

Mongolian Economy

JULY 2020 (166)

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Policy

National reconciliation

Mongolians abroad

Pirouetting through Mongolia



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SEIKO BOUTIQUE 2
SEIKO SHOP 3
SEIKO SHOP 4

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COVID-19 and Mongolian Economy

(May 2020)

down by	
3.3% ↓	Inflation
19.0% ↓	Total budget revenue and aid
34.6% ↓	Mining industry
16.1% ↓	Refining industry
38.5% ↓	Exports
13.9% ↓	Imports
up by	
29.3% ↑	Total budget spending, net loan amount
39.5% ↑	Outstanding amount of past due loans
39.0% ↑	Unemployment benefit

Source: National Statistics Office of Mongolia Sales



Pirouetting through Mongolia /12



I do not want to chase after numbers /15
instead I want to create value



Preserving cultural heritage through
business /18

Policy

National reconciliation

In the past three decades since Mongolia transitioned to pluralist democracy, there was no case when one political party has won majority seats in two elections in a row up until now. After an election, newly appointed members of the Parliament determine the trajectory of the Mongolian economy for the upcoming four years. However, a tremendous challenge is ahead of us. To illustrate, the economy which has shrunk by 10.7 percent in the first quarter needs immediate care. Part of the loan payments

The International Monetary Fund estimates that Mongolia will need over 2.5 billion USD to cover the government deficit

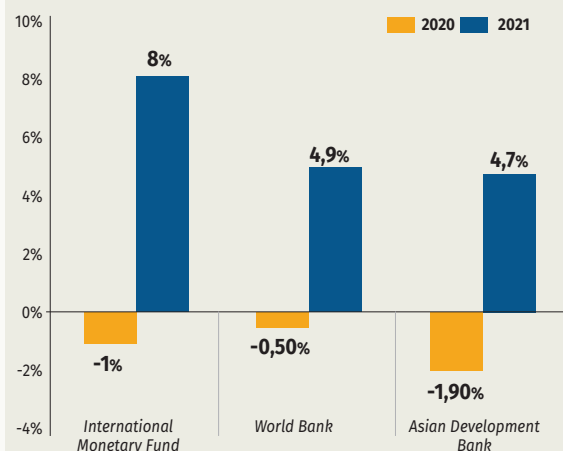
amounting to 14.4 billion USD is due this year and the government budget deficit is surging. Moreover, due to the amendments to the Constitution of Mongolia, around 30 corresponding laws must be revised in a timely manner. Yet, Mongolia has an important task to get off the grey and black lists. Putting it bluntly, the new Parliament has no choice but to bite off more than one can chew.

The strain on the government budget

When a budget which projected a huge deficit was approved, the government debt consequently grew by two trillion MNT. In other words, even before the pandemic, the Mongolian economy was screaming in pain. The pandemic was a kick in the teeth. Due to lockdowns, the tax and export revenues were lost resulting in abnormal levels of the balance of payment, a budget deficit and trade balance. It is hard to predict if the economy can hang in there until the coronavirus vaccine is delivered to hospitals around the world.

In the first half of this year, the budget deficit reached 1.6 trillion MNT. Compared to the previous year, the budget revenue was lower by one trillion MNT and the budget spending was higher by 1.1 trillion MNT. Furthermore, exports were down by 38 percent and industrial production contracted by 27.3 percent which might further expand the budget deficit. At some point, the Government will have to cover the deficit with foreign loans and aid. This

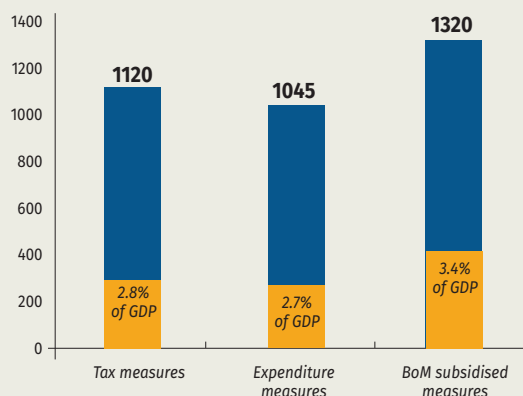
Economic Outlook for Mongolia



Source: World Bank, IMF, ADB

Covid-19 response

billion MNT



Source: IMF

means the foreign debt burden which has reached 2.9 billion USD will further increase. The International Monetary Fund ("IMF") estimates that Mongolia will need over 2.5 billion USD to cover the deficit which includes the repayment of the Swap Deal with the People's Bank of China amounting to 1.72 billion USD. ►

COVID-19 and Mongolian Economy

(May 2020)

down by

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39.5% ↑ Outstanding amount of past due loans

39.0% ↑ Unemployment benefit

Source: National Statistics Office of Mongolia Sales

National Statistics Office of Mongolia Sales

(Q1 2020, by sector)

100% ↓ Entertainment

100% ↓ Education

100% ↓ Tourism

60% ↓ Bars

47% ↓ Mining

47% ↓ Transport

42% ↓ Hotels

15% ↓ Manufacturing

14% ↓ Small lunch restaurants

12% ↓ Retail

10% ↓ Cafes

1% ↓ Food delivery

0% ↓ Wholesale

2% ↑ Restaurants

24% ↑ Food and beverages

Source: Mongolian Bankers Association

► On the other hand, Mongolia may be able to postpone the repayment of foreign debts which are due this year, said the Bank of Mongolia. If this happens, it would take the pressure off the Government. Recently, the Government secured loans totaling 745 million USD from the IMF, World Bank and Asian Development Bank. Moreover, the Government is planning to obtain the remaining 46 million USD from foreign and international financial institutions. A loan amounting to 791 million USD which would be equivalent to 18.4 percent of GDP.

Since 2016, the authorities have been putting their efforts into reducing the foreign debt GDP ratio from 89 to 69 percent. However, the efforts have been undermined by the pandemic. Mongolia is facing an unprecedented shortfall in tax revenues, hence the Government has no choice but to pay pension, unemployment benefits and wages through foreign loans. If the parliamentary election was not held this year the foreign loans would have not posed a severe problem. Bearing in mind the parliamentary election of 2020, the Parliament approved a budget projecting over two trillion MNT in deficit. Indeed, an economist N.Enkhbayar pointed out that it was an ill-advised decision worthy of blame. In fact, if the Government took an initiative to cut the budget deficit in January reflecting the COVID outbreak, the foreign debt burden would have not soared and even the authorities might have had the financial muscle to protect jobs, prevent bankruptcy and stimulate the economy.

According to the IMF, the effects of COVID-19 pandemic are temporary but it will leave a long-lasting scar on public finance. The lockdown measures are reversing globalization. For instance, the mineral commodities which are the main source of government revenue are being exported only in limited quantities because of border restrictions. It is uncertain when the lockdowns will be eased. In addition, the export level will largely depend on the coronavirus resurgence in China. Therefore, the newly appointed Prime Minister and Government need to urgently cut the budget deficit by halting construction projects and find measures to boost the coal exports. That is the only way to keep things under control.

Struggling households during COVID crisis

The World Bank had forecasted that the pandemic will push 71 million people into extreme poverty. This estimate was recently revised to 100 million. Oxfam, an international confederation of 20 NGOs working together to end poverty, has projected that poverty will rise to 922 million. This means around 434 million people will be affected, especially women engaging in the informal economy.

The same pattern is emerging in Mongolia. The Bank of Mongolia and Mongolian National Chamber ►

Even before the pandemic, the Mongolian economy was screaming in pain

► of Commerce and Industry conducted the Inflation Expectation Survey. It was revealed that low-income households are disproportionately affected by the pandemic. Eighty-three percent of households with a monthly income of less than 500,000 MNT reported that their financial conditions have worsened and 40 percent of households with a monthly income of around two million MNT answered that they are affected by COVID-19. It is important to note that the income of workers in public institutions or state-owned enterprises is minorly impacted. The self-employed, part-time and seasonal workers have been hit the hardest.

To support businesses and individuals the Government has been providing corporate and personal income tax deferrals, social insurance contribution deferrals, penalty relief, better access to unemployment and social welfare benefits. Despite

all these measures, the financial conditions keep worsening for most of the population. In 2018, the National Statistics Office of Mongolia and the World Bank revealed that one-third of the population lives in poverty in Mongolia. The households with a monthly income of more than two million MNT are least affected by COVID-19 and only represent less than 20 percent of

the total households. In other words, 80 percent of a total of 895,000 households are affected the most and might get pushed into extreme poverty.

Regardless of the fact that the mining sector is the main driver of the economy, the majority of the working population are employed by medium and small-sized enterprises in retail and service industries. Thus, the impact on income under the coronavirus lockdowns is daunting. Those most affected by the COVID crisis were able to get a bit more in financial assistance including child allowance and social benefits. Unfortunately, the budget deficit clock is ticking like a bomb that might explode in the second half of the year. Then who knows what will happen to the poor and low-income families. Therefore, the Government urgently needs to take evidence-based

policy measures targeted towards individuals and businesses.

S.Davaasuren, an economist, reminded us that following the financial crisis in 2009, the unemployment rate soared four times in Mongolia. During that time, Mongolia was able to recover from the financial crisis in a short period of time owing to investments made in the Oyu Tolgoi mining and mineral commodity prices in the global market. The price of coal and copper was skyrocketing during the recession in 2016. Owing to the investment flow in the development of the underground mine at Oyu Tolgoi, Mongolia has experienced exponential economic growth for three consecutive years.

The COVID-19 pandemic has brought unprecedented challenges for all of us. The lockdown and border restrictions have closed the doors to global trade and foreign investments. To pay the debt and boost the economy Mongolia has no alternatives but to beg for help from international organizations. This means unless the Government of Mongolia sits at the table with the IMF to explore possible solutions, Mongolia might default on its debt.

The paper published by Oxfam shows that an economic rescue plan for developing countries to prevent global economic collapse will require at least 2.5 trillion USD. Hence the leaders of developed nations are discussing the possibilities of suspending debt repayments of developing countries. Global cooperation and efforts are critical for tackling the pandemic. In the same sense, cooperation between the Government of Mongolia, businesses and citizens will play a key role in cushioning the blow of the COVID crisis. The President of the Mongolian National Chamber of Commerce and Industry, O.Amartuvshin said, "In the midst of the pandemic it is critical to apply pragmatism into public budgeting. The political party that won the majority seats in the parliament cannot solve the crisis alone. In short, the only way to tackle the crisis is through national reconciliation."

It is time to put an end to our political ambitions and come together as a nation to tackle the COVID crisis. Hopefully the newly elected members of the Parliament will take a lead in national reconciliation and put the economy back on track. ■

The households with a monthly income of more than two million MNT are least affected by COVID-19 and only represent less than 20 percent of the total households

View points › Businesses midst of the COVID pandemic

Sh.Nergui: We might not see any tourists until May 2021

/President of New Juulchin Tours LLC/

Since the lockdown, New Juulchin Tours LLC (“NJT”) has had no customers and does not expect tourists to come to Mongolia until May 2021. It is a common practice to book your flight tickets and hotels a half year in advance. The company did not receive the wage subsidy amounting to 200,000 MNT granted to business entities that lost half of its revenue and protecting jobs. Due to the pandemic, NJT lost more than half of its revenue. Thus we had requested an explanation from the Social Insurance General Office regarding the wage subsidy but they provided none. The wage subsidy was the only thing NJT needed.

When the tourism sector was closed under measures against novel coronavirus it gave us a chance to rethink our business model. We instantly realized that we cannot survive unless we adapt to the new normal. For instance, the global demand for mass tourism is drying up. Instead, people are looking for options to book trips in smaller groups and the tourism industry is investing in digital marketing. Furthermore, countries around the world are shifting their focus to domestic tourism. The volume of domestic tourism in Mongolia is low. Tourism is distinct from merely camping somewhere in the woods and can be described as a learning experience. Hence, NJT is working on bringing domestic tourism to the next level. There are various things that need to be done starting from the regulation concerning tourism. If you look at other countries you will notice that domestic tourism is designed for rediscovering your culture or for educational purposes. In terms of support to the tourism industry, the government should provide tax reliefs based on the number of tourists instead of merely transferring cash. Moreover, the private sector especially tourist companies should come together to conduct extensive research on tourism to create updated data on the industry. This time we intend to cooperate directly with the new representatives of the ministries in Mongolia. It would be a significant accomplishment if we can retain the currency that would otherwise go to foreign destinations in the form of outbound travel expenditures.

P.Gyalbaa: Our representatives are discussing the possibilities of reopening the cinemas

(Director of Prime Cineplex)

We had planned to release 80-90 new movies this year including a new Hollywood movie each week and 30-40 Mon-

golian movies. Since the Government announced a lockdown measure on January 27, the cinemas have been closed. In the first two quarters, Prime Cineplex lost 40 percent of its revenues and were therefore unable to pay our employees. Despite the fact that movies are being released online or via IPTV, we still cannot cover our costs as viewers can watch a movie with their family instead of purchasing movie tickets. The Science, Industrial Development and Innovation Agency of Ulaanbaatar City had meetings with representatives of the entertainment and service industries which were closed down due to COVID restrictions. Currently, our representatives are discussing the possibilities of reopening the cinemas under safety measures against coronavirus with authorities. Also, we are presenting the safety measures taken in Japan, South Korea and some European countries that had opened their cinemas.

B. Oyuntulkhuur: The various economic measures taken by the Government are not reaching the most affected

(/General Manager responsible for freight transport at Global Logistics LLC)

Ulaanbaatar Railway JVC stopped freight transport as they hit their freight target on December 29, 2019. Freight transport was supposed to start in early 2020 but did not due to COVID restrictions and measures. That means the operations of Global Logistics LLC was closed even before the pandemic. Therefore, since March, our company were able to pay only half of the salaries. Our company is proof that the various economic measures taken by the Government are not reaching the most affected. It is shameful that we did not receive the wage subsidy for businesses hit hard by COVID-19. On top of that, our company was not eligible for a Force Majeure Certificate issued by the Mongolian National Chamber of Commerce and Industry.

Fortunately, the restrictions on the transport sector began easing in mid-May and we are seeing hints of recovery. The three-week quarantine for anyone entering Mongolia is imposing difficulties for our truck drivers. In addition, our company had to pay mining royalties for transporting mineral commodities. Such measures are placing a greater burden on our operations when the sector is struggling during the pandemic. Furthermore, in rural areas, companies do not comply with transport tariffs and foreign companies tend to set lower prices which makes it challenging to make any profits. As the foreign currency flow which gives a boost to the economy is facilitated through the transport sector, the Government needs to address the challenges faced in the transport sector. ■

Education

Lost generation

The COVID-19 crisis has hit education hard worldwide. To curb the spread of novel coronavirus, countries including Mongolia closed schools by moving learning from classrooms to homes. This measure is certainly posing enormous challenges for education.

Since the lockdown, the sixth graders of the Sant School began taking online classes. The teacher assigned homework and lessons via Facebook with a submission deadline. For instance, students

COVID-10 outbreak, she has been relying on teleclasses for learning. On the flip side, her teacher does not offer daily or even weekly follow-ups with students or check their homework. All of a sudden, the rate of connecting with students via Facebook or phone started to drop. It appeared that the teacher went on vacation. Therefore, parents who were highly concerned about their children's education went to the teacher's house to get their homework checked.

D. Sunduijav is an eighth-grader in Kings Kids school. Regardless of his visual impairment, he is actively taking the teleclasses like any other children in his school and even learned how to type faster on the computer with ten fingers. He is giving his all to acquire education despite any obstacles. During the lockdown, his true companions are his teachers who are kind enough to send his homework via email and programs that encode video classes into audio. He has already gotten used to listening to his online classes and getting his homework done on his computer. D. Sunduijav is a perfect example of students who are studying in regular schools despite their visual disabilities. However, 109 students of the 116th School of Ulaanbaatar city for the visually impaired



are required to submit their math and Mongolian language homework on the day it was assigned. In the first month, the online classes used to be held via Facebook. Later on, to improve student engagements and comprehension the Sant Schools shifted to easy-to-use interactive platforms such as Google classroom, Skype and Youtube. Owing to online platforms, all students can take the online class, tests and exams at the same time.

E. Misheel is a fifth-grade student in one of the public schools in Ulaanbaatar city. After the

children are falling behind from the rest as they are unable to watch the teleclasses. At the beginning of the lockdown, the Ministry of Education, Culture, Sciences and Sports ("MECSS") had promised that they would address this issue but to date, have taken no action.

The above-mentioned examples reveal three distinct facts about education in Mongolia amid the pandemic. The MECSS is failing to reach the children from vulnerable and disadvantaged communities. In fact, there are many children who are living in the ►

► countryside or outskirts of the city who do not have access to the internet, computers or even cell phones. It must be remembered that the COVID-19 pandemic is imposing a severe threat to equality in education in Mongolia.

The United Nations Development Programme (“UNDP”) warned that for the first time since 1990 the world might experience a decline in the Human Development Index (“HDI”) which measures education, health and living standards. Moreover, UNDP Administrator Achim Steiner said “The world has seen many crises over the past 30 years, including the Global Financial Crisis of 2007-09. Each has hit human development hard but, overall, development gains accrued globally year-on-year. The COVID-19 – with its triple hit to health, education, and income – may change this trend.” Due to the school closures, globally three out of four students are out of school. According to UNDP, the HDI is likely to drop significantly in poor and developing countries that are struggling to cope with the effects of COVID-19 on the economy and society.

As mentioned previously, the right to education of children in public schools and children with disabilities is not ensured in times of COVID-19. The pandemic has to be an opportunity, not an obstacle. Considering the statement of Prime Minister U.Khurelsukh “The nationwide state of emergency and border restrictions will not be lifted until a vaccine against 2019-nCoV is ready”, the schools might not reopen in the 2020-21 school year. Therefore, to deal with the uncertainty, the MECSS urgently needs to strengthen preparedness and response to COVID-19 to ensure the continuity of education for all.

In the midst of a pandemic, Mongolia, a country with a young population, must not only put all its efforts in preventing crises in the economy but also in education. The children's rights to education must not be jeopardized as the impact of lost learning on children will be enormous. In other words, countries, especially developing countries like Mongolia, need to mitigate the impacts of COVID-19 on education. Ts.Altansor, a founder of Q Education Group, once pointed out “We are living in a time when kids can study remotely, anywhere and anytime, thanks to the advancements in technology. It is a pity that education has never been a priority in Mongolia.”

The MECSS must ensure inclusive remote

learning in the next academic year by deploying the best practices of private schools and making use of frontier technologies. The world is endorsing Mongolia for successfully preventing local outbreak during the pandemic then why cannot we prevent education disruption. In April, Tapan Mishra, the UN Resident Coordinator in Mongolia, and Yo.Baatarbileg, the Minister of MECSS, agreed to cooperate in areas such as policy, law, academic content, methodology, evaluation, system and technology around remote learning.

Mongolia can certainly learn and follow the best practices of countries that are ensuring equitable access to education for every child. For instance, in Armenia, a country similar to Mongolia in terms of population and economic development, to improve the access to remote learning the Government is providing computers to low-income families. They are entering into an agreement with mobile operators whereby they are offering access to free internet, online classes on remote learning for teachers and creating online learning platforms. In Ontario, Canada, 15,000 teachers were enrolled in a two-week program on remote learning held by the Ministry of Education. As a matter of fact, remote teaching requires a whole new set of skills. The summer is a perfect opportunity for teachers in Mongolia to polish their soft skills for teaching online.

Amid the pandemic, both teachers and parents will play a critical role in online learning and improving the quality of tele- and online-classes. More importantly, the authorities need to ensure that children from vulnerable or low-income families and disabled children have equal access to education. According to the MECSS, due to school closures, 35,956 children moved back to isolated areas thus have been unable to watch teleclasses as they do not have any access to the internet.

During the COVID-19 crisis, we need to ensure opportunities for online education for all including children who do not have access to the internet, a computer, a smartphone or a TV. Education is key to reducing inequality and eradicating poverty now and in the future. ■

In the midst of a pandemic, Mongolia, a country with a young population, must not only put all its efforts in preventing crises in the economy but also in education

Mongolians abroad

Pirouetting from Mongolia



A.Khangai and his wife Sakayaka Yabuta at the Mongolian-Japanese joint ballet concert "Beyond Borders" in Ulaanbaatar in November 2017.

After graduating with a Bachelor of Art in Ballet from the Music and Dance College of Mongolia in 2000, he worked at the State Opera and Ballet Academic Theatre, New National Theatre Ballet Tokyo and the New York Theatre Ballet and Mystic Ballet. In 2010, he worked as a dancer at NBA Ballet Company and then in 2011 he founded the ballet school S&K Ballet Studio in Tokyo, Japan. Currently, he is working as a ballet teacher and dancer. He played the prince in "Swan Lake," "The Nutcracker," and "Cinderella" and Albert in "Giselle".

It was the year 2017 which was filled with hard work and sweat by ballet dancers who were about to perform at a ballet concert called Beyond Borders. This was a Mongolian and Japanese joint concert in Ulaanbaatar. After one training session, A.Khangai, founder of the

ballet studio in Japan, and B.Jargal, lead choreographer of the Mongolian State Academic Theatre of Opera and Ballet, were scolded by their Japanese ballet master for laughing and uttering "Well, this has been really shameful." Total silence fell on the room. Both men sat for a while looking at each other thinking about the friendship which had started 24 years ago and all of the hard times.

Hard yet soft and soft yet hard

The first Mongolian professional ballet dancers graduated from their schools in the Soviet Union in 1962. After 38 years, Mongolia began to train its own professional ballet dancers. One of these young ballet dancers was A.Khangai, who studied at the Music and Dance College (currently Mongolian State Conservatory) between the years 1993 and 2000.

This was a social and economic transition period for Mongolia and life at the Academic Theatre was far different from the socialist time, hence the artists had ►

►difficulty in fully dedicating themselves to the art they loved. Skillful and noble-minded teachers and mentors were rare.

At first, there were 24 students in Khangai's class. Most of his classmates were orphans or children from low income families. Ballet may seem like a smooth and luxurious art from the viewer's seat, but it is an arduous profession which requires you to clench your teeth every day to reach the top level. On top of that, social and periodical hardships have become an extra test of patience and persistence in young students practicing ballet. Khangai and his friends left home early every morning to train all day and return home late at night, sometimes even at 3am. The student's fate was held in the hands of a teacher named D.Dashkhagva. He dedicated his life and soul to his profession and could be brutally cold to his students. However, he also had a huge ambition to prepare Mongolian ballet dancers to conquer the stages of the world's famous theatres.

Above mentioned hardships have caused half of the 24 students to quit the college. Only six male students stayed at school. Among them were a State Honored Artist D.Altankhuyag, the lead ballet dancer of the Japanese ballet company O.Lkhagvasuren and B.Batbold and choreographers of the Mongolian State Academic Theatre of Opera, B.Jargal and A.Khangai.

They were accepted as the ballet dancers at the Mongolian State Academic Theatre of Opera and Ballet in 2000 when the theatre attendance was in decline. The personnel of the theatre was limited and there were few advisors available to help them. Young graduates under the age of 20 performed in lead roles which gave them a huge advantage in performing on stages in foreign theatres in the future.

In 2000, a ballerina R.Tuyatsetseg established a modern dance center Arabesk to support young ballet dancers. Following her advice, Khangai, Altankhuyag, Batbold and Lkhagvasuren started a dance team called HABL which is an acronym of the first letters of their names. They always had a big dream of establishing their own ballet school.

At first, it was exciting to play in classical ballets but having performed the same ballet dance for 5 years was enough for them. Thus, the dancers including Khangai started to look for opportunities abroad. He reached to the ballet studios in the USA, Europe and Asia, and soon received invitations from every studio he has applied to. Unfortunately, to travel to the USA

and Europe would have cost Khangai arm and a leg so he decided to go to Japan. In the summer of 2005, he flew to the island nation and after successfully passing a selection process, he was accepted as a ballet dancer for a well-respected theatre in Japan the New National Theatre Tokyo.

At the time he arrived to Japan he had only 30 dollars in his pocket. When he ran out of money, he began eating fried onions with rice for a few weeks until he received his first salary. That salary was equal to three million MNT, the highest salary he ever received. He called his mother and said, "Mother, I got my first salary. We will never have to live like the old times". This was the true words of a happy Mongolian ballet dancer who did his best not to bring classical art alive in Mongolia during the rough period.

Does Mongolia have ballet dancers?

One night in May 2017, the journalists from the Mongolian Economy Magazine had the privilege to meet with one important man named A. Khangai who is the founder of S&K ballet studio in Japan. Their discussion on various topics such as classical art, Mongolia, culture and tradition continued

until the night. Twelve years have passed since he set his foot in Japan to start his career. Since then, he has traveled to many countries in the western hemisphere and performed on the stages of the leading ballet studios in the USA and Europe.

Until 2007 Khangai used to perform only in Tokyo but then decided to challenge himself in the Western stage. Again he had to go through a fierce competition to be selected by two US ballet studios. Due to a flight delay, he missed one of his auditions but was selected for the New York Theatre Ballet. His dream came true.

From 2007, he started performing in the USA. ►



With S&K Ballet Studio students

At that time, he was surprised by the fact that people know so little about Mongolia. Even there were people who would ask “Does Mongolia have any houses?” At first, they were surprised to hear that Mongolia has a ballet theatre, not to mention classical ballet. Soon the people’s perception that Mongolia is a nomadic country with only horses and gers changed. Gradually, he became not only a ballet dancer but also a cultural figure representing Mongolia. Thus, he was not just Khangai but “Khangai from Mongolia.”

He was employed by two different American ballet studios. When he performed in various countries without a permanent place of residence, he had one loyal companion named Sayaka Yabuta. She earned her title as a professional ballerina in Australia. She has first visited Mongolia during the international festival held in 2003. After seeing Mongolian ballet dancers performing “Prince Igor”, a famous Russian opera, with excellent artistry, she exclaimed, “I’d love to work here”. Soon she received an invitation to work at the Mongolian State Academic Theatre of Opera and Ballet for two years. She accepted the invitation with no hesitation.

Among the young Mongolian ballet dancers, she found out that only one of them could speak English. That man was Khangai. She used to live on the western outskirts of Ulaanbaatar with complete strangers who happened to be the relatives of ballet dancer D. Altankhuyag. Then, she rented an apartment near the city center where young dancers at the theatre used to meet up.

Khangai and Sayaka performed together in Japan, the USA and Europe for more than a decade. They had no chance to settle down and start a family. In 2010, they moved to Europe but worked for two different ballet companies. Thus they had to travel 150 km to see each other. Finally, they both decided to settle in Mongolia but it did not work out well for them so they moved to Tokyo.

In Japan, apart from working for the ballet company, they also started to offer ballet classes once or twice a week. The first gym they rented was not suitable for ballet training, so they had to carry long wooden sticks with iron bases and musical instruments with them. In 2001, in the middle of their busy schedule, they had their wedding in Mongolia and honeymoon in Japan. Later, Khangai and Sayaka founded S&K Ballet Studio.

When we met with Khangai in Tokyo in 2017, his

studio had already become one of the well-respected studios. He worked as a teacher and freelancer. During the interview, he said, “I’d love to do something for Mongolia.” Now, Sayaka and Khangai have two children. Sometimes a little argument arises when he wants his children to learn more about their Mongolian heritage. He joked that he won’t turn around unless his children call him “Aav aa” in Mongolian. As for Sayaka, she learned the Mongolian language very well while working in Mongolia. As a matter of fact, we had a chance to hear her speak in Mongolian on the phone. She was indeed like a native speaker.

Khangai is a great example of a person who loves their home country so deeply, even though they have lived abroad for quite some time. When he was reading the classic novel by L. Tolstoy “War and Peace”, someone asked him “Are you reading a Russian book?” Since then, he began trying to write his diary in the traditional Mongolian script instead of using cyrillic. Also, every time he arrives in Mongolia he loves to travel to the countryside, after getting a kiss from his mother.

Khangai has a dream to organize a world ballet tour with Mongolian ballet dancers. He knows that the skilled Mongolian ballet dancers will be endorsed by the world’s most renowned theaters. In late 2017, he made his first step to accomplish his dream. He organized a modern ballet concert staged by Japanese choreographer Jo Funaki. Thanks to Khangai, the young Mongolian ballet dancers got valuable experience from it. Current ballet dancers of the theatre and his classmates namely O. Lkhagvasuren, B. Batbold and B. Jargal were invited to perform. This was a historic and memorable event for them, as they performed together on the stage after 17 years since they stepped into the world of professional ballet.

Today, many Mongolian ballet dancers like Khangai perform on the biggest stages of the renowned theatres around the world. D. Altankhuyag who has become one of the eight best male ballet dancers of the world played the main role in the Pink Floyd ballet at the La Scala opera house in Italy. The number of people who would ask “Does Mongolia have ballet dancers?” has dramatically decreased.

Two days before I published this article, Khangai and I had a video call and he told me that his students began wearing a ballet outfit and shoes that were “Made in Mongolia” (10, April 2019). ■

Interview

I do not want to chase after numbers instead I want to create value

It was 9 o'clock in the morning in Tokyo, Japan. All of sudden, Tatsuya Hamada was called into the CEO's office. The moment when he entered the room, the CEO who was holding a piece of paper began smiling at him. The paper had an organizational structure of the KDDI Group with his name on it. The name Tatsuya means growth and accomplishment. A half-century ago, his parents had given him this name hoping for a bright future for their son. He was appointed as the CEO of the largest mobile operator in Mongolia.

When he was walking out of the CEO's room, he felt a tremendous pressure in this chest. For him, everything had happened so suddenly. He headed to a country where he does not speak the language or know the culture to accept a huge responsibility. It has been four years since he took up the role of CEO in Mongolia. While looking through his office window, he noted: "The role of CEO had not only opened up new opportunities but also will be remembered as one of the highlights in his career."

The Mongolian Economy magazine spoke with Hamada Tatsuya, the CEO of Mobicom Corporation.



-Japan is a country with a unique culture, tradition and philosophy. Did it shape or influence your approach in business?

-Many people ask me what is the difference between Mongolian and Japanese culture. Before coming to Mongolia, I had worked in the telecommunications sector for over 20 years. Eleven of those years, I worked in England, Germany,

Belgium and the United States. Therefore, I would say that my approach to business, management and leadership is quite different from a typical Japanese manager. I have a unique approach reflecting both Western and Eastern cultures.

-It has been a while since you started working in Mongolia. What is your first impression of Mongolian people? ▶

► -I cannot believe that it has already been four years since I came to Mongolia. I sometimes joke that “I have completed my undergraduate degree in Mobicom Corporation. Now I am enrolled in my graduate-level classes.”

First of all, I would say that Mongolians are flexible and adaptable. These traits are essential in the business world, especially in a time when digitalization, disruption and innovation are taking place around the world. The coin has two sides, so do these traits. For instance, flexibility tends to get into the way of being committed and consistent. Hence, we need to balance those traits.

-Have Mongolians changed you or have you changed since you moved to Mongolia?

-That is an excellent question. For me, it seems like my life and work are running faster in Mongolia than in Japan. Of course, I cannot compare Mongolia with Japan in terms of its market size. However, despite the market size, there are so many things that

are happening in Mongolia. The government, private companies and citizens are close to each other in terms of relationship and geography. In contrast, in Japan, or even in Europe, the relationship between the government and the private sector is not tight, and they hardly communicate with each other.

In the past, in order to improve my business, I had to learn to see my business from different perspectives. Furthermore, I have been collaborating with the

politicians, government, both private and public companies from which I gained valuable experience.

-Our readers know that you have tremendous experience working in developed countries in Europe. Clearly, it must have been a whole new experience working in a developing country like Mongolia. What challenges did you face along the way?

-I absolutely agree with you. The market of developed countries is mature which means you hardly witness significant ups and downs in the

market. In the case of Mongolia, it is quite contrary. The telecommunication sector was suffering due to the economic recession between 2016 and 2017. That was the time I came to Mongolia to lead the Mobicom Corporation. After the election, a new party took over the political power and a new President was elected. Consequently, government agencies went through structural change. We are making sure that Mobicom Corporation will not be materially affected by the parliamentary election of 2020. Unfortunately, the Mongolian economy has been hit hard by the pandemic hence our business is likely to be affected regardless of our previous efforts.

-Mobicom Corporation has recently announced it will pay the social insurance premiums as usual regardless of the fact that the government is offering a tax relief. What is the underlying reason for such decision?

-The telecommunication sector can be regarded as part of the Mongolian infrastructure. Moreover, we provide services that are integral to the day to day life of Mongolian people. I consider that it is our responsibility to provide support to the Mongolian government in recovering from the COVID-19 crisis and to reduce the pressure on the government budget. Thus, we decided not to apply the tax relief scheme in paying social insurance premiums and to continue to pay in accordance with the pre-pandemic rate, even though under the tax relief scheme, we could have saved not millions but even billions of tugriks.

-It is quite unusual that you are working in the telecommunication sector for over 24 years even though you majored in European history in medieval ages. Why is that?

-Following my passion, I chose to study European history in the medieval ages and completed my undergraduate degree at Meiji University, one of the most prestigious universities in Tokyo. Also, I worked in the company I wanted to work in. In order to answer your question, we need to look back into the past. In 1996, the telecommunication sector, in particular the cellular phone, was taking off at that time. In Japan, a cellular phone was becoming a widely used item essential for day to day life. Thus, the demand for telecommunication services ►

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► skyrocketed. Furthermore, the word multimedia was almost synonymous with the word future. It includes gaming and information technology companies. That was one reason why I decided to dedicate myself to the telecommunication sector. Another reason is that my grandfather worked in telecommunications. To be clear, he worked as a morse code translator in the army. As a matter of fact, he did not fight against the Mongolian army but the English army in the Myanmar War. Even my father worked in telecommunications for his entire life.

-How do you see Mobicom Corporation in 10 years? How much will it change?

-If we stay as a mobile operator, we are unlikely to experience significant growth as the market matures. For instance, the smartphone penetration is 70-80 percent in Mongolia which means the sales of the smartphone will not increase significantly. In addition, the use of data is soaring but eventually, the price will begin to drop. Hence, mobile operators need to find a way to survive in the future. In our case, we began putting more weight in diversifying our portfolio by investing in new businesses.

-What messages do you pass on to your employees?

-I always ask "What is your goal?" Without a goal, you don't make any progress. Let's say your goal is to reach the top of Bogd Mountain. As you have a clear direction, you just start climbing forward. In fact, you are unlikely to stop climbing, drop by your house, come back and start climbing again. The same applies to our career and business. That is why I keep asking "What is your goal?" Secondly, I urge people not to say they have a dream, instead, say they have a plan. As a joke, I tell them "As soon as we wake up we forget our dream." Simply put, when we start calling our dreams a plan, it becomes more clear and attainable.

-What will you leave behind as a legacy in Mobicom Corporation? Have you thought about what your legacy in Mobicom Corporation will be?

-One of my mission statements is to leave my legacy behind wherever I am. Let's say an Olympic athlete set a record, but we all know that this record will be beaten in upcoming years by another athlete.

Similarly, the records I have set in the company revenue, evaluation, cash flow or profits will be beaten by the next CEO. Due to this reason, I do not want to chase after numbers but instead, I want to create value and be remembered. I hope that someday the people will say "Do you remember the Japanese CEO whose name is Hamada? What is he up to these days?"

-It must be challenging to take up a role as both a board member and CEO of Mobicom Corporation. What approach do you take when you are in the midst of a disagreement?

-Yes, I am a member of the board and the CEO of Mobicom Corporation. KDDI Group is one of the leading groups in the telecommunication sector and Mobicom Corporation is a subsidiary of KDDI Group. Of course, I conduct my work to meet the shareholder's demands. However, sometimes there are times when the board imposes difficult or tough demands. However, I take up a decision from the position of the CEO of Mobicom Corporation, not from a shareholder's position. In other words, I intend to make the best decision for our customers and employees in Mongolia. Consequently, there have been times when I had to counter the board. In the end, the board appreciates and respects my intent to protect my customer's and employee's interests.

-What principles do you follow in your life and work?

-First of all, my job requires me to be committed. As I bear a great responsibility toward Mongolian people, I pull all the stops to fulfill my obligation. The second, is to always have a goal. You can have a short or long term goal and it is totally normal to change your goal along the way as long as you always have a goal. In a nutshell, having a goal and being committed to it is my principle which I quite often tell my employees. ■

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Entrepreneur

Preserving cultural heritage through business



The 22 Tents Company once wrote on their Facebook page, “Imagine looking up at the blue sky or moon and stars through the skylight crown whilst laying in bed”, “Dreaming of gazing at the sky and watching the sunshine through the skylight from the comfort of a bed.” The company that had purchased gers (a Mongolian yurt) handcrafted by Khaadiin Ger LLC for a music festival held in Europe was describing the ger. Over 300,000 people who attended the festival were delighted to spend the night in gers and were kind enough to leave eye-catching comments on 22 Tent’s Facebook page. Owing to their innovative idea to blend traditional and contemporary design, the gers and its furniture grabbed the market attention. The key to Khaadiin Ger’s success was their strong desire to pass the Mongolian history, tradition and culture to the next generation.

D. Bolor-Erdene founded Khaadiin Ger in June 2014. Soon after, she began her extensive research on Mongolian history, tradition and culture bearing in mind how it can be turned into modern use. She conducted research on lifestyle, culture, writings, cave paintings, monuments, ornamental patterns in the Xiongnu Empire while searching trending home accessories and items in these days. She was the very first person to conduct such research. After completing her research, she tirelessly went in search for the experts in each field.

The brand wants to prove that a high-class world product can be made in Mongolia

The company initially started with only three employees and now, five years later, has about thirty employees who are working as wood and textile manufacturers. To illustrate, in the wood manufacturing facility, the woodcarvers and painters who graduated from the Mongolian National University of Arts and Culture are producing their wooden masterpieces. The textile manufacturing sector is lead by an engineering advisor B. Erdenetsetseg who worked as a professor at the Mongolian University of Science and Technology for 40 years and wrote several books on felt art which was widely considered as a contribution to the Mongolian art. Currently, a ceramic and sculpture artist U. Odmaa is in charge of ceramic arts.

Every single product of Khaadiin Ger is made by hand. The experienced team unites their efforts to create ger, furniture, wool felt products, ceramic and felt arts and many other home accessories. They would break their products into three concepts, historical, traditional and modern. The historical masterpieces are broken down into subcategories such as the 13th century, the Bogd Khan period and Xiongnu Empire. Their signatory embroidery is a unicorn from a myth that dates back to the Xiongnu period. In addition, they make matching wooden, ceramic and textile products. If they are manufacturing an antique chest, they would make a matching cover and accessories to put on top. ▶





► The current factories were formerly used as a military base during the socialist era and later were used as a warehouse for many years. D. Bolor-Erdene turned this place, which could have become wreckage, into brand new factories. She thinks that the working space must be convenient as it affects labor productivity to a large extent. Furthermore, she is always looking for experts to recruit for the company. With regard to the marketing of their brand, Khaadiin Ger has been relying on the marketing and sales consulting firm Brand-Arte, since 2017.

Khaadiin Ger LLC is devoting their time and energy to take on the world. So far, the company has participated in 18 exhibitions held in 10 different countries to get the word out about Mongolia. In 2014, the first ger named “Khunnu” made by Khaadiin Ger, won the gold medal at the Seoul International Invention Fair held in

Korea. During the China-Mongolia Expo, the Central Library of Inner Mongolia bought the ger and turned them into “a gathering place for intellectuals and scientists”. Moreover, Khaadiin Ger has manufactured a winter ger for the President of Mongolia, donated 108 gers for the Best Herders, supplied gers to tourist camps and hotels and decorated the Prime Minister’s ger. Currently, the company is a Gold Supplier, a premium membership for suppliers on e-commerce giant Alibaba.com and supplies its products to over 190 countries.

D. Bolor-Erdene is the woman behind the success story of Khaadiin Ger. She had no prior experience in business having only worked in the General Department of Taxation. It did not stop her from shooting for the stars. While working as a civil servant, she used to spend hours making wool felt crafts and home accessories as a hobby which became the beginning of Khaadiin Ger company.

D. Bolor-Erdene first majored as a Wildlife Technician and then later completed her degree in economics. She never worked as a Wildlife Technician and actually never thought that she would. When she was a little girl her grandmother who was a daughter of Taiji, a title of the nobility that dates back to the 16th century, passed her knowledge on Mongolian history, culture, and even about ornamental patterns to her. It’s no wonder that D. Bolor-Erdene is attracted to traditional handicrafts and antiques. She set her heart to prove that a world high-class product can be made in Mongolia.

The ultimate goal of Khaadiin Ger LLC is to make its product into a masterpiece that is passed down from one generation to the next. As with many handmade objects, the older something is, the more value it will hold. ■

