for today.

However, the biggest commercial banks are stopped trading the dollar several years ago. Only currency exchange centers are selling the dollar in Ulaanbaatar city.

### **Why the dollar has risen sharply against the tugrik today?**

BoM regularly holds foreign exchange auction on Tuesday and Thursday. On these days, currency exchange centers set their own rates after observing the auction report. Today commercial banks bid MNT 2425.00-2481.55 for USD71.2 million and MNT 356.50-362.61 for CNY123.0 million respectively.

The BoM did not accept any bid offers, showing that BoM reached its minimum level of dollar reserves.

BoM decided that market law or the demand and supply should be dealt with the dollar rate.

The BoM has not supplied the dollar for last one month. But there is still a demand in dollar for commercial banks. However, the country's export has not increased, direct foreign investment has not restored as well as the foreign loan and aid has not granted. Thus, the dollar rate is continuously increasing.

Therefore, the Government need to take more extensive and decisive measures. The ministers should rush the negotiations with the authorities of International Monetary Fund and the Government of China.

## *Business*

## UAE companies to join int'l expo in Mongolia

Ulaanbaatar, November 8 (MONTSAME) Vice Minister of Foreign Affairs B.Battsetseg received the Ambassador Extraordinary and Plenipotentiary of the United Arab Emirates, Abdullah Al-Tinij on November 4. Ms B.Battsetseg underlined the opening of embassy in Ulaanbaatar was an important step towards boosting our ties.

She emphasized a significance of stimulating bilateral economic cooperation, drawing investment from the Emirates to Mongolia and encouraging business contacts between private sectors.

The Ambassador informed of his work back in his country a few days ago while stressing that companies of the UAE are interested in taking part in the International Trade Fair, to be held in Ulaanbaatar in April of 2017. He proposed to open Mongolian pavilion at the Global Village exhibition hall.



He also confirmed the UAE's invitation for Mongolia to Participate the World Expo, to take place in Dubai in 2020.

Mongolia and the United Arab Emirates established diplomatic relations on the 1st of April of 1996, and the UAE opened its embassy in Ulaanbaatar on the 24th of February of 2016.

## **International investors to meet in Ulaanbaatar**

November 8 (news.mn) 'Why should investors focus on Mongolia?' is the name of a forum to be held on 25th of November at Government House in the capital Ulaanbaatar. The round table forum is being organised by the Government of Mongolia, the Ministry of Mining and Heavy Industry, the Mineral Resources Authority of Mongolia and 'Erdenes Mongolia' LLC. More than 40 delegates from the Mongolian Government, international banks, financial institutions and mining companies will participate in the forum.

A few years ago, Mongolia was one of the fastest growing economies in the world and focus for international investment. However, the fall in world market prices for natural resources has hit the Mongolian economy very hard and the flow of investment has largely dried up. The debate at the forum and the answers to the question it poses will, therefore, be interesting.

## **Why should investors pay attention to Mongolia?**

November 9 (gogo.mn) "Why should investors pay attention to Mongolia? – Roundtable discussions with foreign investment partners" co-hosted by the Government of Mongolia, Ministry of Mining and Heavy Industry, Mineral Resources Authority of Mongolia and Erdenes Mongol LLC will be held in Government Palace on Friday 25 November, 2016. The roundtable discussion will convene a total of over 40 participants – Government of Mongolia's officials, international banks and financial institutions, major mining companies and business leaders.

Mongolia was one of the world's fastest growing economies and a hotspot for foreign investment. The recent slowdown in its biggest market and the fall in commodity prices has caused investors to pause. The discussion hopes to engage and discuss the country's prospects against the background of the recent drop in asset prices, and assess the future opportunities the country holds.

For more info, please contact at 976 8006-6666, 976 8888-0806.



## Mining

# China Copper Concentrates Imports Exceed 800,000 tonnes via Port of Ganqimaodu in Inner Mongolia

SHANGHAI, Nov. 9 (SMM) – As of October 26, imports of copper concentrate were 843,000 tonnes via the Port of Ganqimaodu in Inner Mongolia, according to data released by Ulate Inspection & Quarantine Bureau.

Import value totaled \$1.09 billion, up 5.5 per cent YoY, it reported.

China's imports of copper concentrate via the Port of Ganqimaodu were 2.67 million tonnes since its first shipment from July 2013.

Ganqimaodu port is a key port in Inner Mongolia, which is only 70 kilometers far from Oyu Tolgoi copper mine in Mongolia, the world's third largest and Asian largest copper mine.

## Ministries and project shareholders given cautions for progression

Ulaanbaatar, November 7 (MONTSAME) Prime Minister J.Erdenebat was on a working tour in Umnugovi (South Gobi) province last weekend, and paid site visits to Oyu Tolgoi concentrator, underground mining development, Tsagaan Suvarga (White Stupa) mine, Gashuunsukhait bordercheckpoint, Tavantolgoi LLC and Energy Resource LLC.

He emphasized an importance of forwarding the major construction and mining projects as an exit from the current economic challenges, and the project must serve both in favor of the interests of the people and in line with the business principles.

The head of government also appealed the related ministries and shareholders of the projects to lay off the good-for-nothing arguments over politics and papers, and to focus on the progression.

Mr J.Erdenebat was accompanied by N.Amarzaya and N.Enkhbold MPs, Minister of Mining and Heavy Industry Ts.Dashdorj, Minister of Energy P.Gankhuu and Minister of Road and Transport Development D.Ganbat.

## Underground mine to double OT's annual copper concentrate production

Ulaanbaatar, November 7 (MONTSAME) Prime Minister J.Erdenebat was on a working tour at Oyu Tolgoi mine last weekend. He urged the leaders of the company to hire more Mongolians, and focus on improving their professional skills.

The role of the Oyu Tolgoi project in Mongolia's growth will not be measured solely by the tax contribution, he noted. The project should result in intensified economic growth and broadened business opportunities through providing jobs for Mongolians and the national



contractors. Thus, the project is expected to triple in efficiency and to benefit the GDP growth, foreign exchange reserve and macroeconomic growth. OT employs some 1,600 Mongolians.

Executive Director of Oyu Tolgoi LLC B.Munkhbaatar said: "More than 90 percent of the employees of the underground mine development project are Mongolians. As of the third quarter of 2016, the project is working with 852 contractors and suppliers, 60 percent of whom are national companies. The exploitation of the underground mine will begin in 2020. It will add another hundred tons of copper in concentrate to the original annual capacity of 100 tons from the open pit mine".

The Prime Minister once again reminded that any decisions and actions regarding the project should be reported transparently, with accent on the assets it is creating in the Mongolian territory.

## **Prime Minister urges mining companies to agree on coal price**

Ulaanbaatar, November 7 (MONTSAME) Prime Minister J.Erdenebat gave a concrete task for a certain period of time to the companies, operating Tavantolgoi mine, reports the Premier's spokesperson G.Otgonbayar. The head of government insisted the companies to reach an agreement for the common goal of protecting the "Mongolian Coal" brand name, otherwise the Government will intervene.

The Erdenes Tavantolgoi, the Energy Resource and the Tavantolgoi are operating coal mines. The PM noted, regardless who is operating the mine, the Tavantolgoi coal is a property of the Mongolian people. However, the coal industry has been going unprofitable over the past several years due to the series of attempts by the three companies to drag each other's prices down, he said.

He gave a serious warning to the companies that the Government might consider a price arrangement on the stable commercialization of the Tavantolgoi coal.

## **EMC's processing capacity reaches 32 million TPA**

Ulaanbaatar, November 8 (MONTSAME) The ore processing capacity has reached 32 million tons as of today, said the Minister of Mining and Heavy Industry, Mr Ts.Dashdorj at the meeting of the parliamentary Standing Committee on Economy on November 2.

The Erdenet copper plant was commissioned in 1978 with annual processing capacity of 16 million tons. Owing to the actions toward improving the capability of the Erdenet Mining Corporation (EMC), the plant processed 26 million tons of copper ore in 2014, which is 1.6 times higher than the initial capacity.

In his statement, he also mentioned that a total of 2,142 exploration and 1,564 extraction licenses have been issued as of November of 2016. The licensed areas cover 14.7 million hectares or 9.4 percent of the territory of Mongolia.



## *Infrastructure*

### **ROK-China-Mongolia direct freight service launched**

November 11 (Xinhua) A direct sea and rail freight service between the Republic of Korea (ROK), China and Mongolia was launched Wednesday, cutting transport time by nearly half.

On Wednesday morning, a train carrying 100 containers departed from Qinhuangdao Port in north China's Hebei Province for Ulan Bator, capital of Mongolia, marking the opening of the new route, according to local customs.

Previously, containers from the ROK were transported by ships to Qinhuangdao Port, and then went through several train transfers before arriving in Ulan Bator. The new service allows the trains to travel directly to Ulan Bator, reducing the route by four days.

The train, with a designed volume of 100 standard containers, is scheduled to depart every Wednesday.

## *Agriculture*

### **Good harvest: domestic flour and potato demand met**

November 7 (news.mn) This year, the Mongolian harvest was relatively good. The statistics are as follows: 460.7 thousand tonnes of wheat were harvested, 153.7 thousand tonnes of potatoes, and 93.5 thousand tonnes of other vegetables. This means that Mongolia fully meets domestic flour and potato demand and half that for vegetables, according to statement by the Ministry of Food, Agriculture and Light Industry.

Nearly 320 thousand tonnes of wheat can provide Mongolian annual flour demand. Therefore, Mongolia will not have to import flour because of this year's good harvest.

Farmers and various companies have kept back 45.5 thousand of grain, National Emergency Management Agency (NEMA) over 1300 tonnes and the Crop Farming Support Fund is holding 2000 tonnes for planting next year.

### **Mongolia and Laos to study feasibilities to launch meat trade**

Ulaanbaatar, November 9 (MONTSAME) Prime Minister J.Erdenebat received today the Ambassador of the Lao People's Democratic Republic, Mr Sialungon Seng. The PM



thanked the Lao side for sending an extended delegation to the 11th ASEM Summit, which was held in Ulaanbaatar in July.

The Prime Minister touched upon leads-up to the next meeting of the Intergovernmental Committee to be held in Ulaanbaatar next year.

He also extended a request to the Lao authorities to study possibilities to realize arrangements which were discussed at a meeting with the Prime Minister of Laos during the ASEM Summit. The heads of governments namely focused on meat trade.

The Ambassador pledged his best efforts for promoting bilateral ties in every sector, and invited the Prime Minister to pay a visit to Laos in 2017 within the celebration of the 55th anniversary of bilateral diplomatic relations.

## Taiwan offers to buy sea buckthorn from Mongolia

November 11 (gogo.mn) P.Sergelen, Minister of Food, Agriculture and Light Industry met with Taiwan's Deputy Minister. Taiwan's side has offered to buy a large amount of sea buckthorn from Mongolia. However, the amount of sea buckthorn, proposed by Taiwan exceeded the sea buckthorn harvest of our country.

Minister of Food, Agriculture and Light Industry developed "Sea buckthorn" program, to be implemented in the next four years, aiming to reduce poverty and provide employment opportunities to unemployed. Also, the program has planned to support sea buckthorn cultivation through small and medium-size enterprise loan.

The ministry has completed the first phase of activities for exporting sea bukcthorn to Europe in cooperation with affiliated French organizations. Currently, some enterprises export sea buckthorn oil to Japan and USA.

A major international conference to discuss sea buckthorn cultivation and its demand will be held in Mongolia in 2016.

## Construction

### BoM instates new mortgage rules

November 8 (Mongolian Economy) According to a decree issued by the President of the Bank of Mongolia (BoM) on October 25, mortgage lending rules were amended, and the five percent interest mortgage loan programme has been suspended along with annulment of provisions which indicated certain locations allowing the programme.

Most mortgage qualification criteria stayed the same, such as up to a 30 year term, no less than 30 percent as down payment and no more than 80 square metres for an apartment. However, the new rules say that only completed and commissioned construction projects can be included in mortgage loans.

In addition, commercial banks must finance mortgage loans from their own funds initially in order to be reimbursed by the BoM. Specifically, the central bank will inform each bank



about a month's maximum amount of funding for mortgage lending, and then the banks must make their lending decisions in accordance with the information. As for borrowers, they must not have taken out any other preferential loans in order to qualify for a mortgage, because there were many cases in which high-income individuals took advantage of the programme by buying up several apartments with eight percent interest mortgages.

## *Ulaanbaatar*

### **Ulaanbaatar to cooperate with Budapest on tourism projects**

November 7 (news.mn) A Mongolian delegation led by P.Bayarkhuu, deputy for the Ulaanbaatar City infrastructure development authority, is currently visiting Budapest, the capital of Hungary. Yesterday, the delegation met Dr Gabor Bagdy, who is deputy head of finance in the Budapest city administration. During the meeting, the two sides agreed to further develop cooperation in tourism and investment in other sectors. Budapest has also agreed to support establishing joint ventures in Ulaanbaatar. (source: [www.ulaanbaatar.mn](http://www.ulaanbaatar.mn).)

### **“Happy City” programme to expand green areas**

November 10 (Mongolian Economy) Cities around the world plant trees around buildings. In contrast, Ulaanbaatar cuts trees down to build construction works. This is one of the reasons why city aesthetic as well as the health of the people has been deteriorating. Accordingly, Mayor of Ulaanbaatar S.Batbold informed that a decree prohibiting conducting construction work in public areas was issued during today's press conference. “Starting from today, constructions for businesses are not allowed to be built in public areas within residential apartments in order to ensure residents’ safety and to increase green areas. There will be no more such decisions approved by my signature. Only public parking lots can be built in these public areas in the middle of residential districts, and for those, a parking lot must have 2-3 underground floors and have some greenery or a children's playground on the top,” said Mayor S.Batbold.

The City Citizens' Representative Council has moved forward with adoption of a programme titled “Happy City.” This programme will focus on increasing urban health and safety for residents. Building green area in the city is part of the tasks of the Happy City programme.

The Mayor added: "If land permissions are issued within a school or kindergarten yard, such permissions will only allow for expanding the school's or kindergarten's building and capacity."



If this rule is violated, measures up to and including revocation of a company's licence can be taken.

## Company News

### TerraCom signs Mongolian coal deal

November 10 (adelaidenow.com) Australian listed coal company TerraCom Limited (ASX: TER), through its Mongolian subsidiary, has executed binding long form definitive agreements with a wholly owned subsidiary of the Kingho Group, one of the largest private coal companies in China, for a 5.5-year offtake of hard coking coal produced from the Baruun Noyon Uul Coal Mine in the South Gobi in Mongolia.

The agreement is for a total of approximately 7.5 million tonnes over the term and has pricing linked to a commercially in confidence mine gate pricing structure that reflects the seaborne market. Payment terms are USD in the form of 100% Irrevocable Letter of Credit issued by a first class international bank. The Kingho Group will primarily use the BNU coal for their internal consumption at their coke plants.

TerraCom has fully commissioned the Baruun Noyon Uul coking coal mine in the South Gobi Mongolia and is focussed on becoming become one of the largest and highest quality coking coal producers in Mongolia, providing exceptional value for its steel-producing customers.

Inner Mongolia Kingho Group is a wholly subsidiary of China Kingho Group, which was formed in 1996 and is one of largest privately held mining and energy companies in China. Over recent years, China Kingho Group has developed significant expertise in resources development, coal washing, coal chemical, fine chemicals, clean energy, coal gasification and logistics.

Since it was founded in 2000 Inner Mongolia Kingho Group has imported more than 26 million tonnes of raw coal from Mongolia and has the capacity to wash 8 mpta of coal, produce 4 mpta of coke, produce 400,000 tpa of methanol from coke oven off-gas and produce 200 million coal ash bricks.

The parent company, China Kingho Group produces 15 mpta of coal, processes 12 mpta of coal and produces 9 mpta of coke.

In addition to its Mongolian ambitions, TerraCom is also focused on developing two priority projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the high energy prime thermal coal Springsure Project.

In order to support further growth and expansion, TerraCom continues to evaluate cash generative assets for potential acquisition. In this regard, the Company has announced that it has reached agreement to acquire the Blair Athol Coal Mine (BA) in Queensland, Australia from the Blair Athol Joint Venture, with production scheduled to recommence in 2016.

The Company is also evaluating the acquisition of a hard coking coal mine in Kalimantan, Indonesia, a 500,000 tpa operation located in close proximity to road, barge and port infrastructure connecting it to the seaborne coal market.



# Oyu Tolgoi construction will demonstrate positive effect on Mongolian economy

November 8 (gogo.mn) Oyu Tolgoi LLC today announced its financial results for the quarter ended September 30, 2016, and released its latest Performance Scorecard.

## HIGHLIGHTS

- Oyu Tolgoi achieved an excellent safety performance, with a consolidated All Injury Frequency Rate of 0.13 (Injuries per 200,000 hours worked including open-pit operations and the underground project), for the nine months ended September 30 2016.
- Good progress continued on underground development, including ongoing contractor mobilization and the signing of an additional contract for the sinking of Shafts 2 and 5. Work began for Shaft 5 sinking and the convey-to-surface box cut excavation while construction of critical on-site facilities continued.
- At the end of Q3'16, Oyu Tolgoi had spent \$105.8 million on underground expansion capital and had commitments of more than \$750 million.
- At the end of Q3'16, the underground workforce was approximately 1,600 and is expected to reach 2,400 people by the end of 2016.
- Oyu Tolgoi recorded revenue of \$226.3 million in Q3'16, a decrease of 31.4 per cent over Q2'16, primarily reflecting reduced gold sales as a result of lower gold production.
- Oyu Tolgoi set an all-time high in Q3'16 for quarterly material mined of more than 25 million tonnes.
- Copper production in Q3'16 declined 9.9 per cent over Q2'16, as a result of lower metallurgical recoveries from the new Phase 6 ore.
- As expected, gold production in Q3'16 declined 47.1 per cent over Q2'16 due to lower grades from the completion of major mining activities in Phase 2.
- Sales contracts have been agreed for 100 per cent of Oyu Tolgoi's expected 2016 and 2017 concentrate production.
- On October 21, 2016, Turquoise Hill filed the updated Oyu Tolgoi Technical Report.

Oyu Tolgoi's Managing Director, Armando Torres, said, "The business continued to deliver strong safety performance over the past quarter, and at the same time achieving record material mined and continuing underground development."

## Q3'16 Performance Scorecard

Oyu Tolgoi's total in-country spend has reached US\$5.9 billion at the end of Q3 – demonstrating a very strong commitment to local content in both operations and underground development.

The company's environment performance continues to be significantly better than the global average, rating 0.477 cubic metres of water per tonne of ore processed and 84.9 per cent recycling rate on average during the quarter.

## Underground development



Good progress continued during Q3'16 on underground development, including ongoing contractor mobilization. At the end of Q3'16, Oyu Tolgoi had spent \$105.8 million on underground expansion capital and had commitments of more than \$750 million. During Q3'16, work began for Shaft 5 sinking and the convey-to-surface box cut excavation while construction of critical on-site facilities continued. Oyu Tolgoi recently signed an additional underground mining and support services contract with Dayan Contract Mining, a joint venture between Hasu Megawatt and Redpath, for the sinking of Shafts 2 and 5. At the end of Q3'16, the underground workforce was approximately 1,600 people and is expected to reach 2,400 people by the end of 2016.