

For a green development

MONGOLIAN ECONOMY

How is Life?

A Rare Opportunity

Mongolian Economy and Business Magazine

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of Extreme Poverty**

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For a Green Development

MONGOLIAN ECONOMY

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Letter from the Editor:



A recently inquired from one of our journalist, "...Well, how is life outside? We in Parliament, go from home to work; and from work to home. We lose sight of life's everyday matters. We concentrate on the job and the job only. My electoral district is located in the countryside; therefore, I do not have time to visit and ask about the residents' lives very often. What are the people saying about economic

growth? How is life for the people?"

It was a relief to learn that there is at least one member of the Parliament, who is genuinely interested in life outside the Parliament House. Afterwards we decided to make some small changes to produce more than 70 pages of material to be presented in this new edition of our magazine, which is now published twice a month. We decided to add another addition of our regular column Life. Because we have received so many comments from our readers expressing their delight in this column, we worked to fit it into this issue. In this column are the good and bad sides of life. For this edition of Life, we set out to focus on answering that member of Parliament's question, "How is life outside"? We have printed it in the magazine's front pages, hoping that government officials would not miss it.

Following this column are a string of other regular columns such as Wallet and Family Budget with similar content and themes to that found in this issue's Life column. Our layout designer has done her best to add more colours the pages using her creativity and experience. I am inspired to read more about the inevitable, yet difficult, issues of the economy we must face.

Deputy Editor I. Otgonjargal



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NON GOVERNMENT ORGANIZATION

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DEVELOPMENT**

Contents



Sliding Into the Ravine of Extreme Poverty

Today there are many households in Denjiin 1,000 that consume second-rate flour and scraps of meat for MNT 350 when dog food costs MNT 650. Some go to sleep on an empty stomach... 8



Bright High Dreamers, Beyond Capacity Of Their Hideaway Home

Freezing cold days in winter bring a chill to the spine and bite the cheeks, but Zorig's family never faces this cold because of the fire in their hearts... 12



A National Dream

Namjim explained that Japan's Marubeni and Toyo Engineering Corporations have expressed their desire to participate on the project. ...15

Economy

- 6 How is Life?
- 8 Sliding Into the Ravine of Extreme Poverty
- 12 Bright, High Dreamers
- 15 A National Dream

Green Economy

- 17 Thinking Green, Thinking Simple
- 18 Take Us For Example
- 20 At Smog Epicenter with the Members of Parliament

Mining

- 22 Rising Sun Of the Economy
- 24 A Rare Opportunity
- 27 What Books Have Changed Your Life?



Thinking Green, Thinking Simple

Ts. Adyasuren is the director of the Eco-Asia Institute and the head of the Green Economic Growth non-government organization...17



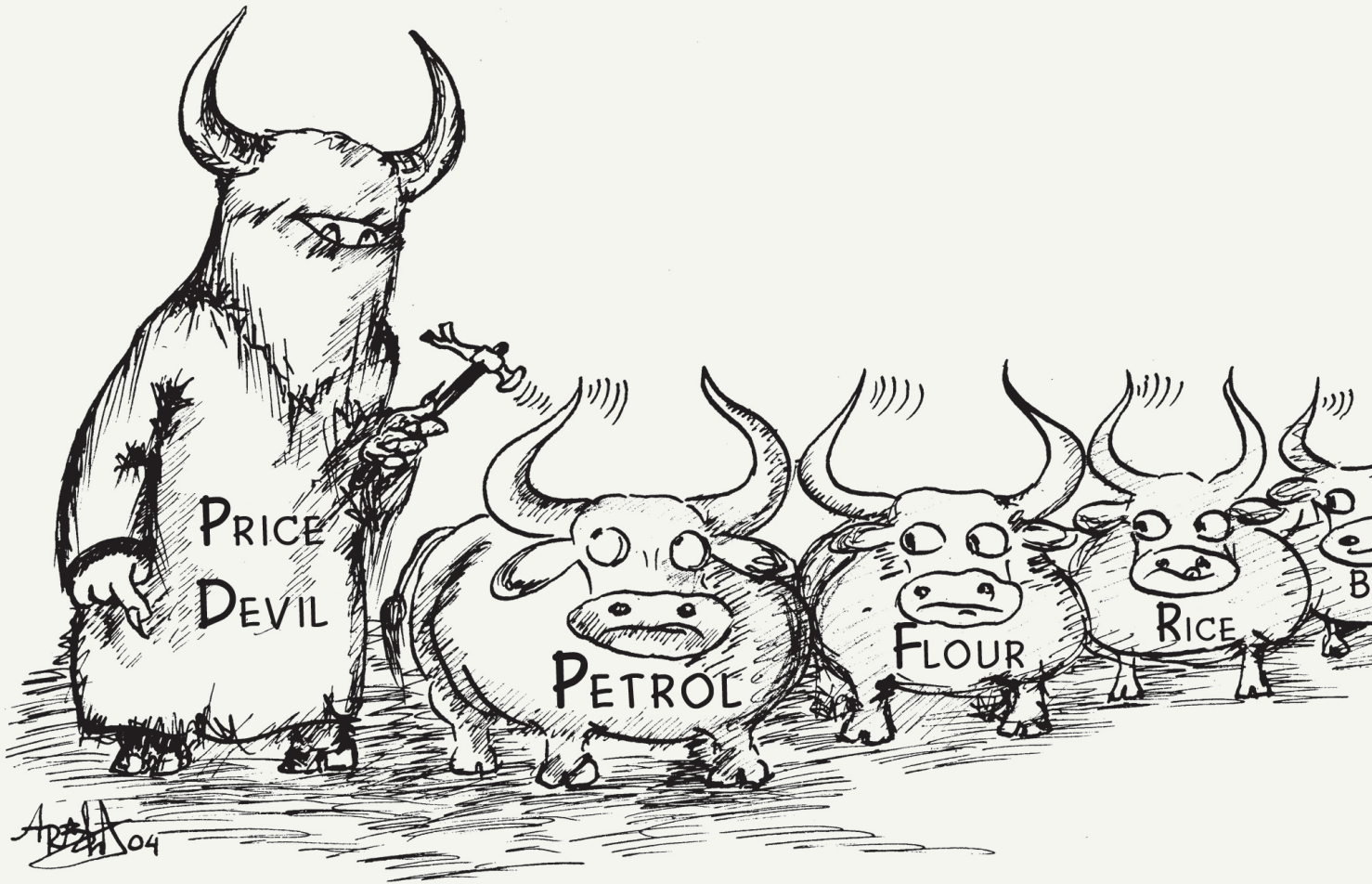
Rising Sun Of the Economy

The picture of the huge reconstruction works in the vast plain of the Gobi is not a mirage but Oyu Tolgoi. The dream of the many thousands of young people, who come to Oyu Tolgoi, is to contribute to its development. ...22



Rare earth element is not mining business

Several distinguished speakers from Mongolia, Canada and Germany discussed relevant aspects of the supply and demand structures in the global rare-earths market ...24



Feature Topic

How is Life?

By I. Otgonjargal

Recent increases in the prices of petroleum have created a stir and sensation. A lot has been covered by the media already, and perhaps the issue has been talked and written about too much. The uproar from the MNT 270 increase for a liter of petroleum has still yet to settle down, although the price has fallen MNT 50 due to government action. As a professional economic magazine, the staff at Mongolian Economy did not want to rush head first into the so-called "price wars" like other media outlets have. The new edition had already been planned, and we decided to wait before discussing the issue so it could be discussed from a different angle. It is better

to present the issue more accurately as the price increases and the events surrounding it are too politicised for the moment.

The price of petroleum has sharply increased, unlike any other time in the country's history since transitioning to a market economy. Government measures in response to the increase were also quite abrupt and haughty. It was a tough decision to dismiss four officials. However, the main issue here is if this measure was a good decision. Because Mongolia is in the midst of a politically sensitive period, the issue was overly politicised. This could be a tactic intended by the petroleum importers for manipulation. In addition to the four officials

- ▶ who were dismissed, Vice Minister of Mineral Resources and Energy B. Ariunsan seems to bear responsibility. Actions of too political character have transgressed, such as the demands for the resignation of the president of the Bank of Mongolia, L. Purevdorj. Yet, the government's decision to treat those responsible for their mistakes harshly was not very much appreciated by the public.

Although the media has pointed its pens, microphones and tape recorders towards the petroleum importers, they did not succeed in bringing down the price of petroleum. The media has only contributed to the opportunity to increase the prices of consumer goods and services. If journalists had approached the economically and socially vulnerable matter from an appropriate angle with accurate data, then the salespeople and traders would not behave however as they please, like (as the saying goes) a "tail wagging the dog".

However, we journalists have a habit of sensationalising any event, and not giving the slightest thought about how the price increases create negative social and economic consequences. Nor do we pay any mind to how the economic burden upon the people grows unbearably heavier. It is clear that the approach of elections have driven our 76 members of Parliament to pray upon the hysteria instead of resolving the issue. At times like now, it is very important for us journalists to become voices for truth and do our job well. Mongolian Economy has striven to show how in recent years bad government and the poor work by the media have allowed the gap between the rich and poor to widen and make the lives citizens more miserable without report.

In the Life column is a report on how the increase in prices has become a weight on the people's shoulders. Forget the average living standards that allow us to keep personal cars and catch a taxi whenever we need. That sort of person is able to live in a comfortable apartment.

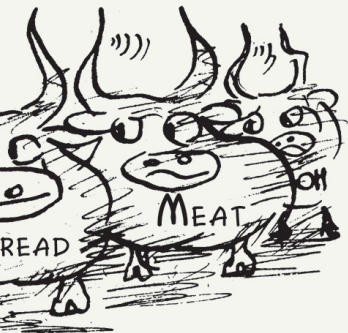
This report describes the threat and hardship of those who live in the ger districts, accounting for more than half of city dwellers. Once a month while driving a car one can see how the people standing on a long queue in front of the bank are stricken with diseases and hunger. In our second issue of last year was our first report on poverty in Mongolia, and once

again nearly a year later we report on poverty in the capital. The government talks about economic growth from the perspective of clerks. They discuss the Erdenes-Tavan Tolgoi shares and the success of the stock exchange. Outside their offices on the streets however, are unemployment, poverty, alcoholism and diseases spreading faster and farther than ever.

The staff at Mongolian Economy plans to touch upon this issue regularly. In addition, we will strive to direct attention to the reality of life on the ground towards Parliament and government. Policy makers in particular should be made aware of life here in the nation. Only then will there be appropriate state policy made and development. Therefore, the next edition of our magazine will focus on sustainable development. In order to do this we will search for clean air and comfortable living alongside the government. These benefits constitute the main reasons for sustainable development in the first place. For this reason we are making an appeal to the relevant government officials to visit the epicenter of air pollution in Ulaanbaatar and feel for themselves what type of air our citizens are breathing, and under what kind of conditions they are living.

Mongolian Economy magazine and its affiliate organization Green Economic Growth urge officials from the Office of the President, Parliament, the national government, and the city government, all of whom are rarely far away from a soft sofa or the passenger's seat of a sports utility vehicle, to ride on the public transportation for one night, and breath in the black smoke ridden air of the ger districts.

It is not their fault because they live in Zaisan and Ikh Tenger districts, where the air is relatively clean. Everyone should be concerned about their health. They are also very busy people, employed at the highest offices. We think that it is the fault of the media for the lack of information on conditions people live in and the growth of poverty. It is the media's responsibility to accurately show how pollution is increasing in Ulaanbaatar, and to sound the alarm and shout, "Hey, this is what the situation on the ground is like"! This is the goal of Mongolian Economy, the Economy television studio, the website [mongolianeconomy.mn](http://www.mongolianeconomy.mn), and the Green Economic Growth environmental group. ■



Sliding Into the Ravine of Extreme Poverty

By E. Zorigt

According to the National Statistics Office (NSO) poverty had not fallen, but increased around 40 percent by the end of last year. Just a few days ago, due to the increase in the prices of petroleum, the prices of goods and services also increased. According to a recent study done by the Bank of Mongolia the rate of inflation in Ulaanbaatar reached 11 percent.

The streets in the ger districts were empty, as if uninhabited. Stray dogs barked and trotted everywhere, looking for food. Black crows that sat on the rubbish near the ravine made a terrifying sound. I would never dare walk alone, along the smoky streets, to the black ger built atop what could almost be called a mountain. The head of the 11th section of the Chingeltei district's 12th microdistrict (commonly called "Denjiin 1000"), D. Altantuya, was my guide, and it was very difficult for me to believe her description of how hard life is for the citizens of

ger districts. I needed to see it with my own eyes. After reaching our destination, a small household, we knocked on the door but no one answered. We knocked again, but there was no sound. A woman named Naraa, the matriarch of a family with many children, was supposed to live here. However, as the government head of this microdistrict section had been saying, she must have gone out to work for her daily bread. Altantuya described with pride how, despite their poverty, all three of Naraa's children go to school. We knocked on the doors of many black gers, but nobody opened their door. It seemed as though that one or two gers had people inside, but they did not open their doors. According to Altantuya all of the household heads had left for work. People living in poverty do not stay at home doing nothing, she said. Therefore, we decided to visit one of the average-income households at the Denjiin 1000 district.

The Winter Season and Its Celebrations

One man, B. Bumbug, warmly welcomed us inside and poured us some tea. Around ten years ago he settled into his current ger, No. 1,007 of the 11th section. However, it has been more than 30 years since he settled at Denjiin 1,000. Bumbug is 70 years old, living with his wife, two daughters and four grandchildren. Although this household has many small children, their home was very tidy. When we entered, Bumbug was alone making a fire. His wife's health has been ailing, and she is currently undergoing treatment at the hospital. His grandchildren had already left for school. His daughters also left home early for work. His eldest daughter had been out at work overnight.

"However, her salary is a mere MNT 200,000", he said. "She barely manages with such a meager salary. I have said to my daughter that she should leave a job with such a meager salary. It is not enough for food and transportation, and she never gets any breaks".

The old man estimated that the MNT 3,000 she spends on food and transportation each day adds up to MNT



Photo by E.Zorigt

300,000 per month. Sometimes they have no other choice than to take out a loan. His youngest daughter works at the district office and has a salary of MNT 140,000 per month. Her situation is no better than her sister's. Therefore, their four grandchildren live on the pensions of their grandparents. All of the clothes, food, and coal of this household is paid

for with only a little over MNT 360,000 from their two pensions.

"According to the people in charge of this section, our household has an average living standard for Denjiin 1,000", said Bumbug. "Actually, it is extremely hard for eight people to live on the pensions of two elderly retirees. On the other hand, MNT 21,000 from ▶▶

▶ the Human Development Fund can only meet the short-term demands of people.”

“Even though it might seem as though our grandchildren go to school for free every day, they spend at least MNT 1,000 on transportation and food, and the payments continue with classroom repairs, blackboards, clean up, and so on. It seems that they think that I am a money making machine. Of course, their mother’s money is not enough for the children”.

Due to his wife’s poor health, Bumbug goes to the Khuchit Shonkhor market three times a week to buy groceries. Lately, he has grown quite despaired over the increase in the prices of consumer products. It surprised him that even the dog food that he used to purchase for MNT 400 now costs MNT 650. As to where these increases came from, he was told that it was somehow connected to the increase in the price of petroleum.

“The people who make dog food from leftover scraps of meat don’t use petroleum, do they?”

Previously with his pension money

he could buy 15 kilograms of rice, two sacks of flour, and 10 liters of oil. Today he can only purchase 10 kilograms of rice, two sacks of flour, and five litres of oil. Two or three times a month, they purchase organ meat for food. Their monthly electricity bill also often times exceeds MNT 60,000 each month.

“My family thinks that organ meat is for poor people”, said Bumbug. “They think that eating soup with a variety of meats from an expensive restaurant is good food. This is a wrong way of thinking. Our grandchildren are also starting to share this idea. They are very fussy”.

Mr. Bumbug said jokingly, “Son, the majority of my life is spent on four main tasks: taking money from the Human Development Fund, bringing my wife to the doctors, organizing documents for welfare services, and getting stuck in traffic jams”.

Even though he is laughing, these words come from a man of experience. He has perfectly summed up the kind of difficulties people face here. Many people who also go to the hospital and welfare services regularly would likely

agree with him. Although the MNT 21,000 from the Human Development Fund is helpful to many, it has become very tiresome to stand in long queues in front of the bank to get this money.

The winter season and its holiday have become a ticking time bomb for him. This is because just three-months supply coal and firewood expenditure is more than the half of the household’s income. He did not hide the fact that he would have to take out loans to pay for holiday expenses. As the celebrations for the Mongolian lunar new year, Tsagaan Sar, approach he is planning to take out a loan from his pension.

After leaving Bumbug, we headed directly to the government office of the 12th community office as Altantuya had advised us to do to meet the local residents. Here the government has introduced the Eco Clean-up program that employs low-income citizens. People are given jobs to remove garbage from the surrounding areas, offering a salary of MNT 140,000 a month. It has become common for the unemployed and poor people to visit this community regularly.

Don’t Be Like Your Mother

A 50-year-old woman picked up rubbish with her bare hands in air so cold that even the lenses of our camera frosted as soon as we took it out from the bag. Her name is D. Oktyabri. She has a family of four with a monthly income of MNT 140,000. With the addition of MNT 63,000 from the Human Development Fund she earns MNT 203,000. Although she has a husband, his poor eyesight keeps him from working. Because she did not extend her national identity card after she turned 45, she has been unable to obtain the documents she needs to validate her disability benefits. Without state identification she has been unable to obtain the MNT 21,000 owed to her from the Human Development Fund.

Sometimes her husband uses the little money she earns to purchase alcohol. Oktyabri spoke sadly about the difficulty of enduring her husband’s drunken rages in addition to the hardship of poverty. According to her friend, her husband beats her after drinking. Soaring inflation has made MNT 200,000 too little money for a household of four people.

“Oktyabri lives better than some of



us”, said Urnaa, Oktyabri’s friend, and a red-cheeked woman with a sharp voice. “Her children are grown up. They consume first-rate flour, mutton and beef”.

Describing how she lives on MNT 200,000, Oktyabri said, “At times we borrow some money, and at other times I help out a meat salesman at the Khuchit Shonkhor market, in addition to my other

work, where I receive a small amount of meat as payment. If I help out the flour salesman, then I receive half a kilogram of flour. We barely make a living this way”.

Her eldest daughter is in the 11th grade, and her youngest is in the 7th. In order to save money, they burn just one fire a day. This is because there is nobody at home while her daughters are ▶

▶ studying at school during the day. When the whole family is home, however, they need to burn two or three sacks of coal a day. Today one sack of coal costs MNT 1,500. Its wholesale price is between MNT 1,000 and MNT 1,200. However, because they do not have enough money to purchase a lot of coal at one time, they have no other choice than to buy their coal at the retail price.

Wherever they go they try to avoid public transportation, preferring to walk. Also everyone of the household rarely eats lunch at home. Their mother strives to make dinner the one good

meal her two children get each day home. However, again they must save. It has become a rule (rather than an exception) at this household to try to make two bites out of what is enough for only one. Recently, when Oktyabri went to the Khuchit Shonkhor market to purchase beef after receiving her salary, she learned that one kilogram of beef costs MNT 5,000. Therefore, she purchased goat meat instead. Because they do not have a refrigerator she purchases only a small amount of meat, enough to eat in a day. She buys other daily amenities in addition to the meat as

well. She does not have enough money to buy tomorrow's bread even if she wanted to. In this way she spends about MNT 10,000 a day. Budgeting for MNT 10,000 a day necessitates at least MNT 300,000 a month.

The economic growth and 536 Tavan Tolgoi shares to be distributed to each citizen are mere words for such people. The dreams of this woman, one who works so hard to earn her daily bread, is to have a big house. Her words of advice to her two daughters: "Do not become a person like your mother".

Bread as a Holiday Treat

L. Bayanjargal is currently the 60-year-old female head of a household in the 12th microdistrict. She shared with us her dream of living a good life thanks to her children.

How do you do? How is your life?

You can see that for yourself, son.

How many people live in your household?

Just a second, I have seven children. There are also my son-in-law, daughter-in-law, and seven grandchildren. Altogether, that makes 17 of us.

And do you all live under one roof?

Of course. We live in a small rented five-wall ger. Everyone comes here to sleep at night, and in the morning everyone goes out in different directions.

Do most people you live with at home have jobs?

No. I earn MNT 140,000 a month with Eco Clean-up. Only my two daughters work. One of them works at the Damchaagiin cafeteria near the market and earns MNT 102,000 a month. My other daughter works as a hairdresser. However, I do not know how much she earns with her salary. I do not pry too much about their income, except I know they earn some money.

How old is your eldest son? Why does he not have any work?

My eldest son is 36 years old. He says that he cannot find a job. During the summer season he earns some money by working at the construction site. Others also come empty handed, saying that they cannot find a job. It seems that those organizations pay more attention



to one's outer appearance.

Please, excuse me for asking. What type of a meat do you eat?

Son, we need a lot of money to feed this many people. Stores have increased their prices, which is a hardship for us. The price of a mix of meat and organs is MNT 350. We purchase two units of this. Also we buy bones with meat removed, the sack of which costs MNT 500. We put several of these bones into the soup and add some kneaded dough made from second-rate flour. We eat this kind of soup almost daily.

How do you earn enough money for bread and coal?

During the day we rarely burn fires. Only during the evening do we burn a fire. We eat very little bread, almost none. Our grandchildren probably do not even know what bread is. We only eat

bread during the holidays.

Do you receive your MNT 21,000 from the Human Development Fund? Since there are 17 people living with you, it should add up to a large sum.

Nobody's demands ever end. It seems that most of the time they spend it as soon as they receive it. Some of my grandchildren do not receive it. However, it is good for them to spend some money, at least once a month, how they would like to. As for me, I save this money and then use it to spend on candy for the holidays. Some of my children also save their allowances to purchase some basic amenities like flour, rice, etc.

It will be Tsagaan Sar very soon. How do you plan on celebrating the holiday?

I have some small money saved with which I plan to purchase some candy ▶

▶ and also make buuz. If I have enough left over, I would like to purchase and prepare some mutton for the celebration.

Do you spend a lot of money on children's clothes?

Oh, no. We do not spend that much money on clothes. We purchase cheap clothes from some second-hand Korean shops.

You said that you are the female head of the household, didn't you?

Yes, my husband left me (her voice trembled). Actually, we were not so poor before. Since my husband left me, my health has deteriorated and I started paying less attention to my children. Our life has been falling apart ever since. I am a construction repair worker. I try to handle the suffering alone...

/As she said this, her voice trembled and she turned her face away. She did not want to continue talking. She swallowed her tears and hurried away. According to the head of that microdistrict section, L. Bayanjargal has been unable to qualify for a pension./

The Crying Man

The senior officer of the 10th community section, M. Enkhtuya, seemed to be waiting for an answer to a rumor she heard that D. Nyamdavaa had cried yesterday. Nyamdavaa is the head of an extremely poor household. He lives with his wife and three children. His wife suffers from poor health, and his eldest daughter dropped out of school due to the financial hardship. He was crying because yesterday he spent the whole day helping a meat salesman at the Khuchit Shonkhor market, carrying his meat. He took home a few kilograms of meat as payment afterwards. Then in a split second, when he looked away, a thief stole his hard-earned meat. All that happiness he felt because he could feed his family, which had not been able to eat any meat for quite some time, had been spoiled by some lowlife

"Walking Softly Will Soften the World"

Stray dogs searching for food came closer to Narankhuu's sale of dog food and looked at her with a watchful eye. A squeal from the brakes of a bus, and Narankhuu chasing away the dogs broke the silence. J. Narankhuu is the mother of an extremely poor household at the 10th section of the 12th community. She

is happy if she sells enough dog food to earn MNT 3,000 in a day. However, the only meal J. Narankhuu and her daughter eat at evening consists of the sheep's sternum, sold for MNT 200, and a cup of rice. Yesterday when she went to the market to purchase sheep's sternum its price had risen to MNT 500. Such a price increase can decide whether she will starve tomorrow or not. She just sighed and singing her favorite tune, "Walking Softly Will Soften the World", left the market.

"Narankhuu has a lot of problems. She pays good attention to her daughter's attendance at school. However, because she was unable to pay the bill, her electricity has been turned off", said the government head of the 10th micro district section, M. Enkhtuya.

"All this makes it more difficult for her daughter to do her homework. She buys candles, but it is very difficult to spend MNT 300 on it regularly. Also a man named Bold has built a big fence blocking the door to Narankhuu's entrance".

Narankhuu told Enkhtuya all this while crying. When Enkhtuya brought the matter to Bold he swore at her and chased her away. The MNT 21,000 due to her has also been delayed. Despite her long list of challenges, Narankhuu smiles and walks through life singing her

favorite tune.

Today there are many households in Denjiin 1,000 that consume second-rate flour and scraps of meat for MNT 350 when dog food costs MNT 650. Some go to sleep on an empty stomach. According to Enkhtuya, there are many households in the section under her jurisdiction that live like this. She said there are some mothers with many young children who cannot receive their MNT 21,000 from the Human Development Fund because they do not have the necessary documents. Together with their children, they collect cans instead.

Some believe that some people spend their allowances on beer and vodka. However, this money helps more than 20 households at the area we visited. On average, there are more than 20 households with a female head in each of the microdistrict section.

"There are some people who purchase alcoholic drinks when they take their MNT 21,000, and there are some who do not", said section head and police officer A. Batzorig. "For example, it is common for the citizens of the 20th section of the 12th microdistrict to buy alcoholic beverages". He added that temporary residents without documents often drink to intoxication and create a public nuisance.

This is the situation at the ger districts in the capital we found as we sought out the burdens price increases have had on ordinary citizens. Despite all the good news the public hears about from the government about rapid economic growth, there are still heartbreaking stories to witness.

We did not select this neighborhood expecting to find households experiencing such extreme poverty. It turns my stomach to think about how many more like this in the capital struggle as well. More than 13,700 residents live in the area we visited. Last year's statistics show that more than 80 percent of them live below average living standards.

For those who eat meals for so very cheap, eating three times a day and traveling by taxi is a dream. For them, the MNT 5 increase for bread, let alone MNT 50, had a great impact. Such are the dark livelihoods of the people in ger districts. I urge my fellow journalists to understand that there are a lot of things to write and think about before we let Mongolia fall into extreme poverty. My heart bleeds whenever I think of poverty spreading like a pandemic. ■



Photo by B. Byamba-Ochir

Family Budget

Bright, High Dreamers

By B. Uuganbayar

“Better to die standing than to live on your knees” -Emiliano Zapata

You can catch glances of pity from just about anyone when they look upon a disabled person. Here is an exemplary family who not only works hard but also has created jobs for people with eyesight problems. During the socialist period in the Khan-Uul district, a factory and a four-story apartment for the blind were built. In flat 43 of that apartment complex lives D. Zorigt and his family. The apartment has lost its colour and beauty, both inside and outside over the years, and the three-room flat originally designed for one family, now accommodates three families. Zorigt lives with his family in a 10 sq.m room. Their history begins when Zorigt first met his wife in

a factory run by people with eyesight problem located next to their current home.

Zorigt works as the head of a small items workshop at the Training and Production Center for the Blind, plus he leads the trade union in the center. His wife, B. Sunduidemchig, is a pleasant, smiling lady. She is skillful and diligent, and despite her eye problems she was able to work hard and graduate from Orgil University, majoring in psychology. She also graduated from the University of Culture to study library science. She works at School No. 116, a school for children with eyesight disabilities, as a librarian.

“I try to get my life together just like anyone else and help our two children grow up as well educated people. So,

we are trying to spend our money efficient” she said smiling.

Her husband Zorigt earns a monthly salary of MNT 260,000. After health care and social insurance, he has MNT 220,000 left in his hands. Sunduidemchig is a government worker, and she is left with MNT 10,000 less than her husband. In addition, they each receive a monthly allowance of MNT 105,000 for their disabilities. They also receive another MNT 53,000 for their eldest child, who also has an eyesight problem. With the addition of the monthly allowance of MNT 21,000 for every family member, their total monthly income is MNT 800,000. They have some additional income from their small business, Best Massage-5, as well. The business was Sunduidemchig’s idea, and she earns ▶▶



▶ the income of between MNT 150,000 and an MNT 200,000. All together their family income for a month is MNT 1 million.

Each month Sunduidemchig carefully plans how to spend the money in her wallet. Their youngest daughter is a smart young girl who acts as her mother's secretary. She calculates the family budget, does the food shopping, and sometimes advises her mom on the family budget.

"Our two children stay at school the whole day, so if I don't give each of them MNT 2,000 every day I get worried about them", said the mother.

But their two children are thoughtful and spend that money on school supplies, such as copy materials and books, instead of food. They did not want to tell their mother that they spend

the money given to them on things other than food. Sunduidemchig, whose life philosophy is "a healthy body is the foundation of a healthy mind", would certainly urge her children to spend that money on food. She does it so their children become healthy and strong. The monthly groceries are bought twice a month. They also try to have factory-made bread and cookies at home every day.

"We don't buy expensive food; otherwise the family budget would be overbalanced", said Sunduidemchig. "So we buy meat, flour, rice and vegetables from the Bars Market. We spend at least 200,000 to 300,000 a month on food. Now the costs of everything are rising, so we need to be more economical in order to keep life normal".

Sometimes Sunduidemchig is bewildered by unexpected costs, such as when one of their children loses a mobile phone, or when they celebrate holidays.

"Five or six years ago, our income was enough for families like ours," said Zorigt. "But now everything costs more each day, and it's no longer enough. We somehow manage to live like the Mongolian saying: "eating less than two meals a day, but not going without food".

Everyone has mentioned the importance of government support. They receive MNT 21,000 for each family member from the Human Development Fund, and MNT 500,000 to help make students tuition payments. Both are a big help, they said. They discussed the upcoming Tsagaan Sar ▶

► holiday, when all Mongolians visit their relatives, as per tradition.

“All of our income from this month will probably be spent on the preparation of holiday food and gifts”, said Sunduidemchig. “We have already bought the uuts (a sheep’s rump) and we bought milk already too. We will keep it until the holiday because it was cheaper than than it will be. This way, we can prepare for the holiday little by little”.

Even though they have problems with their eyesight, they work hard and spare no suspense for their holiday celebrations. They never have to ask for money from others and celebrate the holiday in the same fashion as anyone else. Compared with healthy, normal people in Mongolia, the living and working conditions for disabled people is difficult. There are no special paths or sirens for traffic lights, like in developed countries. The risk of getting into an accident is much greater if they are not careful. In Mongolia bus drivers do not announce the stops they arrive at, so they must count the number of stops to themselves quietly. Sometimes they make a mistake and get out of the bus at the wrong place.

They also lack a suitable learning environment for their children. Their son Uudos said there are no books written in block letters, or any that are at least printed with large letters. Their only recourse is to try harder to learn.

“You are not poor if you haven’t money, but you are poor if you haven’t any dreams”

“We will live the life given to us, and we’ll try to get along like everyone else”, said Sunduidemchig. “My husband and I never despaired that we are disabled, and we don’t want to depend on other people for everything. We are satisfied with our life”.

“Instead, we try to let our eye problems go unnoticed by others. I am a lucky person because I have a husband that is as reliable as the Hangai Mountains and two beautiful children. So when I face a problem, I never give up. Instead I become twice as bold, and try to work and fight harder”.

Her words made it apparent that their dreams and wishes are much bigger than their hideaway home. The family has its own motto: “Every man is the architect of his own fortune”. It is impressive that this couple is always working so hard, trying to build

up their own life by their own hands. Their eldest son Uudos and daughter Odgerel also carry with them their parents’ hard working and responsible nature.

Uudos studies at the University of Arts and Culture, majoring in teaching and cultural research. He is in his third year and is apparently one of the best students, as indicated by the numerous certificates on the walls with his name on them.

“My dream is to study as best I can, bring the arts and culture of our country to the international level, and become a researcher”, said Uudos.

The gentle Odgerel, goes to School No. 15 and studies the 11th grade. Her dream is to get involved with a government grant program after secondary school and study at Osaka University in Japan to learn about business administration. Afterwards, she would like to study for her Master degree in the United States and become the “best economist; who will make the home country’s name famous in the world”. Their mother always tells them, “begin developing your wisdom and talent from a young age; there is no other asset more reliable”. To help her daughter fulfill her dream to study abroad, she recently started sending her to an English language course. Sunduidemchig prefers to invest in her children’s intellectual development more than anything else. When they see their children studying well despite their eye problems it encourages them to gather more energy and work.

The great Mongolian poet B. Yavuukhulan once wrote, “It is meaningful that I was born in the world”. Every member of Zorigt’s family works and studies hard. They all have big goals, and are fighting to fulfill them and bring meaning to their existence in the world. The parents’ biggest dreams are to raise their children to be normal like everyone else, help them take good professions, and act as a bridge to bring their children to their dreams.

Their next plan is to extend their massage parlor. They would like to make their shop larger, (even if they have to lease some property), and employ more disabled people, in addition to the four they already have working for them. Also Sunduidemchig has begun giving psychological advice to people next to their massage center.

“For 20 years I let my wife live in a

small room”, said Zorigt. “Now I think I should try to get a loan and buy an apartment. The children are growing and it seems they can’t fit in the room any longer. It’s also difficult for them to do their homework there.”

Roll Call

It is impossible to tell this story without mentioning their workplace and co-workers. The Training and Production Center for the Blind has five departments: paper bags, small items, soft items, brushes, electronics, and packaging. There are about 130 people working there and more than 80 of them are blind. Half of them work under Zorigt’s supervision, as he is the head of the small items workshop. That department is where most of the jobs are. They produce a variety of products for Mongolian gers, including the roofs and ropes that bind them together.

“Today we have to finish the felt covers of two gers, so let’s all try hard”, said Zorigt. “Is there anyone who has gotten sick or has not come to work”? He called out everyone’s name to take attendance. This is a scene from a typical morning at the small items workshop here at the start of a new day for work.

Everyone began their work, sewing the felt covers for gers. The task requires proper hand work, and they do it just as well as anyone with healthy eyesight. One might wonder how they thread their needles, but no one had any difficulty.

“All of them have their own methods for threading their needles”, said Zorigt. Zorigt has worked here since he was 20 years old, when he began as a daily worker. He later moved up to the position of chief of faculty, and again as chief of the department. Everyone who has seen his rise to the top has a good opinion of him.

Although they are disabled and unable to see the world with their eyes, they have never complained. They walk proudly in front of every person, helping people as best they can. Freezing cold days in winter bring a chill to the spine and bite the cheeks, but Zorigt’s family never faces this cold because of the fire in their hearts. There is a proverb: “The world gives way to one who knows where to go”. Some people are healthy and spend their days drinking and burying their lives inside a bottle. This family, however, goes forward despite their disabilities. ■



Heavy Industry

A National Dream

By B. Bayartogtokh

According to a 2011 survey on foreign trade by the Bank of Mongolia, petroleum product imports have raised 1.7 times compared with the same period last year. That is 21.7 percent volume increase, while the average price rose by 35.2 percent compared to 2010. In the last few years, petroleum importers have been somehow supplying all of Mongolia's demands without any remarks, and we had all gotten used to having no worries. It has become obvious that we need to implement new and drastic policies, especially in regards to petroleum imports given the current turn of events following the sudden hike in petrol prices. We do not have many choices. But only one solution exists. And that is to develop a factory for petroleum production.

Many troubles have arisen in society because of the hike in petroleum prices. Prices have induced a "price war". Even now, the buzz lingers on. The interesting thing is, not a word regarding the development of a petroleum processing factory has been uttered by Parliament, nor the cabinet when discussing the issue. It is debatable whether they have left the issue unsaid because it is so

obviousness, or have just beaten around the bush because elections are around the corner. Going back a few years, several projects for the development of a petroleum processing plant have been introduced.

There have been reports about many projects to develop small petroleum production factories at the Zuunbayan area of Dornod, Rashaant border point of Ulaanbaatar, and Bagakhangai district but they have left us with nothing. Among these, the factory in the Darkhan-uul area is the one which is mentioned most often. This project by the Mongolsekyu company is to be developed with Japanese investment. It is currently facing an indecisive fourth year because of Japanese demand for the guarantee from a government.

Construction for this factory is planned for Khongor Soum of Darkhan-uul, and has an estimated price of USD 600 million. It has the capacity to produce 1.7 million tonnes of fuel and petrol from 2 million tonnes of petroleum per annum, or 44,000 barrels per day.

"The government resolution has passed. The factory's construction work is to begin this spring with collaboration

between the government and private sector", said T. Namjin. "Factory operations will create 600 jobs initially".

"Fifty people are to be educated on the petroleum sector in Japan. Also, 200 employees are to be trained by Japanese specialists locally. MNT 700 billion worth of value added products will be produced annually. Over MNT 260 billion from the state budget annually will be directed to this factory".

A working group comprised of representatives from the State Property Committee, National Inspection Committee, Ministry of Mineral Resources and Energy, Mongolsekyu has been assembled to clarify government interests in the new company to come out of this project, but the interests of both sides are unclear. Namjin explained that Japan's Marubeni and Toyo Engineering Corporations have expressed their desire to participate on the project. Mongolian petroleum importers such as Just Group, Petrovis, Magnai Trade, along with Mongolsekyu are to form a consortium to establish the Darkhan Petroleum Company and implement the project. The factory is due to start operations in June 2015.

Marubeni would bring in investment, while Toyo Engineering would participate in a feasibility study for the factory, in addition to the supply of equipment, and aid with solving technological issues until the factory opens. A USD 600 million loan to develop the factory is needed from the Japanese International Collaboration Agency with 3.5 percent annual interest. The factory construction work is to last three years with 14 work stages.

"Four companies have been awarded the rights to establish small petroleum production factories in the Choir, Sainshand, Darkhan, Zuunbayan, Dornod, and Erdenet areas", said N. Boldkhuu, the vice chairman of the Fuel Policy Authority at the Ministry of Mineral Resources and Energy. "We need a factory with a capacity of 600,000 to 1 million tonnes to start operation from 2014-2016. The first factory is to start its operations in 2014."

In regards to why it is taking so long to establish factories, he replied "We have only recently established the petroleum policy for 2017. It's true that the policy for the factory's establishment is very behind. The government's petroleum policy has been approved. Parliament is placing great importance on the issue of ▶

► establishing a factory”.

Boldkhuu added that the government is working towards implementing technology for the extraction of liquid fuel from coal and shale. They are beginning discussions with the firm Khet to establish a regional factory that is to be partially owned by the state. The Dornod Aimag area is our country's main region for petroleum resources. At present there are 14 contractors operating at 18 petroleum sites. The government is currently negotiating product sharing agreements for six new sites, while four others are to be open for tender. Out of these, 33 percent of the contractors are Mongolian, 39 percent Chinese, and the remaining 28 percent are from various other countries.

Now that our petroleum demand is rising each year, there is a rough estimate that consumption would reach 2 million tonnes by the year 2020. Studies indicate that establishing a factory that is able to produce 120,000 tons would cost USD 40million to USD 50 million. 300,000 tonne production facility would cost USD 120 million to USD 170 million. Specialists note that Prime Minister S. Batbold's has announced that he would provide a purchase agreement guarantee from the government if petroleum production boosts reserves.

Reducing Pressures

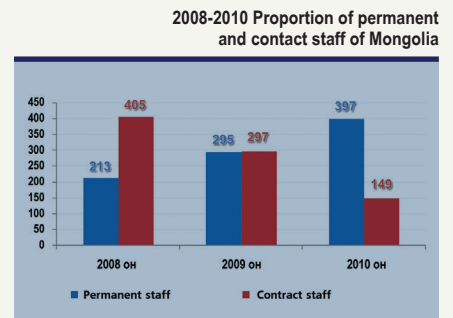
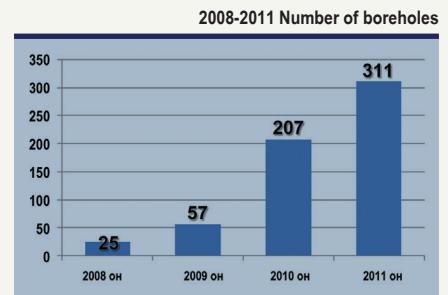
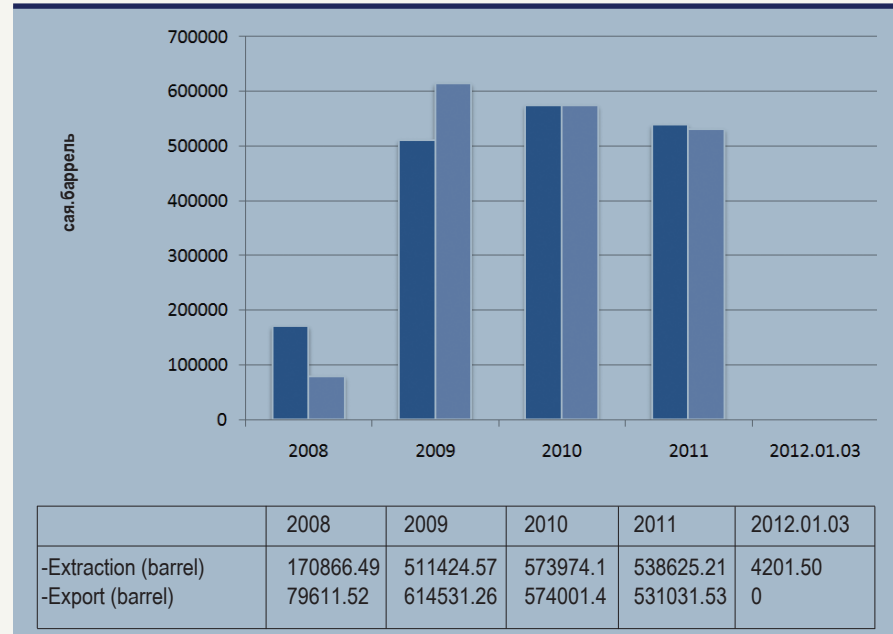
The Toson-uul field of the Tamsag region has a reported reserve of 179.08 million tonnes, with a proven reserve of 20.17 million tonnes. The Zuunbayan agreement has a reserve of 26.05 million tonnes, with a proven reserve of 2.07 million tonnes, former Petroleum Authority Chairman D. Amarsaikhan said. Our country has imported 779,500 to 1.05 million tonnes of petroleum product from countries such as Russia, China, Kuwait, South Korea, and Lithuania in the last three years. The State budget has put MNT 4.5 billion towards not the establishment of a factory, but towards the expansion of infrastructure for the transport of fuel. As of today, MNT 1.3 billion has been spent to expand the transport capacity at Zamin-uid. The Petroleum Authority has reported that this work has been conducted by the company Alkhana-Trade. The work done here was planned to be completed this December. State funds have been used to send 50 students abroad for

an education in the petroleum sector. Petroleum extraction and exports have risen five times in the last four years. But is Mongolia a country that trips over hikes in petroleum prices, that stir up society. Mongolia has a tiny market that consumes less than a tonne annually and has a reserve of over 200 million tonnes of petroleum, according to the state mineral reserves unified system. Twenty to 30 percent of this reserve can be used immediately.

Have you felt the pain...?

China's Petrochina Dachin Tamsag has extracted 5.3 million barrels of raw petroleum since 1993 from Mongolia, without paying a single tugrug in royalty tax. The Petroleum Authority has reported that this company has employed 90 locals from Dornod as of January, 2012. In four years this company has extracted 6.05 million tonnes of "liquid gold", and exported 5.9 million tonnes of it in its unprocessed form. Reported figures show that the Zuunbayan and Tsagaan-els regions of Dornogobi Aimag have a reserve of 26.05 million tonnes, and a proven reserve of 2.07 million tonnes. As of last year, Mongolia has purchased 94.3 percent of its imported fuel and oil from Russia, or 990,000 tonnes of petroleum products. The Petroleum Authority reported that up to 68 percent of this is from the company Rosneft.

Donshen Oil Mongolia LLC has extracted 1.79 million barrel crude oil by stand of 2008-03.01.2012



Hopefully the government has realized that the era when who holds the petroleum and water reserves dominates the earth has arrived. The increase in petroleum prices has apparently signaled this transition. The ongoing debate continues regarding the establishment of a petroleum production factory in Choibalsan and Dornogobi. In addition to the profits to be made from such a factory, officials have emphasized that there is a lot of greed involved with the extraction of Mongolia's petroleum too. If they've felt the pain inflicted by price hikes, then government has to forget the elections, and work hard to move forward with this issue. ■



Expert Says

Thinking Green, Thinking Simple

By E. Zorigt

Ts. Adyasuren is the director of the Eco-Asia Institute and the head of the Green Economic Growth non-government organization.

Congratulations to you for receiving the “Honorary Environmental Award”. In your opinion, what role have you played in Mongolia’s environmental sector?

Thank you. Mongolia has recently celebrated the 20th anniversary of the approval of its first democratic constitution. The constitution itself is a value that will remain throughout the nation’s history. For this, the state has awarded a prize to six people who have contributed to the approval of the first democratic constitution.

I have working extensively in the environmental field since 1975. In my opinion, I have performed four main duties. First, I have done plenty to help launching new technology and develop a survey to analyze the use of the environmental space survey in Mongolia. This work included monitoring the environment and studying the reserves of natural resources, which I did with the assistance of my partners. Secondly, I have worked side by side with numerous public institutions such as the Ministry of Nature and Tourism, and the National

Committee for Environmental Protection since the 1990s. I think I have contributed to the development of the state policy on the environment through my cooperation with those institutions, especially during my time working within the government in 1996. I created principles for protecting nature, and worked on producing the sustainable development of nature. It should be the responsibility of the people who benefit from nature that should protect it. This policy is called sustainable development.

Third, I have contributed to improving the participation of multi-stakeholders towards the protections of the environment. Joint management has been an important issue to nature preservation, as reflected in the master plan issued by the Geo-ecological Institute at the Mongolian Science Academy and the Ministry of Nature, Tourism of Mongolia. Introducing joint cooperation for the use of reserves means extending participation to all stakeholders, from civil society to the state. If environmental issues follow the principles of just one stakeholder, then the resultant decisions cannot be realized. Fourth, I have contributed to the pool of human resources within the environmental sector. I founded the Eco-Asia institute, which specializes on

environmental management. Currently over 1,000 people have been trained in this field. Students study four topics: environmental protection; evaluation and monitoring; land management; and tourism. The institute offers three areas of study: science, education and production. Our students graduate with the sort of green thinking that is now talked about worldwide.

What is green thinking?

Today human life is based on production and consumption, creating an economy. People eventually started to pay attention to the balance of these two issues. Avoiding overproduction and products over the long term in an efficient way is the goal of a green economy. But of course green economy is a broad term that refers to saving natural reserves, raw material, and energy. This is a green idea. A simple example of green thinking is making the choice between using paper cups or cups that can be reused. People have begun to reject the kind of consumption that produces a lot of waste worldwide. Also, it is important to select a portion suitable to you when eating. Some people cook too much food that end up in the rubbish bin. These cases cause inefficient economic costs, pollution and bacteria.

How do you contributed to green development today?

Green thinking starts with very simple things, and contributing to green development also starts with simple actions. I use public transportation when I go to work, which saves money and pollutes less. I use public transportation about two to three times a week. This morning I took part in a meeting on forestry policy.

You say that green development starts with simple actions. Then, how can young people contribute?

I could suggest many things, starting with how they brush their teeth each morning. In the evening, people should switch off the lights in empty rooms. People should also use public transport as much as possible. Using a bicycle is another good example. If someone wanted to contribute a great deal, then they could plant a tree. Everyone should start by saving electricity. Also reasonable food consumption is important. Smoking habits have spread a lot. Not only is it poisonous to your health, but it also drains your budget. We keep talking about green development, a green economy, and green education. ▶

► All of these mean starting to introduce simple habits in a reasonable way. Yet, the lack of awareness prevents it from party become a larger part of society's lives. We talk about corporate social responsibility, and what companies do for it. We have to implement green policies in company operations and invest into the companies that do so. The state should create financial incentives as well. The state is a service institution, so it should be free from bureaucracy. The creation of a favourable legal framework is also necessary. For this aim, existing laws should be reviewed and green thinking should be kept in mind when policy makers create new laws.

Also, financial incentives to encourage efficiency should be introduced and economic indicators should be revised. For instance a percentage of the country's gross domestic product (GDP) should be devoted to green efficiency. If that was the case, everyone from ordinary citizens to banks and large finance groups could reflect green thinking in their actions.

A recent survey says that seven billion people consume as much as needed for seven trillion people. You also talk about saving. How are Mongolians wasteful?

The main two products for consumptions are fuel and energy. Also a lot of water is consumed. The public doesn't know a lot about saving energy, maybe because energy is cheap. We should pay more attention to this. The second issue is water. If this situation continues any longer, then drinking water will grow more expensive than gold. Also the reserves will disappear. Now nature regulates and produces the reserves available, but this method of regulation cannot last. The melting of the polar ice caps and global warming demonstrate how the ecological balance is being lost.

How similar or different are the management of knowledge and a green economy?

They are two sides of a coin. Well thought-out initiatives for the economy and programs to educate the workforce about the economy have become popular and are most likely to be successful. Information technology plays a big role in development, demonstrating support towards a green economy in the technology sector. The world is struggling to attain high-quality production that carries fewer costs. Most important are

eco-friendly activities. People use their brains to think about how to protect and care for nature. We should calculate the efficiency and costs of production at every step. A method that calculates how much waste and loss comes from the production of one unit of a product, and how it creates profits should be used. This makes it possible for industry to work in an eco-friendly way. Today we talk about radically reducing consumption, prolonging the usage or resources, and recycling. People around the world choose to recycle their waste instead of burying it in the ground. All of these are examples of a green economy and smart management.

Which countries have had the best experiences in implementing green economies?

The Euro standard is a standard created by European countries. It has a great deal to do with the policies that focus on creating a favourable environment to live in. In Asia, Korea and Japan are good examples. Green economies are rapidly developing worldwide. Mongolians should concentrate on this issue as well. Just as the mining sector is developing quickly, so should green development. If Mongolia ignores green development, then it will suffer for it.

In your opinion, how should mining be developed?

The creation of a legal framework and technological development are most important. Obviously eco-friendly technology should also be introduced. Transparency is one tool that can be used to a great advantage. Transparency informs the public of what kind of profits are earned by a company, how much

taxes it pays, and what percentage is devoted to society. Responsible mining should be developed in this way. Also it should be based on the amount of respect Mongolians have traditionally given to the environment.

You mention Mongolian customs. Many people agree that if this Mongolian tradition was revived, then it would be the basis for green growth.

Mongolians have lived close to nature for many thousands of years. They consumed less and used their environment to their needs sustainably. The essence of green development hides there. For instance, Mongolians used to carry their own cups and spoons. Horses were once used to herd cattle, but now people have begun using motorcycles. Why can't this work be done with horses? Although motorcycles have a lesser negative impact on the environment, it still uses fuel. Therefore, it is vital that research is done on traditional Mongolian customs, and reintroduce them for use in modern society. It is necessary to launch the habits of a simple life into the management of the companies too.

Recently a conference on sustainable development was held. Is our country's development sustainable?

In my opinion, no. It should be developed in many ways. Sustainable means to have a certain balance, and to be able to carry the risk. We cannot be in such a condition, so we talk about green policy and principles that will transition the economy from brown to green. At the very least, our operations should be environmentally friendly. ■

Air Pollution

Take Us For Example

B. Bayar

What does one see when landing by plane in Ulaanbaatar at Chinggis Khan International Airport in winter? Ger districts over the mountains or cranes between unfinished buildings? When I asked these questions to some of the delegates for the 15th conference of

the World Winter Cities Association for Mayors, they answered, "I saw only grey fog over the city". Those who gave these short answers didn't forget to wear their masks when they go outside.

Ulaanbaatar, the capital of Mongolia, was once known as the "Asian White" ►



Tara” to foreigners. Especially the delegates for the Conference may have known this better. But that name changed a long time ago to “Smoggy Ulaanbaatar”, and its smog is getting thicker every year. For this reason, some wealthy Mongolians are spending winter in foreign countries. Foreigners working in Mongolia are paid extra for working in hazardous conditions. But most of them try to live near the Tuul River, Zaisan, or the Nuht areas, where there is less pollution. Some foreign-invested and domestic company directors avoid this pollution and run their businesses from Beijing or Hong-Kong. They only fly over here and back when necessary. This is how the fog, and Ulaanbaatar’s development, goes.

Delegates and Mayors from Sapporo, Japan; Anchorage, United States; Harbin and Shenyang, China; Maardu and Viimsi, Estonia; Taebek and Hwaseong, Korea; and Ulan-Ude, Russia; participated in the event, which was held for the first time in Ulaanbaatar. Ulaanbaatar joined the association in 1998. Its main theme was “Energy Supply and Efficient Consumption of Heat Supply in Winter Cities”. But they also talked about the air pollution.

In Ulaanbaatar city, 120,000 families live in heated apartments, while 200,000 families live in ger districts, which burn coals. Here are the some answers for my question about how to improve the living environment in Ulaanbaatar.

Ulaanbaatar needs improve its green sector

Fumio Ueda, Mayor of Sapporo, Japan

Not only winter cities but also many other cities around the world have issues over air pollution. Sapporo was also a grey city covered in smog in the 1980s. But we succeeded in solving this problem completely. For Ulaanbaatar, this smoke-free stove is one way to reduce air pollution. Also I urge you to solve the central heating problem. The green sector needs to be increased while reducing pollution. I believe that Ulaanbaatar can become one of the top sustainable, developed cities of the world in the next 20 to 25 years.

We cover up trees in winter to protect them from freezing

Haldo Oravas, Mayor of Viimsi, Estonia

Compared to Viimsi, Ulaanbaatar is colder. In my city we usually grow plants with short lives. In summer we only plant annuals. In winter we cover up most of the trees. We cover them each year with blankets. Also we grow plants that are green every season, such as spruce. What was interesting to see in Mongolia was sunshine. In my country, we don’t see such much sunshine during winter. But you have sunshine every single day. What I was thinking about was that I saw very few solar panels on the roofs, almost none. I think Ulaanbaatar should use this advantage and try to turn solar energy into heat. There are lots of

examples in the world that show how it can be done. Of course it is expensive, but it can be possibility for the future.

My city is one of the 10 most polluted cities in the world

Jiang Jun, Specialist in nature conservancy agency of Shenyang, China

My city is one of the most polluted cities in the world because it is heavily industrialized. So we are fighting against air pollution to become a green city, proclaiming “Blue sky, green land and clean water”. We bought the companies that pollute most to court. We moved some of the industries out of the city, upgraded the old technology and started to use more nature friendly technology. Our efforts are paying off.

“It is important to find an energy resource that is reusable and has no impact on the environment”, said Fumio Ueda. “In this condition, how can Mongolians live healthier and longer”? asked a Japanese researcher. “If things continue like this, Ulaanbaatar will never be famous. In order to make Ulaanbaatar more attractive, the participation of its citizens and sustainable policy from government is needed”.

Why don’t we make one of our weaknesses—the harsh weather—into an opportunity? All the delegates suggested this. Old imported cars and burning unprocessed coal are the main sources of air pollution. They also said Mongolia should use tried-and-tested technology for coal production.

“It is important not to burn crude coal. Move big industries out of the city, create coal-producing industry, improve the capacity of the city’s central heating, and prohibit old cars”, said Gou Shoo Rein, one of the Chinese delegates. At the World Winter Cities Association for Mayors, delegates discussed the matters they face and how to solve them.

The association was originally the idea of Sapporo in Japan in 1981. The association has over 20 member cities from 10 countries. But Ulaanbaatar has many issues that cannot be solved with only one conference. That is why they spend three days in Ulaanbaatar, discussing the issues. “It is estimated that the number citizens living in Ulaanbaatar will increase by 40 percent to 60 percent by 2020” said G. Munkhbayar, the mayor of Ulaanbaatar.

Air pollution is not only a problem for Mongolia, but also the world. ■

Appeal

AT SMOG EPICENTER WITH TH

Mongolian Economy and its associated non-government organization Green Economic Growth appeal to President Ts. Elbegdorj, Prime Minister S. Batbold, Parliament, and other relevant public institutions for the following:



The North side of the 1st Microdistrict, Songino Khaikhan District, 25th Jan, 2012, 9.12 am

E MEMBERS OF PARLIAMENT

We invite you all to better acquaint yourselves personally with Mongolia's epicenter of smog, and its capital, Ulaanbaatar. Each year the smog grows denser, making our throats dry, and running tears down our eyes. Green Economic Growth is sponsoring a campaign to reduce the

volume of smog and pollution in the capital city. The bi-monthly magazine Mongolian Economy will issue a detailed report concerning the actions of public servants and their experiences with the pollution problem here in Ulaanbaatar.

<http://www.mongolianeconomy.mn>



Photo by B. Byamba-Ochir

Rising Sun Of the Economy

By B. Togtokh

The picture of the huge reconstruction works in the vast plain of the Gobi is not a mirage but Oyu Tolgoi. The dream of the many thousands of young people, who come to Oyu Tolgoi, is to contribute to its development. What will the vast amount of the copper reserves that is kept in the entrails of the South Gobi land bring to Mongolians? What kind of changes will it bring to our lives in the coming years? What will the Mongolian tomorrow be like? This is the most interesting news that is awaited like the weather forecast.

Oyu Tolgoi project is not the property of only South Gobi residents and Canadian mining company "Ivanhoe Mines". Therefore, I wanted to talk to You about the future of Oyu Tolgoi. During the signing ceremony of the Oyu Tolgoi Agreement it was stated that it constitutes the largest developmental engine in the history of Mongolia. Due to the fact that the project, its investment and its outcome are significant currently Mongolian economy is named as the one centered on Oyu Tolgoi.

According to the recent information the amount of one year's construction investment amounts to one third of our economy. Economist Mr. D. Jargalsaikhan says, "Every citizen should monitor the operations of Oyu Tolgoi". He continues, "In the South Gobi region there will be developed infrastructure and a new civilization. Therefore, depending on the direction of our approach the mining operations could result in sustainable

development". This way, he stated in his belief that it is possible to see from the South Gobi good living conditions of herders and miners through coexistence of mining and animal husbandry in the Gobi.

When the exploration of Oyu Tогоi starts nine trillion tugrugs of investment will pour into Mongolia. In short, the lecturer of the University of Finance and Economy Mr. Ts. Batsukh noted that such money flow would aid in intensifying the economic development; therefore, it is important to pay attention to make the wealth regulation directed to equal and accessible distribution. Economists advance the prognosis that until 2015 the growth of our GDP will stand at an average 13 percent and the GDP per person will double. Our readers are, probably, aware that the current measures undertaken by the Government towards increase in salary and pension are directly connected to the mining investment.

Today out of 15 thousand personnel working at the Oyu Tolgoi project in South Gobi more than 10 thousand are Mongolians. In the upcoming 2013 when the exploration of the Oyu Tolgoi mining deposit starts there will be an opportunity to offer employment directly to more than 3,000 Mongolians. Researchers and lecturers at the Economic School of the National University of Mongolia have determined the impact of the Oyu Tolgoi project on the economy of Mongolia. In fact,



► the Oyu Tolgoi project has been named by the economists as the “Rising sun of the economy”. Director of the Economic Policy and Competitive Capacity Research Center Mr. Ch. Otgochuluu explains that the rising sun is not only the leverage of the rapid economic growth but it is also the gateway of Mongolian development and stated the need to pay attention to the diversification of the economy.

On the mining development young economist says, “We should not be satisfied with mining. The mining sector makes the foreign exchange rate unstable. It increases the salary expenditures. Other sectors in order to keep their skillful workers started to increase their salaries. Consequently, currently the mining sector influences negatively rather than positively the other sectors”. However, through Oyu Tolgoi project Mongolia became known to the world. It also introduced to Mongolians that there are mountains and hills beyond our four mountains”. He further stated that mining provides an opportunity for Mongolians to become new men rather than “Old Men”. In the future he advanced the need to pay attention to developing the network that offers variety of products and services to large mining deposits. This is because currently Oyu Tolgoi and Tavan Tolgoi obtain the majority of their products from abroad in order to operate production activities. He emphasized the fact that it is a disadvantage that the working force is also obtained from foreign countries, which make it seem as if the mining has no connection to our economy. Also the Mongolian supply companies are obtaining short-term loans with very high interest. Economist Mr. Ch. Otgochuluu explained that the business entities creating jobs around the mining are fundamentally fragile financially, and stated that there is a lot to be learned from large mining investors.

It has been estimated that with the impact of the Oyu Tolgoi project by 2020 Mongolian economy would grow by 35 percent, and in average 800 billion tugrugs of profits will be

generated per annum. In this estimate the copper prices were assumed to be very low. National Statistical Office informed that in Mongolia the number of unregistered unemployed citizens amounts to 57 thousand. Then there is good news that each job at the Oyu Tolgoi project will create four jobs in the economy.

Foreign investors pry on Mongolia as the most favorable investment climate. According to the studies done by the World Bank and the Asian Development Fund this year Mongolia will be one of the ten countries in Asia that will experience the highest economic growth. The reason for such economic growth is the Oyu Tolgoi project. Head of the Foreign Trade and Economic Cooperation of the Ministry of Foreign Affairs Mr. N. Enkhtaivan says, “There is an estimate that our economy will experience 25.6 percent growth this year. 2012 state budget was approved taking this growth into account”. On Oyu Tolgoi he says, “This is a world recognized large project. Investments following the mining will reach 17 trillion tugrugs this year. Oyu Tolgoi’s production influenced the estimate of the economic growth to reach 25.6 percent”. This is how the rising sun of the Mongolian economy, the Oyu Tolgoi project, determines the economic growth.

However, economist Mr. D. Jargalsaikhan says, “Mongolians should not forget the fact that Mongolia supplies 34 percent of the investment of the Oyu Tolgoi reconstruction. Therefore, the foreign direct investment should be transparent, its operation expenditures clear, and we should be able to monitor it”. According to the study on “Impact assessment of the Oyu Tolgoi copper mining deposit on the economy” in 2020 GDP per person will increase by 34 percent from its current data. In conclusion, economists advise that in order for this GDP growth to be beneficial to the citizens’ lives the governance should be transparent. ■



A Rare Opportunity

By B. Enkhtsetseg

Have you used an iPhone or iPad? No? Have you got a flat screen television? If you are about to say no again, Then you must have a light bulb or battery somewhere at your home. Rare earth elements are essential to high-tech industry, like air or water is to life. .

Without rare earth elements, your cell phone would be one of those antiquated 1980's brick and your laptop would be the size of a suitcase. Can you imagine? Rare earths do lots of good for all of us. One could ask the same questions about the impact of mining on the environment. Yes, it moves the earth and changes the landscape, but it would be a different world without rare earths. Rare earth elements are used in many sectors of industry, including the manufacturing of explosives, radio electronics, engineering equipment, and household goods. But also the chemical industry and metallurgy would be nothing without rare earths. These metals are not called "rare" because of their physical rarity, but rather because they had been historically difficult to separate from the earth and make useful. Now mining and extraction can be done using a variety of techniques, such

as fractional crystallization, fractional precipitation, ion exchange, and solvent extraction. There are even 17 of them. They are not mined and traded like gold ore copper and either. That is the point.

According to an article published by the Chinese Society of Rare Earths, "Every ton of rare earth produced, generates approximately 8.5 kilograms (18.7 lbs) of fluorine and 13 kilograms (28.7 lbs) of dust; and using concentrated sulfuric acid high temperature calcification techniques to produce approximately one ton of calcined rare earth ore generates 9,600 to 12,000 cubic meters(339,021 to 423,776 cubic feet) of waste gas containing dust concentrate, hydrofluoric acid, sulfur dioxide, and sulfuric acid, approximately 75 cubic meters (2,649 cubic feet) of acidic wastewater, and about one ton of radioactive waste residue (containing water)." For example, in China oxalic acid is widely used to erode the earth for mineral extraction while destroying 200 squaremeters of vegetation, stripping 300-squaremeters of soil, and the production of 2,000cubicmeters of bi-products, to attain only a ton of the rare earth. Farmers living near the 10-squarekilometre

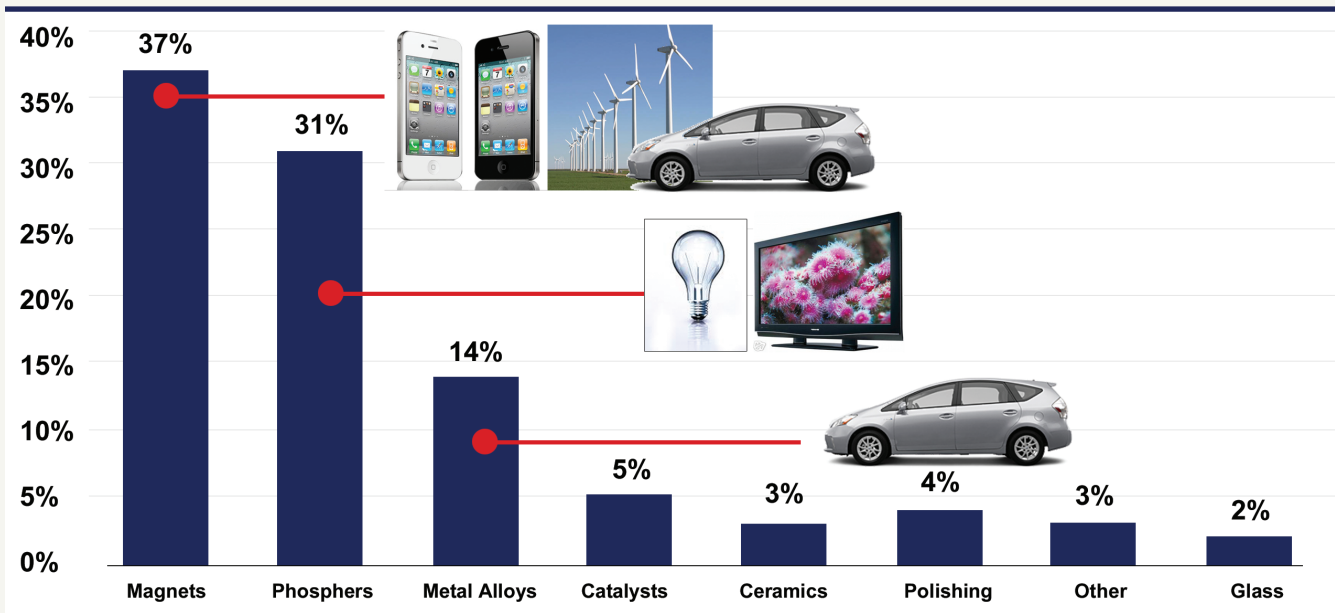
expanse of production in northern China say they have lost their teeth and had their hair turned white. Tests show the soil and water in the area contain high levels of cancer-causing, radioactive materials.

"This is not a mining business. This is the Specialty Chemical" Alastair Neil, a representative of Forbes & Manhattan of China, said during his presentation on rare earths. But this is not a chemically intensive, dirty-mining industry. This industry requires digging up an open pit mine, sorting the materials, extracting the elements needed, and setting aside the stuff that you want for later. If you can get all that done, then you can start selling your product to companies for industrial use

What is going on out there?

(NTD, forbidden news) Currently, China produces 95 percent of the world's rare earth minerals. According to an investigation, in the past 10 years, The Chinese rare earth industry is only exporting primary products with poor profits due to very high environmental costs. In recent months the price of rare

Rare earth elements use



▶ earths dropped by around 20 percent.

The former leader of the Communist Party of China (CCP) government, Deng Xiaoping, said in 1992, "China could produce rare earth minerals, just as the Middle East produces oil." Following his words, China has since quickly developed its rare earth production. However, the recent rare earth industry's recession has caused many Chinese producers to halt business. On 19 October the largest rare earth producer in China, Inner Mongolia Baotou Steel Rare-Earth (Group), announced it would suspend production for one month. Following that on 25 October, another rare earth giant in southern China, Minerals Ganzhou Rare Earth, also announced suspension of production for three to five months.

The U.K.-based newspaper Financial Times published an article that said the Chinese government's regulation for rare earth production has caused turbulence in the global rare earth market.

The Voice of America China website reported on 26 October 26th that many countries are trying countermeasure against China's control over rare earths. For example, Toyota and General Motors are researching ways to reduce the usage of rare earth elements, The United States, Russia and Australia are all planning to develop alternative rare earth mines.

"For a long time, Chinese companies have separated rare earth elements from minerals at a relatively low cost", said Andrew Bloodworth, head of Science, Minerals, and Waste of the British Geological Survey. "This continuously reduces the price for Chinese rare earth producers, resulting in the widespread closure of foreign producers. On the other hand, the market demand is also increasing, since rare earths are necessary in making more and more high-tech products."

The Pentagon recently submitted a report to Congress suggesting that the United States should develop rare earth sources outside China, reported the Wall Street Journal. The report reveals that the Pentagon has already begun to research companies that could possibly separate rare earth elements from their oxide materials. Studies are underway regarding the possible risk of a suspension from rare earths sources.

Brahma Chellaney, a professor at the New Delhi-based Centre for Policy Research, wrote in the Financial Times that China regards its monopoly on rare earth materials as a trade weapon, which has played an important role in inhibiting



Source: Dudley Kingsnorth/Industrial Minerals Co. of Australia

Chart Source: Yale Global Online

any solution to South China Sea disputes despite multilateral efforts. Similarly, the Chinese government also tries to use water resources as a political weapon. Such behavior patterns have worried its neighbors and drawn the attention of international society. In 2008, the Chinese government once restricted its production of rare earths to manipulate prices in the global market. It also halted rare earth export to Japan when territorial conflicts between the two countries broke out in 2010. Clearly, the CCP aims to take advantage of its monopoly over rare earths in politics and foreign affairs. Interestingly, although 83% of Japan's rare earths are imported from China, the government of Japan has stored these resources on the seabed for future use, rather than deplete supplies immediately. This strategy for the future of its natural resources would allow it to go 20 years without running out of rare earths. However, the reserve ratio of rare earths in China had decreased from 43% to 30% between 1997 and 2010. At the current rate, its resources would be depleted in 15 to 20 years. At the same time, the Beijing has also encountered resistance domestically when trying to control the production of rare earth materials.

The China Youth Daily reported that the huge gains involved in the rare earth industry has effected a standoff between the central government and local governments over rare earth production. Local economies usually greatly depend on the production of rare earths, especially their export. Therefore centralized control over rare earth exports would create havoc to local economies and the rare

earth companies themselves. Producers in China have announced suspension to production, which has created dissatisfaction in many countries.

In Malaysia thousands recently demonstrated against plans by Australia's Lynas Corporation to open a USD 230 million rare-earth processing facility in the country's eastern resort town of Kuantan because of concerns about possible environmental damage.

Whereas, what is up in Mongolia?

The "Rare Earth Elements - From Mines to Market" workshop was organized in Ulaanbaatar this month by the National Development and Innovation Committee (NDIC) in cooperation with German organization GIZ's Integrated Mineral Resource Programme. Several distinguished speakers from Mongolia, Canada and Germany discussed relevant aspects of the supply and demand structures in the global rare-earths market. In 2009, the United States Geological Survey announced that Mongolia's supply of rare earth metals is second to China's. Mongolia could be in possession of an estimated 31 million tons of rare earths. In other words, 16.77percent of the world's total resources could be located with Mongolia's territory. The World Bank has estimated that Mongolia has USD 10 billion worth of rare earths, while some Mongolian geologists have claimed that Mongolia has even more.

Before 1990 scientists from the former Soviet Union conducted rare-earth survey in Mongolia. At that time explorers took note of reserves of rare earths at ▶

► Khovd, Uvs, Khentii, Sukhbaatar and Khovsgol Mongolia. For these widely spread minerals that seemed to be just as attractive as gold or copper, exploration began at the Luugiin Gol, Mushgia Khudag, Khotgor and Khalzanburgedei deposits. Results from this activity shows there are five big deposits, 71 areas of exposures, and 246 mineralized points. It is likely that the deposits hold a total of about 6.6 million tons of rare earth minerals. In 1974, Russian and Mongolian geologists surveyed the Mushgia Khudag deposit in Mandalgobi Soum in Umnugobi Aimag. At that time it was considered that the Mushgia Khudag deposit contained 400 thousand tons of reserves. Current estimates are unreliable, however, until a proper survey is conducted.

Bloodworth of the British Geological Survey believes that if as few as two

industry will lead to a huge environmental mess. Let us not to forget the sour lesson that our neighbour has shown us. For each dollar of economic benefit, hundreds of dollars may be spent dealing with the environmental problems that follow. But it is of the world's addiction to them that people are willing to sacrifice their environment.

"If you can find the right types of deposit, environmental damage is limited", said J. Hywaky, a technology analyst at Byron Capital Markets in Canada.

"The damage is largely caused not because of the mining but because of the processing of rare earths. The important thing is to be well aware of all these issues from the beginning; and to force any company that is going to do the work in Mongolia to confirm not just to Mongolian environmental standards but to some of

possible by seeking out a good partner it is willing to give the time needed to develop and educate its people who would in time play the main roles in the industry.

"Playing intelligently in this market, certainly you would have the jobs", said Hywaky in response to a question about the benefits of introducing this industry. "Because you can't import mining or process talent, that limitation will drive education in the country. And then you will see a market for chemist and engineers, and other professions".

"You need to train locally. If you play it wrong you become nothing but a supplier of mined and physical concentrate to China, or another nation. You could generate 2,000 jobs (no more than that), and they would be relatively low paying jobs, Nothing else would happen. There is no Ultimate downside. There is no, 'Oh my god we have given everything away, and we have got nothing to show for it but environmental ruin'. That is not going to happen".

"It has been dealt with globally for many years. I hope you don't want to walk away from this opportunity".

Neil of Forbes & Manhattan added, "If you don't do it now, you never will. From a Mongolian perspective, this is horse race. If you wait much longer the race will be finished. The rare-earths world is changing. There will be more players in the future and that would definitely change some of the rules of this game".

Ts. Davaadorj, the National Security Council's director of information and analytic services, said "Mongolia has a chance to become a multi-dimensional economic country alongside becoming a powerful player in the world's rare-earth market. Every participants of this workshop that says he is not ready to grab his food has agreed there will be long development to this project.

"—But if you cannot move quickly", added Hywaky "to bring good deposits into production and have no interest in downstream processing, my advice is to not to even begin with mining [rare earths]".

In the end, rare earths are not a big industry. It is a small market that circulates three or four billion dollars globally, or no more than 120,000 tons a year. Although it contains the word rare in its name, it is neither very rare in Mongolia nor the world. We are not just a country for mining. If we want a long-term vision for the country and its growth, Mongolians need a lot think about and do to get beyond mining. ■

Big deposits of rare earth elements in Mongolia



new mines outside China could be developed, the current dependence on Chinese rare earth producers would be greatly diminished. Any country that could reduce China's stranglehold over the market would certainly receive applause for its efforts. But just as Mongolia is ready to roll up its sleeves and get to work now it needs at least five to six years of preparation. Who knows whether the price would go up or down in the future when all 400 projects currently under preparation open for business.

During the above-mentioned workshop, Parliament member S. Oyun said, "We might or might not profit from this sector. But that is not the issue. The most important benefit is that rare earth elements utilization will introduce high-tech industry to the economy.

Maybe, Mongolia will have its chance to be a high-tech producer. Detractors say, however, that unless elements are mined and processed properly, the

the best practices in the world".

China is the only country that has over 20 years of experience in this industry. It is questionable whether they might be willing to share that experience with foreign nations.

"It could be a strategy for Mongolia to decide", said S. Hanselmann, the programme director at IMRI at GIZ. "Okay let's stick with what we have at the moment. Then give other countries some time to develop their 'know how' in this sector to catch up to China heading into the next few years of time. By then, China won't be the only possible source of 'know how'", said Hanselmann.

Foreign representatives told their audience at the rare-earths' conference that there are a wide range of possibilities to bring nature-friendly technology from the high tech world. Rare earth can be processed environmentally safe but it costs money. The experts advised that Mongolia needs to start as soon as

Business Break

What Books Have Changed Your Life?

Alisher Ali, Chairman Eurasia Capital:

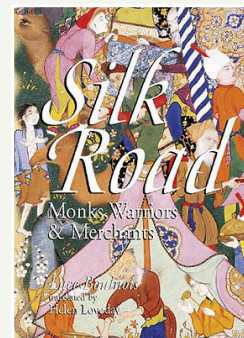
For years, I have had strong interest in the history of Silk Road, the historical network of trade routes in the Eurasian continent, connecting East and West for over two thousand years. Therefore, I have read the book *Silk Road: Monks, Warriors & Merchants* with delight. Author Luce Boulnois is a well respected French scholar, recognized authority on the history of Silk Road and trans-Himalayan exchanges.

The book vividly depicts images of famous empires, legendary warriors, fable cities and exotic and highly prized products which stimulated the emergence of Silk Road trade. The author describes the extensive cross-cultural relations between East and West and their influences

on each other, based on latest archeological discoveries and scholarship findings.

The author also covers the emergence of the Mongol Empire and its influence on expanding trade through enforcing political stability which has become known as Pax Mongolica (Mongol Peace in Latin).

Fluid exchange of goods, people and ideas through the Silk Road played significant role in the development of the great civilizations of China, India, Persia, Arabia, Ancient Rome and others. As a result, such rich cross-fertilization across cultures over centuries has laid the foundations for the modern world.



N. Alгаа, Executive Director of the Mongolian National Mining Association:

Books about the American Indians have influenced my opinion and views. For instance, the book *The Last of the Mohicans* by James Fenimore Cooper gave me the impulse to mirror some of the characteristics I read about, such as honesty and moderation. I wished to be like the heroes of those books. There is one Eng-

lish hunter who learned to live like the Indians. If people are fair, then it doesn't matter whether they are red or white. The main heroes are the white hunter, and the leader of the Indians, who aspire greatly for justice, freedom and nature. All this has affected my views greatly.



B. Ayush, Investment and Financial Consultant of UGS LLC:

I would name the book *The Trap: What happened to Our Dream of Freedom*, translated by the economist, researcher and translator Kh. Bolorbold. It was written by Adam Curtis, a British documentarian and writer. He observes the issues confronting society and produces documentaries about them for television. Curtis has received international and prestigious awards for his work. This book has attracted a following because it has been 20 years since we have chosen the Western, American-style life, and it is impossible to give a positive answer to the question, has Mongolia developed since then? The disparity between the poor and rich in society has become very distinct. Some say that the Mongolians haven't experienced hunger, and haven't been reduced to eating rubbish, thanks

to our cattle.

However, there are tragic pictures of hungry people picking up waste seen everywhere. Mongolia benefits from numerous advantages now, such as Mongolia's emergence to the world as an open nation, people can get any information they wishes, and people have the right to express their opinions freely. Mongolians can study at any institute or university in the world. But if we weighing the negative and positive results, then there are more cons. Poverty, violence, crime, alcoholism, and corruption are flourishing. The documentary film shows exactly these issues. The translator concluded that we have to look back at the direction of the free market. This book gave me a lot to think about. ■

