

AMBASSADOR'S TALK

HE Mr John Langtry, Australian Ambassador to Mongolia:

There is no company with state owned stakes in our country

We talked with Ambassador John Langtry of Australia to Mongolia.

- You are the first [resident] Ambassador of Australia to Mongolia. Shall we start our talk with reasons why Australia opened its Embassy in Mongolia?

- I was working in charge of Mongolia back in Canberra along with other countries. I knew that Mongolia had been asking us to establish an Embassy in UB for some time. The Ambassador of Mongolia to Australia would raise this question from time to time. Next year commemorates 45th anniversary of establishment of diplomatic relations between the two countries. It is around 1990s that our countries started active relations. Because of the 45th anniversary our Foreign Minister decided it is high time to open the Embassy. Australia does not open new Embassies very often. Especially nowadays. Opening its Embassy in Mongolia last December recognizes the importance we place on Mongolia as our strategic, economic and social partner. Strategically, Australia admires the courageous choice that Mongolia has made and sustained for democracy and a market economy. We want to be a good third neighbor. Economically, both countries share much in common in developing our economies through attracting high-quality foreign investment to export-oriented mining sectors. Socially, Mongolians and Australians share many similarities, too. Both countries value family and education highly, are tolerant of foreign cultures and share a love of nature rooted in indigenous nomadic traditions, and the list would go on. These reasons mentioned above have caused us to open a [resident] Embassy.

- We do not have any other feasible option of development than to support other sectors of economy by revenues we raise from mining. Australia is exemplary in the world by its mining sector development.

What do you think we should attend to in order to develop robust mining sector in the correct way?

- Australia has extensive experience in attracting foreign investment in and successfully implementing large-scale projects. There are many things to learn from both our success and mistakes for such country as yours which is trying to develop its economy by leaning on the mining sector. Australia has strictly abided by three principles in legal framework, policies and regulations governing exploration and development stages of mining. First of all, there is a need for clarity or transparency. The second principle is consistency. The third principle is coordination. These principles need to be followed. It is good that the Government led by MPP has started talking about this.

Australian-Mongolian Extractives Program is implemented in Mongolia. It is a program focused on promoting good governance in the mining sector and building capacity. We have placed importance on foreign investment in order to develop our economy. Foreign investment of any sort in any country can be viewed negatively if it not seen to be delivering clear benefits. We know this from our experience. We cannot measure clear benefits of foreign investment to people only by what it brings to the national treasury. Benefits should be seen at local level. That is why I said it is important to attract high quality investment. In short, benefits of investment should be felt equally at the national and local level.

- There must be many examples of developing other sectors based on mining...?

- Of course, for example, there is an opportunity to develop sustainable agribusiness. If you develop an agricultural sector in local areas that is not dependent on mining alone, the products would be delivered beyond the mining companies. It is important to develop an agricultural sector capable of delivering its products to the domestic market and export the surplus even when the mining companies stop their operations. Rio Tinto had successfully implemented agricultural projects in Australia based on its iron ore mining. There is a successful example of a business to grow animal fodder, which used recycled water from the mining to irrigate the fodder. Rio must be interested to implement similar projects and programs in Mongolia.

- You said previously that foreign investment should benefit local areas, too. I think we are lacking in this area in our country. Is there anything to consider about this on policy level?

- Australia has Federal Government. Policies and laws on mining vary from state to state. But our policy is to apply the same environmental laws throughout the country. If a mining company gives a donation to a local government then it is regulated by the federal taxation law. Australia provides tax incentives to companies, which provide aid and support to local areas. It motivates the companies to donate to local areas. Of course, I cannot claim I understood everything but Mongolia has a different policy. I observed that taxation laws that donor organizations must follow are rather on the tough side. For instance, in your country the donations provided by the companies to local areas are not exempted from taxes.

- In our country deposits with large reserves are classified as strategic. The government involvement in those deposits is quite high. How sound is it for the government to be involved in the mining business? Is there an example in Australia where the Government holds stakes in the mining business?

- Australia had realized that the best way to develop the economy is to keep it open. Therefore, in our country we do not have companies with state ownership. There are no mining companies with some shares owned by the state. We had public airline company, which was privatized. Railways, marine transportation, commercial banks are all private. In Australia no distinction is made between foreign and domestic. They follow the same set of rules. Mongolians know best about what policy they should pursue. Also Mongolians themselves are the best judges of mistakes that have been made in the mining sector. The advantage of Mongolia is its strong democracy. People openly share their opinion and debate. It means the mechanism to reach the right answers is in place.

- You mentioned there are many things to be done in agriculture and health sector in Mongolia. What opportunities do you see in those areas? Can we take it there is future to collaborate and implement projects and programs in these sectors?

- I am interested to see international organizations, Mongolian Government, mining companies operating in Mongolia, and Mongolian businessmen join their efforts to implement large-scale programs and projects in agricultural sector. But private and public partnership requires long time to nourish. At the moment the Australian development aid provided to Mongolia does not have designated funds for agriculture. Australia has been working hard to tackle its national budget deficit. Development aid provided to foreign countries had been cut extensively. As for Mongolia there are two priority areas where the aid is provided. One is Australian Mongolian Extractives Program. The other is Australian Government's scholarship program implemented in education sector.

- It seems like Australian Government scholarships are given mostly to the public servants. What is the chance for youth working in private sector to obtain a scholarship?

- Australian Government scholarships are not exclusively for civil servants. The scholarship program started in 1992 when Mongolia made a transition to democracy and market economy. Democracy in Mongolia became a surprise to the world. At the time Australia held discussions on how to support Mongolia, which chose democracy and market economy. Finally a conclusion was made to support education of people who would lead Mongolia in the future. Australian Government scholarship program started from civil servants applying for master's and doctoral studies. In the beginning the scholarships were mostly given to civil servants but later private sector participants were also granted. As of now there are about 400 people, both from private and public sector, who were awarded with Australian Government scholarship. If you add people who studied by their private funds this number will exceed 6000. I am glad that Australian alumni are making great contributions to Mongolian national development. Mongolians who graduated in Australia established an association of Mozzies. It is an advantage for me to work as an Ambassador where such a big association is already established. Taking this opportunity I want to say that there are already second generation of Mozzies there. Children of people who studied and lived in Australia are now studying in Australia. It is something to be

truly grateful for. Mongolian alumni are truly our greatest Ambassadors. And their children (laugh).

Australia ranks second only to the United States as a destination for Mongolians seeking a quality English-language education. This Saturday (tomorrow) we are organizing “Australia without borders” education exhibition. Representatives of 15 leading universities in Australia and in the world will be there. People interested in studying in Australia can obtain information directly from the institutions.

-There are many Mongolians who would like to work in Australia. Is it possible to provide any waivers or some kind of support to such people in obtaining their visas?

- Students may bring their families if they prove their financial capability. Australia allows foreign students to work for certain hours in a week. The Australian Government believes that students can work as long as they cope with their studies and pass their exams. I believe this element of our system is what attracts so many people. Australia has a kind of visa for business and leisure. It is similar to tourist visa but allows to work while being a tourist. Australia grants this type of visa to many countries. Mongolia can take a part. Talks are going on at Government level. Of course, the opportunities granted should be mutual. Australians also should be granted with the same opportunity. I made this proposal when I met with Ts. Munkh-Orgil, Foreign Minister of Mongolia. He said that necessary legal framework could be established next year or within coming two years.

- What was the strongest impression you got when you arrived in Mongolia?

- I believe everyone gets a strong impression when they arrive in Mongolia. I worked in charge of Japan and Korea besides Mongolia before. So I did visit your country in the middle of winter. So don't expect me talk about how cold it is! Before coming to Mongolia I thought the coldest place in the world is Berlin (laugh).

- I heard you are learning Mongolian. How difficult is it?

- I have two professions. First, I am an engineer. Second, I am a linguist. It is difficult to learn Mongolian. But because I am a linguist I am very interested in

learning it. I speak Japanese. As these two share the same roots it is making it relatively easier. Japanese phonetics is easy. English is a bit more difficult compared to Japanese. But Mongolian is completely different. There are many sounds and pronunciations that do not even exist in English. Each word seems difficult (laugh). There is something, which makes Mongolian language unique and intriguing. That is the guttural sound produced as result of pronouncing double consonants such as “lkh.” If you ask me a metaphor to characterize the Mongolian language I would compare it to a steam engine. How do you feel when you listen to poetry? This language sounds just like poetry. For me, your language sounds like water running in a stream. Language of nomadic people has rich history of origin and development.