

Mr John Langtry, Australian Ambassador to Mongolia is our guest to the “Ambassadors Speaking” column, national daily newspaper “Century News”

You were in the North Asia division overseeing Mongolia before being appointed to Mongolia as first resident ambassador. How did you find Mongolia and Mongolians as your new work place and colleagues?

I have always found it very easy to talk to and work with Mongolians. We have a lot in common. We both love wide open spaces, we have open and inclusive societies, we are proudly independent, and we have a good sense of humour. That doesn't mean we will always agree, but we can be open about our differences without losing friendship and the will to cooperate.

It has been two years since the Australian Embassy opened in UB. How do you think the embassy contributed to strengthening Australia-Mongolia relations?

Having an Embassy here in Ulaanbaatar, rather than a visiting Ambassador from Seoul, Beijing or Moscow as in the past, means that we can build the partnership between Australia and Mongolia all day every day. And we have the time and opportunity to do a lot of new things. This includes:

- Building Australia's public profile through the conventional and social media (for example 13,000 people follow the Embassy on Facebook).
- Engaging closely with Mongolia's parliament and promoting exchanges on shared interests between Australian and Mongolian parliamentarians.
- Strengthening support for the education partnership through our alumni network.
- Working directly with the high quality Australian investors and business community in Mongolia to share Australian experience and help maximise Mongolia's economic potential.
- Deepening our international cooperation in areas such as our mutual advocacy for human rights and in our peacekeeping operations.
- Developing new fields of cooperation with government and civil society in areas such as gender equality, inclusive development and public health.
- Developing cultural relations.

A big portion in Mongolia's foreign trade is machinery and equipment. Do you think Mongolia has potentials to increase its export volume and its varieties?

I think it's easy to worry a bit too much about export performance. Australia is known for its minerals and agricultural exports. But like Mongolia, we also import a lot of machinery and equipment. And we typically run an overall trade deficit with the rest of the world.

From Australia's experience, what really matters is trading with other economies in a way that makes your own economy more competitive and prosperous. And often that

means that how you perform on attracting good quality foreign investment to build on your natural economic potential is at least as important as how much you export.

That's why Australia has had success with mining, agriculture, tourism, education and financial services. So it makes sense for Mongolia to import what it needs to make its mining sector strong at this stage of its development. And it makes sense for Mongolia to be a competitive destination for foreign investment in minerals exploration and mine development, including by offering a consistent policy and regulatory environment and transparent rule of law. That is what will provide the wealth and capital for Mongolia to build industries like tourism and agriculture on a sustainable basis, and the opportunity to export innovative products and services to the world.

It has been a while since the Australia-Mongolia Extractives Program (AMEP) was launched. Are you satisfied with the outcomes? Do you think Mongolia's mining governance has improved as a result?

AMEP is the only bilateral mining sector aid program that Australia has with any country in the world. We are pleased with its achievements, including:

- Building geoscience capability.
 - MonGeoCat is an award winning, world's best-practice example of provision of minerals exploration data on line.
- Helping to design Mongolia's new gold mining strategy, which has been linked to increased gold exploration since the strategy was approved by Cabinet.
- Advising on a world-standard minerals valuation code, vital for the efficient operations of taxation but also to help Mongolian businesses properly value their mineral assets and allow them to raise capital.
- Taking a high-level Mongolian government and parliamentary delegation to Australia last November:
 - to study how we regulate and tax our world-standard mining industry; and
 - to present Mongolia's investment opportunities to the International Minerals and Resources Conference (IMARC).
- Supporting TVET to build Mongolia's future mining workforce as well as engage the local population in the South Gobi.
- Working with the World Bank to build ground water monitoring capability in South Gobi to reduce potential conflicts over water usage and ensure herders and businesses are both able to obtain the water resources they need.

Coming from Australia with rich mining experience, how do you see strength and weaknesses of Mongolia in this area? What we are doing well and poorly?

There is a lot of experience that Australia and Mongolia can share on what it takes to attract good quality foreign investment to develop mineral resources wealth for the benefit of our economies and societies. You can learn from what we have got right, and also what we have not done so well.

Where Australia has really succeeded is in establishing an internationally competitive regulatory and taxation regime for minerals exploration and mining development. This has allowed us to encourage the best companies in the world - including our own great multinational miners Rio Tinto and BHP and our very capable junior explorers - to take on the big investment risks, while our federal and state governments concentrate on supporting the necessary infrastructure.

Where we have been less successful, from time to time, is with a lack of clarity, consistency and coordination of policies and legislation to support this.

I think Mongolia currently is now facing just the same sort of challenges in its minerals and exploration investment environment that Australia faced three decades ago. How you meet these challenges is something for you to debate and chose democratically in your own national interest. However, I would like to offer just one humble piece of advice based on Australia's own experience.

Whatever you do, make sure that your taxation and regulation of minerals exploration is internationally competitive, because it is a high-risk business that cannot succeed without good quality foreign investment. If you don't have a healthy exploration project pipeline, you won't be able to develop world-class mining projects. And those projects, like Oyu Tolgoi, are where you will really be able to establish a long-term basis to build wealth and diversify your national economy.

How much investment has been made from Australia to Mongolia and in which sectors?

Most of our investment is in the minerals exploration and mining sector. It's very hard to measure foreign investment quantity by country source, however. To give just one example, Rio Tinto is the major foreign investor in Oyu Tolgoi. It is an Australian multinational mining company publicly listed on both the Australian and London Stock Exchanges. Total investment in the Oyu Tolgoi project to date is over US\$ 7 billion. How can we tell how much of this is actually "Australian", and does it really matter?

I would argue that what really counts is the quality of investment that Australian companies bring to Mongolia. It is high because of Australia's long experience in the mining sector. It is also high because our companies understand that Australia has a broader interest in Mongolia's development as a fellow market economy and liberal democracy than just the profitability of their investments. And they understand that the benefits of their investment need to contribute to sustainable local economic and social development as well as national income.

Do you have any plan to implement a major project in Mongolia? Which sector/area would you pick?

There are three areas where I would like the new Australian Embassy to make a new contribution.

- Public health and welfare, particularly in relation to the empowerment and protection of the rights of women and children.
 - In particular, we want to share Australia's world's best practice experience with vaccination to prevent cancer of the cervix, which is a terrible problem for women in Mongolia.
- The development of Public Private Partnerships (PPP) with Australian companies to ensure that the benefits of mining development are better reflected in sustainable local economic and social development.
- Building exchanges in the performing arts, not only to share our nomadic and classical traditions, but also to work together on cultural exports.

Australia and Mongolia have strong cooperation in human resources, environment and education sectors. Has cooperation in education sector, particularly, been expanding?

Education has been perhaps the greatest success story in Australia-Mongolia relations.

- We have offered post-graduate scholarships since 1994 to help build Mongolia's future leaders in government, the economy and civil society.
 - We have over 450 scholarship alumni – known as the “Mozzies”.
 - Applications for the next scholarship round open in February - for about 40 new Australia Awards scholarships.
- We are one of the most popular destinations in the world for Mongolians seeking a high-quality tertiary education in the English language.
 - There are about 7000 Mongolians studying in Australia at the moment.
 - The average growth rate over the last five years has been 40%.
 - 2,500 Mongolian students enrolled in tertiary study in Australia last year.

Is there any high-level visit planned in the near future? Speakers and Ministers from both countries have paid officials visits in the past.

The establishment of the new Australian Embassy was Foreign Minister Julie Bishop's initiative. I know she is very keen to visit Mongolia in the first half of this year to formally open our new Chancery in the Shangri La Office Tower. We are discussing timing for the visit with the MFA.

We also look forward to participating in the

Is there any favourable treatment for Mongolians who apply for Australian visas?

I am pleased that we are very close to finalising negotiations for a Work and Holiday Visa Program to make it easier for young Mongolians and Australians to experience life in each other's country.

Due to recent tax increases in Mongolia, citizens protested and organised peaceful demonstrations. How do you see Mongolia's political and social activities?

A liberal society and robust democracy are great traditions Australia and Mongolia share. What Mongolia decides about tax is a matter for Mongolians. Tax increases are never popular in any country. However, we have found in Australia that progressive income taxation is an important part of the social contract that provides for a properly funded health and social welfare system.

Air pollution has reached disaster level. What do you think Mongolia can do to tackle this problem?

Mongolia and Australia both have very dispersed populations, and high population flows into the big cities. This means that investment in renewable energy generation and distributed storage technology make a lot of sense. In cities like Ulaanbaatar, over 80 percent of winter pollution comes from basic heating needs for the *ger* districts. An innovative approach to recycling, power generation from rubbish and wind and solar power, combined with local battery storage and micro-grid technology, could make a big difference in the neediest areas. A number of Australian companies have great experience in this field.