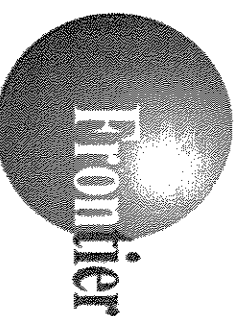


# MARKET



IN ASSOCIATION WITH  
FRONTIER SECURITIES

NEWS

## AMBASSADORS SPEAK AT INVEST MONGOLIA 2016

**T**his week, we are sharing Ambassadors' opinions regarding to regain foreign investor's trust which has stated during the 'Invest Mongolia 2016 Ulaanbaatar' international conference. The conference has been successfully organized 10th year by Frontier LLC. This year's conference was more significant as the newly established government has been facing several economic challenges. International experts and foreign investments who have not only deep knowledge about Mongolian market, but also professed in international market shared their lucrative opinions regarding current economic difficulties.

### Moderator:

Tsogtbaatar Dandin, Parliament Member

### Panelists:

Oh Song, Korean Ambassador  
Takenori Shimizu, Japanese ambassador  
Stefan Duppel, German Ambassador  
Ed Jager, Canadian Ambassador  
John Langtry, Australian Ambassador  
Sumati Luvsandendev, Director, Sant Maral Foundation

### Key discussion questions:

- What have been promised during ASEM and what need to be done for the follow ups until the end of this year?
- The challenges for Mongolia to reach out to the world
- What can foreign countries do to assist Mongolia to regain trust and increase FDI?
- The updates of the General Election and which country is the best partner for Mongolia and why? (Based on the recent survey)

### Key points:

#### OH SONG

- Korean president has made her official visit in Mongolia during ASEM. Both presidents have discussed many issues to enhance relationship between two countries. One of the huge part of this was to develop Mongolian education.
- Two Government signed agreement that to provide loan to Mongolian side on project named 'Smart classroom'. Under coverage of this project, Korean Government supporting Mongolian junior school and high schools to set up with smart technology equipment. Also we are aiming to establish specialized IT University in Mongolia. So I consider these projects will produce huge impact on Mongolian educational system.
- This is first step toward developing bilateral profession of two countries.

#### SUMATI

- To explain what is behind selection of best partner for Mongolia and Mongolian attitude toward foreign partners, in 1995 it was very social time. Top 3 countries we were partnering were Russia, USA and China.
- Currently the top 3 partners of Mongolia are



fields could be developed. This is the area that starts from small businesses which is not interest of government relationship but human relationship.

#### JOHN LANGTRY

- As you mentioned there are lot of similarities between Mongolia and Australia in terms of the structure of economy. As a country that has developed an export-oriented mining industry with foreign investment, Australia's experience may provide some lessons for Mongolia.
- Rather than seeking help from foreign countries to restore business confidence, Mongolia should look first itself to address the legal and regulatory environment to attract high-quality investment in the mining sector.
- Australia's experience, both where we have got it right and got it wrong, shows that clarity, consistency and coordination are the keys to success.
- That means transparency and accountability about your policies and coordination of implementation from exploration through to development.
- If you do those things right then good people will come to invest your country and deliver benefits to the economy at both the national and local levels.

#### ED JAGER

- ASEM was one time event. I suggest you take long view. Instead of starting to think about how we attract foreign investment during this hard time right now, Mongolia really needs to maintain a relationship that brings

1. Transparency. You need clear licensing system that we know who gets what, and what kind purpose it is being used. Also it is useful for avoid speculation.
2. It needs to be stable tax and royalty environment.
3. You need good basis of geological survey. There are lots of good geological organizations who interested in Mongolia around world, if Mongolia could get them in.

- FI is not only bringing taxes and cashes but also it is encouraging human resource development. For instance, Rio Tinto underground mining has relatively brand new specific technology which may in after 5 years working force trained in Mongolia could be transferred to work in Arizona. From here we can see that Rio Tinto is preparing world class leading workforce in mining sector. That is fantastic.

#### TAKENORI SHIMIZU

- In terms of development of education, Japan has built 55 new schools, and follows with rebuilt more than 320 schools. We have received more than 1500 students in Japan by Japanese Government Scholarship. Without human development it is impossible to develop country.

#### STEFAN DUPEL

- The most important issue in Mongolia is government policy. I would like to point 2 things here:
  1. So many projects and strategies have been discussed in last several years. But Mongolia needs to focus more on few important projects which leads to civil
- In terms of ASEM, it was an important event, because it is important to not talk about each other but with each other especially during times of crisis. I consider that Mongolia did manage very well to successfully host ASEM. This is a positive signal to everyone here and abroad that if Mongolians put every

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**SUMATI**

- To explain what is behind selection of best partner for Mongolia and Mongolian attitude toward foreign partners. In 1995 it was very social time. Top 3 countries we were partner were Russia, USA and China.
- Currently the top 3 partners of Mongolia are China, Russia and Japan.
- In late 90s, Mongolian attitude toward China was quite separated. Rural population's attitude toward Chinese people was positive, because they were highly dependent on Chinese merchants. On the other hand, population in UB's attitude toward Chinese people was negative due to competitiveness in construction sector.
- I would like to separate attitude toward foreign investors in two levels that decision maker's level and ordinary people's level. In terms of tourism, the attitude of Mongolians toward other countries based on quite pragmatic basis. The tourism is one of the



fields could be developed. This is the area that starts from small businesses which is not interest of government relationship but human relationship.

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- ASEM was one time event. I suggest you take long view. Instead of starting to think about how we attract foreign investment during this hard time right now, Mongolia really needs to concern pipeline that bring foreign investors for long time.
- Since mining sector is delivering huge source of this country, if you do not have very strong foundation of mining exploration companies in coming years, you may face real serious problems to fill up the pipeline I previously mentioned.
- Mongolia has other OTs out there. Without experts and money they will be never be found. So in my point of view, Mongolia needs to think about how do we encourage basis of the exploration industry today which will be beneficial in the future.
- There are couple of things needs in this sec-

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- The most important issue in Mongolia is government policy. I would like to point 2 things here:
  1. So many projects and strategies have been discussed in last several years. But Mongolia needs to focus more on few important projects which leads to solid development. In terms of that, new government should set up 'National Development Strategy' that guides Mongolia into long term development.
  2. Consistent macroeconomic policy is critical. Every 4 years Mongolia changes government. It is fine but there is a problem that every 4 year Mongolia changes the policy. It is making difficult for foreign investors to come.
- I would like to quote famous word by John F. Kennedy that: 'Ask not what your country can do for you, ask what you can do for your country'. So I suggest you would rather think-

ing about what you can do for foreign investors than expecting what foreign investors can do for Mongolia.

Please keep your promises. I know lot of cases that after tender has been decided, lots of changes have made in the projects. These kinds of acts make your reputation down in international level.

- There is too much political interference on certain projects. You should avoid that.
- Japan is always ready to assist Mongolia with one condition that if Mongolia can devote its full effort.
- When human got sick he or she goes to doctor for treatment. This is good time for Mongolia to ask assistance from international experts. Japan would be happy to be there to help Mongolia as always.
- If you can use EPA effectively, you can emphasize your exports with huge amount. For instance, companies who produce cashmere and woolen products are able to profit from zero tax.

**STEFAN DUPPEL**

- In terms of ASEM, it was an important event, because it is important to not talk about each other but with each other especially during times of crisis. I consider that Mongolia did manage very well to successfully host ASEM. This is a positive signal to everyone here and abroad that if Mongolians put everything together they can do everything very well.
- To initiate a recovery, you do not have to do miracles. You just have to do your homework.
- If you come up with concrete and realistic economical projects, there are German investors ready to come to Mongolia.
- In terms of the agriculture sector, Europe can be an important market for Mongolian producers. But first of all, you have to meet international standards. In order to establish a system to guarantee this, you will obviously need support from the government.

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Office contact: 75755520  
 Email: mi@frontier.mn  
 Homepage: www.frontier.mn