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# MONGOLIAN ECONOMY



APRIL 2017 (127)

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Speech

My name is Bold. I am  
from Mongolia.

Opinion

Who is the middle class of society?



# MIDDLE CLASS





## Guest



*We sat down with Mr. John Langtry, Ambassador Extraordinary and Plenipotentiary of the Commonwealth of Australia to Mongolia. He is the first Australian Ambassador to Mongolia as head of the recently-established embassy in Ulaanbaatar, having previously held various diplomatic posts in places such as Berlin, Hong Kong, Tokyo and Beijing. We touched on topics such as Australia-Mongolia relations, education, livestock agriculture and a bit of Australian history. Australian entities play a major role in Mongolia's mining industry not only commercially, but also non-commercially. Their flagship programme, the Australia Mongolia Extractives Programme (AMEP), aims to maximise social and economic development through improved management and governance of the extractives sector. However, as the Ambassador pointed out, Australia-Mongolia relations go well beyond just mining.*

**-I understand that 2017 marks 45 years of diplomatic relations between Australia and Mongolia. However, your embassy was opened in December 2015, making it one of the youngest embassies, if not the youngest, in Ulaanbaatar. So in the past year of 2016, what were your accomplishments and what were some of major challenges to your activities here?**

-Well, it's a great pleasure to come to Mongolia and establish our first embassy here. Australia doesn't open a lot of new embassies, and this is one of two that Foreign Minister Julie Bishop decided a couple of years ago would be a good place to open. She did that because first she recognised there is a lot of strength in the Australia-Mongolia relationship already. So, I think the main factors for her were first of all economic, and you are aware of course that Australia and Australian companies have a very strong role in the development of Mongolia's mining industry, including of course Oyu Tolgoi, with Rio Tinto involved in that.

Secondly, there was a broader strategic consideration. We have seen Mongolia develop a free market economy and a liberal democracy without any great encouragement from its neighbours, and we admire that. Frankly, it is a

## Ambassador Langtry: Education is actually a bigger industry than mining, in Australia

BY O.TUVSHIN

"It's not commonly understood around the world that in Australia, education is actually a bigger industry than mining."

good time for the democracies in the region to stick together.

**-What about the accomplishments and hindrances or challenges?**

-Setting up a new embassy anywhere has its challenges. I would not say it has been easy. It has been very smooth because we have had great support and welcoming from the Mongolian government and Mongolian people. We are still in a temporary chancery at the moment, but we are looking forward, in October I hope, to moving into our permanent home in the Shangri-La business tower.

We feel we have done well. We have had an Australian consulate-general here before, so we were blessed with a good base of excellent local staff: great language skills, great knowledge, great education. We were very lucky to keep all of them and will be able to recruit several more very talented people. In that way, it has been pretty smooth. First you have to organise yourself, and then you have to develop new programmes. For us, that has included new public diplomacy programme, social media and all sorts of things like that. Also, we need to get out and widen our range of contacts, and work on our policy programmes.

The main highlights of our past year have been what have been doing in mining and in education.

**-Of course mining is by far the largest sector of cooperation between the two countries; however, are there other sectors of significant cooperation or investment? Which ones?**

-Mining first, yes we have very strong commercial involvement in Mongolia's mining industry, but we also have a development assistance programme called the Australia-Mongolia Extractives Program, which attempts to introduce best practices in the management and governance of mining in this country based on similar experience Australia has in developing first class mining projects with high quality investment in remote areas.

The other highlight, though, has been education. It's not commonly understood around the world that in Australia, education is actually a bigger industry than mining. We have

a particularly good story to tell in Mongolia. Of course we have the scholarship programme which is very well known, the Australia Awards. We will be offering some new scholarships this year, and we have over 60 scholarship students studying in Australia at the moment.

The other thing is that those are post-graduate scholarships. Overall in the tertiary education sector, we have well over 2,000 – about 2,300 – Mongolian students studying there at the moment. That is a 40 percent growth over the last year alone. This has also been great for us, not only as a business, but also because it reflects the high value that both Australians and Mongolians place on our high-quality education.

**-So 60 people are selected (for scholarships) per year from Mongolia?**

-Well, it's not 60 per year. At the moment, there are over 60 studying there. We did have to have a freeze on the new intake for a couple of years due to a global budget cut to our scholarship programmes several years ago. However, starting from this year, we have cleared the backlog, kept our promises to everybody who is studying there or waiting to go, and there will be some new scholarships this year and we will be adding to that next year.

**-I'm sure prospective applicants would be very happy to hear that. What advice would you give to potential applicants?**

-Study English hard. As you know, the standard of Australian education is high, and you have to be able to cope well. Go there prepared to get a first class education, but also to enjoy the lifestyle.

**-Let's switch gears here. Eight out of the world's 10 largest farms are in Australia, and the nation exports 60 percent of its farm products. In Mongolia, successive governments have talked about making the livestock agriculture sector more export-oriented, but this has found little success thus far, mainly due to hygiene and sanitary issues. What lessons can we take away from a developed agricultural sector such as that of Australia?**

-Certainly the first thing you need to look at is getting your industry competitive and sustainable at home. I think the big challenge for Mongolia, ►

► particularly when you are looking at livestock, is to make sure that, when you have not too much rainfall and delicate soils like both Australia and Mongolia, you get the stocking numbers right: that you don't overgraze. You mentioned we have the biggest farms. They are actually run by very few people, whilst Mongolia is still transitioning away from traditional nomadic herding. I think you will need to find the right scale and stocking levels for your animals so that you can increase the quality as well as make sure you don't overgraze the pasture.

The second part of getting the most out of agriculture is that you need to be very careful about subsidies if you want to be internationally competitive. I'm aware that Mongolia does subsidise a lot of agricultural products. Australia got out of that business some years ago, because basically, it was bankrupting us. The idea that you would domestically subsidise an export industry does not make a lot of economic sense when you think about it. Also, the voters think about it, and the cost doesn't make a lot of practical sense. Why should their taxes be spent on somebody else's dinner table overseas? Hence, there is probably a good need to have a look at what is happening with subsidies, tariffs and so forth to make sure that your industry develops in a competitive way.

Then, of course sanitary and phytosanitary concerns are a big issue. There are two aspects to that. The sanitary part is the quarantine, the animal health and such things. If you want to have a competitive advantage in beef, you will be looking at specialty products, but you will also have to be marketing on the basis that it is an organic product. A lot more work is going to have to be done in Mongolia to make sure that is actually correct. I know that most Mongolians I meet tell me they have wonderful, organic meat, but I also know there are an awful lot of antibiotics coming across the border from China. They are being fed to animals and livestock in a fairly uncontrolled way, and this is causing a lot of problems in the health of the animals. Also, it could lead to things like antibiotic resistance. Certainly if you are going to export those things, you would be caught up in the sanitary regulations.

The other part is the international one. If you want to sell to someone somewhere overseas, you must have the right quarantine protocols in place. I know, for instance, that we (Australia) sell a lot of beef to China. We are supposed to be selling more indeed under the free trade agreement we have with China, but there is a tough regime of inspection, of processing plants in Australia. The problem with China is that they are in some cases not inspecting things quickly enough for the trade to actually happen. I would imagine if Mongolia wanted to export to China and other places, you would have to have the intergovernmental arrangements for the sanitary control in place, and I'm not sure how well that is being done.

I'm very interested in that sort of thing for bilateral reasons too. There are some products Australia would actually like to export to Mongolia, but at the moment, I understand that there is a ban on sheep meat imports. We would like to sell lamb here. Our product is very different to yours. Ours is one year (old); your meat is typically two years. So, we have younger lamb that doesn't actually compete with what your producers do. The reason for the ban, as I understand it, is that it is a reaction to the dzud (a severe winter) several years ago which cut livestock numbers, so the government shut the imports down to protect the local herders, which, at one level, I can understand. However, if we are looking at that sort of opportunity, we have to talk to the Mongolian government about sanitary and phytosanitary standards. We are actually trying to research this at the moment.

The good news is that we could, if Mongolia is interested, perhaps, have a look at some sort of capacity-building or sharing our experience at a meat exporter. I think we would probably be able to find a way to do that if Mongolia is interested.

I have been interested in agricultural economics for a long time, ever since I was working on this in China in the early '80s with the Australian Embassy there. I think that, yes, you have got a lot of work to do if you really want to make your dream of having a viable agricultural export industry a reality. There are lots of people who would love to help you. ►

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► **-Thank you for the very in-depth answer. You seem to know much about this sector here.**

-I am highly interested in agricultural economics and have been for years. It is very interesting here, but one thing that frustrates me a bit is that I have not had enough time to really understand how it works here. There are all sorts of things we are interested in. For instance, we can look into using some of the corporate social responsibility programmes that the mining companies are doing to try to develop agriculture. Companies like Rio Tinto are quite good at that; they just need some partners. Bringing people together to do that is certainly something we are interested in as an embassy.

**-Will there be any official state visits between our two countries in the near future? Is Mr. Turnbull going to be visiting?**

-I don't think Mr. Turnbull is. The most likely thing is that Foreign Minister Bishop will visit this year. I know she wanted to come to ASEM last year, but we had an election at exactly the wrong time, and there was no government in Australia at the time. We were still counting the election results when ASEM was happening, so she could not come. I would be really surprised if she did not come this year. I know she wants to, and she will find a way to do it. That would be a very good thing.

The date of the 45th anniversary is 15th of September, so that is one possible time, but there are a number of possible times.

**-Australia's capital, Canberra, was essentially built into the capital due to the political and cultural rivalry between Sydney and Melbourne. There is sometimes talk of moving the capital of Mongolia (this has no traction and is extremely unlikely, however). Hypothetically, what advice would you give to Mongolia if this were to happen?**

-I'm not sure what advice I could give. The situation is very different. Unlike Mongolia, we have a federal state system. There was certainly rivalry between the big cities since the federation of the country in 1901. There was a rivalry between the two big cities, but also between the states in which they were

located, so New South Wales for Sydney and Victoria for Melbourne. It was necessary to find a Federal Capital Territory, as it was first called, now called the Australian Capital Territory. It is a bit like how the United States has the District of Columbia for their capital, Washington. So that was done, but it took them about 27 years to actually start building Canberra.

**-I guess the essence of my question is that it seems a bit late to reorganise Ulaanbaatar in a planned and comprehensive manner. The traffic congestion and overcrowding have been very problematic.**

-The problems that you describe can all be solved in Ulaanbaatar. It is a matter of having your economy back on its feet and getting your development programmes right. Then you can invest in the infrastructure and the housing. You can invest in better technology for keeping people warm in the winter, and these would solve a lot of the problems. There are some advantages in having so many people in one place, as well as disadvantages. It does make the construction of infrastructure more feasible. The difference between Ulaanbaatar and Canberra is that UB is the biggest city in Mongolia by far, whereas Canberra is a small city with a population of about 350,000. They are not really comparable. That's why I said I don't know if I can give you any good advice on the matter. The best plan is to get the economy on a stable growth path and get development priorities right for your biggest city.

**-How about a personal question before we wrap up. Your main profession was an engineer.**

-Well, it was not a profession as such. I often describe myself as a failed engineer. I studied at the University of New South Wales, but never worked as an engineer. I went on to major in linguistics at the Tokyo University of Foreign Studies and have been involved in international relations in one way or another ever since.

**-I saw that you spoke Japanese, and so how is your Mongolian?**

-I guess the best way you could describe is, сайжирч байна (it's improving). ■