

For a green development

MONGOLIAN ECONOMY

Mongolian Economy and Business Magazine

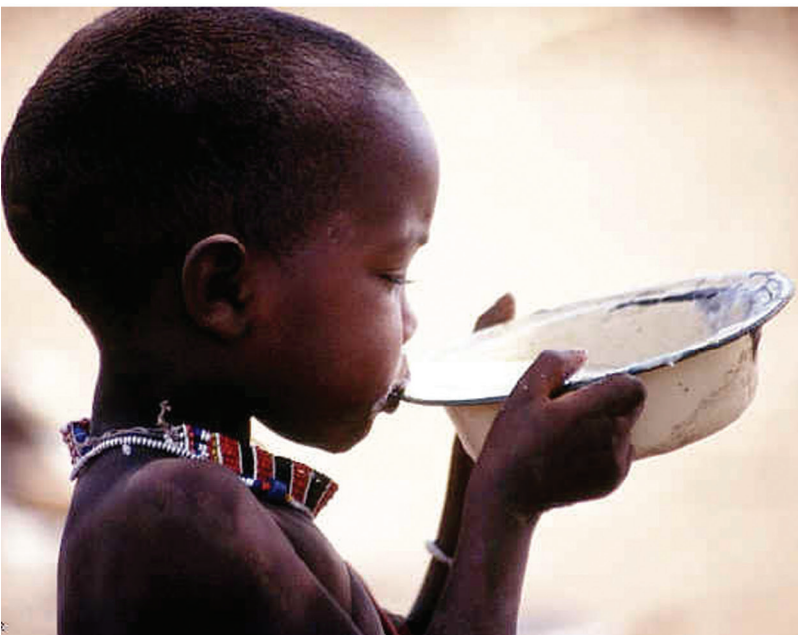
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Water is meant to be more
beneficial than mining sector

A Grey-area for Water
Management

Getting Thirstier In a Drier World



For a Green Development

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Letter from the Editor:



I am happy to greet you, our readers and subscribers, in Mongolian Economy's first issue of the new year and present issues like a green economy, sustainable development, the people of the planet and its living creatures, and water management.

It should be noted, once again, that Mongolian Economy shall be published fortnightly, rather than once a month, beginning nearly a year after its first publication. The

magazine will be published twice a month to deliver more timely information from experts, the professional opinions of economists, news and interviews.

It should be pointed out also that our voice for the economy is no longer limited to print. A half-monthly magazine about economy, finance, and business news is too slow relative to the current rapid development and rhythms of economic growth. We are delighted to announce that Mongolian Economy has strengthened its speed and power with its new website found at mongolianeconomy.mn and Economy television studio. Economy related news and information will be posted on our bi-lingual English-Mongolian website without any delay. News about the economy, finance, and business, in addition to interesting interviews, programmes, and discussions shall be delivered to our audience to the television screen from our studio.

We are taking this step to expand not only the economic news and information available, but also to meet the demand brought to us by the people for economic educations and news regarding the country's prosperity.

Deputy Editor I. Otgonjargal

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In anticipation of the U.N. Steady Development summit to be held from 20 to 22 June at Rio-de-Janeiro, Mongolian Economy introduces a new column entitled Rio-20+Mongolia...18

A Green Life for Us All



Presented here are the genuine contributions made to green development for this month's Life column...21

Here Comes The Title



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Main Issue

Green development Mongolian future

Otgonjargal.I

If you are interested in learning about, researching and exploring sustainable development and green economies, which are being pushed forward to determine the direction of global development, then you are reading the right magazine. In this month's issue are different topics and issues related to the development of a green economy. This is a topic that should appear in Mongolian Economy often. Also, the activities of this publication's new non-governmental organization, Green Economic Growth, will continuously work toward the aim of establishing a green economy. Therefore, the focal point of the first issue of the new year is to be green development. This issue gives particular attention to the source of all of humanity, water, and includes many stories and interviews regarding this topic. Some of the reports are something to be proud of, and others touch upon distressing topics.

Generally, the main focus for this month is the troublesome issue of water. There are people who spend their lives queuing for just a gulp of water. But Mother Nature has been generous to

Chinggis Mongolia. As it becomes apparent that global warming has made life on this thirsty Earth even harder, Mongolians should not sit and count themselves lucky for those blue pearls that they have been given. Instead, they should learn how to preserve their precious water.

If we delay this issue, like in the saying "Mongolian tomorrow never ends", there is no guarantee that a dark life of long queues for small amounts of water is not just around the corner. Mongolia would be better off if its people learned about saving their resources and developing their economic benefits. In order to do that, Mongolians should focus entirely on the word saving. Here in Mongolia, both desertification and mining are rapidly developing simultaneously. If citizens fail to address the problems they face to save their resources and make them economically beneficial, in just 15 years they could be in a very difficult water situation, as research from the World Bank shows.

Mongolian Economy has several articles and interviews regarding water this month. This issue is brought up at the start of the new year because we would like to see more be done in regard to this issue and witness significant results from those efforts. The situation in Mongolia is not the only one covered here. Also are stories about people in other countries who suffer the consequences of poor water management, as well as looks into countries that have turned water into their basis for development. Additionally are many photos to allow our readers to compare life here and abroad.

Dear reader, please find a way to preserve water starting from this moment on. Mongolia has taken an abundant amount of water from this blue planet. If we talk facts, 97 percent of the water in the world is salty, and only one percent of it is underground. Whereas in Mongolia 30 percent of all the water is pure groundwater. It is something of great pride that Mongolia is 56th on a list of 182 countries that ranks the amount of water available per head. Lake Khuvsgul is one of the rare fresh water reserves in Mongolia and contains 0.4 percent of all fresh water in the world. We have much good news to be proud of and love for the bodies of water that reside in Mongolia.

I am also delighted to introduce the new Rio+20-Mongolia column. This portion of the magazine shall be dedicated to the developments of the U.N. summit Sustainable Development to take place from 20 to 22 June at Rio-de-Janeiro in Brazil and connect its progress to events in Mongolia. ■

Water's Current Stand in Mongolia

Getting Thirstier In a Drier World

Price growth has put Mongolian in a saving mode. It is time to manage the water issue with that same attitude. The citizens of Ulaanbaatar have not experienced any lack of drinking water, but a fuel shortage has occurred already. Currently, we pay between MNT 0.25 and MNT 1 for one litre of water. What else can you buy for that much money today? Nothing other than water. Are there any other countries in the world that use this treasure, water, for so cheap? Of course not. The price of water worldwide is growing, and within the last five years has risen in the United States by 27 percent, Britain by 32 percent, Australia by 45, and Canada by 58 percent.

Countries like the United States and Britain pay much higher salaries than Mongolia, and also the quality of life is more favourable. Yet, those countries did increase the price of water. Surely, no one in Mongolia will be pleased with the news of a higher price for water. We call water a treasure in Mongolia, but we still don't appreciate the value of this product. At present, Mongolia is 56th in the world for its water reserves per capita. According to a survey conducted in 14 countries around the world, the average price for one cubic metre of water is USD 0.48 in China, USD 0.66 in the United States and around USD 2.25 in Denmark and Germany. The price of water in our country is 15 to 100 times cheaper compared to those countries, and almost 50 percent of the water here is free. It seems that the soul and motivation to understand, protect and save the value of water is missing.

The government of Mongolia declared the year 2011 as the "Year of Water", but the measures and issues to undertake have obviously been left on paper. Has the number of people who wash their cars in the Tuul River decreased? The central purification plant cannot remove all the chemicals used for leather production, and thus waste is poured into the river. Will all

of the capital's clean water reserves diminish while time is spent looking for the capital to fund the Water programme? When will the results of this programme, which was approved in the spring of 2010, be visible to the eye and able to be touched by the hand?

The Ministry of Nature, Environment, and Tourism has reported that 551 rivers and 483 lakes had disappeared nationwide at the end of the "Year of Water". It would be interesting to learn who started to over worry this news most after having heard it. Who profits from announcing such a theme for a year without making any results.

A total of MNT 140 billion was spent for the "Year of Water". Nobody would believe it if someone said that water levels had increased, or pollution had decreased. It is true that lots of capital was spent on books filled with pictures, and brochures intending to enlighten minds. Representatives of the campaign said that the business owners who changed the water conditions do not bear any responsibility. Minister L. Gansukh highlighted the projects and programmes for protecting water reserves, improving the efficiency of

its use, and enacting measures for sanitation that have been carried out. The 58th U.N. conference declared, "Water is a life source". Water has become an international issue for geopolitics.

Today pollution has been the silent killer of rivers during the "Year of Water", and tomorrow it will result in water scarcity. According to information from the Ministry of Nature, Environment and Tourism, over 18,000 entities and factories produce 526 tonnes of chemical waste. It is obvious which effect will be apparent to the environment and its water sources. Will a healthy Mongolian be born again among the four mountains?

A country's ability to thrive is directly related to the availability of water. But for how long can we ignore the issue of water. Only 0.25% of Mongolian GDP is spent on the water sector, while both smog and water have reached disaster levels in Mongolia.

The projected future of climate by Headlay, a British organization, says that the ice in rivers in Central Asia will melt due to global warming. Ice melt at Mount Tsambagarav will increase by 371 centimetres between the years »



► 2040 and 2069. Maybe you think 2040 is too far from now to be concerned. If you are 40 years old now, then please think closely with your heart about what will happen when I turn 69. Surely you will leave many different things behind you, such as a flat or savings accounts, but did you open a savings account for water?

There are 3,126 lakes, and 6,095 rivers according to a survey that accounts for water that is conducted every four years. How realistic is this number? Member of the board of directors of the Mongolian Lakes Movement D. Enkhtur said that today one billion people lack enough water in the world.

“An unborn child consists of 99 percent water. After birth this figure is reduced to 70 percent. But if it falls below 50 percent, then one would expire. Imagine that: 99 percent of human eyes, 80 percent of the heart, 75 percent of muscles and veins, 20 percent of bones, and 10 percent of fat are all water. Even tooth enamel contains 0.2 percent water. Disorderly wood work in the 1960s, destruction to the lakes in the 1970s, the beginning of irrigation systems for agriculture in the 1980s, and the Gold programme implemented without any control in the 1990s have all had an impact. All these factors, plus the hydro-power plants built without preparing the necessary surveys and calculations, and the mining companies that continuously pollute, have all been a detriment to the water reserves in Mongolia. Why cannot Mongolians turn towards the right direction for future generations after having learnt about thirst around the world? The questions regarding

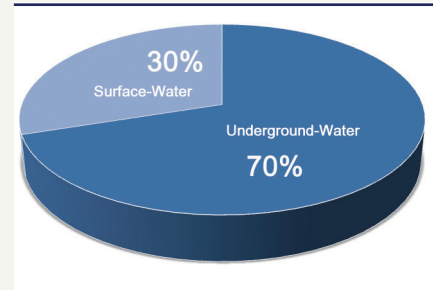
Mongolia’s drinking water are overflowing.

Cattle breeders have been exempt from paying fees for the use of pastureland and Mongolia for a long time. Water reserves are diminishing, and the rivers are turning into dry fields of stones. What will the cattle drink tomorrow? How can a great harvest be collection, and how can the fields be irrigated?

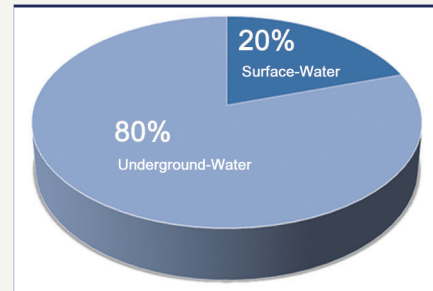
Mining companies pollute heavily into the Orkhon River. Nature cannot clean itself. There are only a few creeks, rivers, and valleys left where there are no ninjas searching for gold or heavy machinery’s tracks. It must be the country’s aim to save and protect water. Water is a treasure for Mongolians, who are distant from the seas.

Each day 110,000 tonnes of water is used for copper enrichment at Oyu Tolgoi. Water from the Balgas Ulaan Nuur, which amounts to 40,176 tonnes, will be used there for the next 25 years. In what condition will Umnugobi Aimag be left after 25 years? Can cattle and humans live in a place where there is no more spring water? Building the Sainshand industrial complex in Dornogobi has become an issue. The director of the National Water Centre, J. Davaa, works to implement the Kherlen Gobi, and Orkhon Gobi projects. He said this programme can provide Choir and Sainshand with clean water, and solve the water dilemma at Zamiin-Uud. A geological project at Bor Huuvriin Gobi, located east of Zamiin-Uud, is also being prepared. Of course all of the large construction projects in the Gobi region will need water. Will

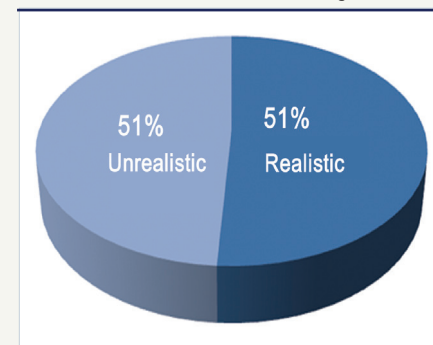
Water Reserves of Mongolia



Usage of Water Reserves



Charges for Water



wells be dug to supply water to mining operations?

The World Bank has estimated that water consumption in the southern region of Mongolia will reach 350,000 cubic metres in the coming years. Dr. Ts. Sosorbaram, deputy director of the Water Agency’s production department, said that Today’s water needs of 95 million cubic metre is likely to increase 10 to 20 times. The mining sector will drink tonnes of water. Mining exploration has heavily polluted 29 rivers within the last 20 years. They pay MNT 15 for one litre of water, or MNT 150 for one cubic metre. Gold extraction requires 500 litre of water a second.

The citizens of Ulaanbaatar have the cheapest drinking water in the world, and use 160,000 metres of water daily. If Mongolia has learnt how to save, then how much water can we save for the future of Mongolia? Water Management Agency chief B. ►►

Global Water Reserves and Renewal

Hydrosphere	Volume /10 ³ km ³ /	Renewable
Sea	1.388.000	2.500 years
Groundwater	23.400	1400 years
Polar ice	24.023.5	9700 years
Mountain’s perpetual snow, ice	40.6	1600 years
Permafrost ice	300	10.000 years
Lake	176.4	17 years
Swamp	11.5	5 years
Moisture of soil	16.5	1 year
River	2.12	16 days
Water at stratosphere	12.9	8 days
Biological water	1.12	Several hours

▶ Purevjav said about 22 percent of the population in cities and big settlements live in conditions with running water. How can people not see the value in water when every drop is measured with money?

Deputy Chief of the Water

Authority Z. Batbayar explained that pollution and overuse of groundwater resources is a problem controlled by people. Every family has a toilet and well, which takes water away from the Selbe, Dund Gol, Uliastain Gol, and Tuul Rivers.

“We don’t use water from snow, ice or floods”, said Sosorbaram. “It is necessary to build another plant to do this, just like we do when we collect rainwater in buckets. We are not experiencing water shortage at present, but that time is close”. ■

Expert

Sitting on a Water Tap

Z. Batbayar is the vice president of the Water Authority. Batbayar discusses the value water has to humanity, and how Mongolia could profit from its sale. Although some locations are fortunate to have an abundance of water, others—particularly in the Gobi—are not so lucky. Meanwhile, in the city water is so taken for granted that people allow pollution to degrade their own water supply.



The economic value of water seems to be lost. Worldwide people are putting great significance on water resources. However, in Mongolia people spend more time talking about mining and politics.

Mongolians, especially in Ulaanbaatar, are constantly consuming their most valuable resource, water. As our ancestors knew, the water quality at Altan Tevsh Valley, between the four mountains, is extremely good. This water is now used to make food, wash floors and flush toilets.

Groundwater is another resource. This water needs no additional processing. Generally, it is true that water is used inappropriately. Economically, however, the most important product is water. There has been no evaluation for the value of

our water. Therefore, water has lost its economic significance.

You say that water is free. But people pay for every litre they use. What do you mean it is free?

There’s no price for water. People are paying MNT 1 for one litre of water. People with private wells are paying MNT 10 per litre. But this is not the price of water. We are not paying for water. In other words, we are paying for water expenditures and using the water for free. That money is used for the salaries of drivers who deliver water to wells, and people that work at the well. Currently, people who live in the ger district pay MNT 1 for every litre; people in apartments pay MNT 0.25.

What is the state policy for determining the price of water?

Mining companies are buying one

litre of water for MNT 150. This is where the real price of water counts. We determine the price of water this way now. This may increase. How is it possible to pay for bread, but not water? Our people must understand this, but today’s valuation is insufficient. Our policy is to reduce water delivery expenses rather than increase the price of water at ger districts and apartments. Thus, the price of water can be lower than its current price. However, the price mining companies pay for water must increase. The current fee of MNT 150 can be increased to MNT 4,500. Penalty fees for polluting water must increase as well. The principle is simple: whoever causes more water pollution pays more. We would be happy if the money collected from penalties for polluting water returned ▶

▶ less than we expected. That would mean less water was polluted.

Ger district and apartment citizens pay different prices for water. As you have said, it must be connected to water expenses. How many wells are there?

The expenses for delivering water to those who live in apartments are relatively small. But it's different with ger district. We have three types of wells. A well is built on a clean water pipeline. In this case, the water tap only needs to be turned on and off. This well water costs MNT 1 per litre. Therefore, the expenses for water, or rather the final price, can be lowered. For example, we have this kind of well, at the east side of Dolgoon Nuur. The second kind is a drilled well. There aren't many of this type of well in Ulaanbaatar. The Water Authority has put a few of these wells near the summer camps. The third kind is a water basin, or wells with water storage tanks. Overall, in the city there are 370 total.

How do you penalize those who pollute water sources? When will water pollution disappear completely?

To avoid any fees, one would have to bring in top-quality, environmentally friendly technology to their production. First, polluters should build water purifying infrastructure themselves. By doing this, they would not have to worry about penalties for water pollution. Secondly, after the water has been purified, they could recycle it somewhere like a leather factory. Thus, they would not have to pay any fees for their clean water, and would proceed with economically efficient production. That said, our Water Authority does not intend to profit by charging fees.

It is obvious that water efficiency and economic expenses should be reduced. But the Tuul River is deteriorating before our eyes. What do you say about that?

The reserves lessen each time water is polluted. Disorderly use at the Tuul River has brought us to the current situation, which is extremely sad and critical. Who would be held accountable if the Tuul River was polluted to the point that massive amounts of fish began to die? Should the minister of the Ministry of Environment and Tourism resign? What about the mayor of the city or

the head of the Water Authority? Responsibility must be clear. Water pollution formed at the the Tuul River in Ulaanbaatar comes from Tuv Aimag, Altanbulag and Undurshireet Soums. For example, Altanbulag citizens think that they should be reimbursed by city citizens for water pollution because the water at the Tuul River is so polluted that neither people nor domestic animals can drink from it. That is the level of pollution. This is the current situation.

In addition to the Tuul River, the situation at the Seruun Selbe River is critical as well. Is this a result of mismanaged water resources?

Sixty percent of the Selbe River's water supply comes from rain water, but in recent years it has lessened. The trees have been cut. The number of groundwater wells has increased near the river. People who live in ger districts started digging their own groundwater wells, resulting in significant water shortages at the the Selbe River. It is easier to count the number of families without their own wells at home than the ones who do. Yet, just one well on a street is enough.

Mongolia is a country with an abundance of clean water. Have people realized that water is like blue gold?

If the mining sector is the key to the development of the Mongolian economy, we have to handle the water issue well. For that, water pollution and reserves are especially important. It must be clear who is using the water supply. The sale of water would reap more profits than copper from Oyu Tolgoi and coal from Tavan Tolgoi. People think that I talk too drastically. But I will tell you this, instead of developing the mining sector, we could develop more water companies and supply the mining sector in Inner Mongolia with water. Mongolians are sitting on a water tap for the market.

I will tell you one story: in 1965, our leader Yu. Tsendenbal visited China and met its leader, Mao Ze Dong. During that meeting Mao offered to build water channels from Mongolia's rivers and lakes and direct it towards China's northern region. This issue has not been taken seriously purely because of politics and national security. The proposal was never even considered for a treaty.

Do we have enough water to

send to Inner Mongolian mining companies?

We use only 2 percent of all of our water resources. Eighty percent of the water we use is surface water. Therefore, we need to develop water basins, and collect water from rains and floods during the spring season, so we can use it for agriculture. The area that could most likely be developed for this purpose is Gobi-Altai Aimag.

What is Mongolia's status regarding its water internationally?

Twenty five percent of the world's fresh water is in Lake Baikal. What is unique about Lake Baikal is it gets its water from Mongolian rivers. The Selenge River flows into it, while other big rivers of the world originate from Lake Baikal. Another one percent of the world's fresh water supply is at Lake Khuvsgul.

Every year a distressing survey is released that says that the water levels of rivers and lakes have fallen. Can you provide some statistics on Mongolian water reserves?

Our water supply is enough for the country. But the land is vast, and the amount of water at different places varies. For example, water supplies at Khuvsgul and Selenge Aimags are much larger than average among countries in the world. But supply within the Gobi Desert falls far below the global average. The country consumes some 610 cubic kilometres. Eighty percent of it is surface water, while the remaining 20 percent is ground water. But in Ulaanbaatar, 99 percent of the water comes from the ground, exacerbating the water shortage.

Fresh water is a never ending issue for the world. Mongolians, however, see it as just plain water, giving people the notion that water is cheap. What do you think about this?

In the past, the G20 meeting was for addressing currencies and nuclear weapon, but today it has focuses on the water issue. Everybody is beginning to understand that water does not belong to any single person, but it is a common asset to humanity. Mongolians haven't changed, however. They don't care about water. Mongolians have a lot of nice proverbs. But we have to toss out one: "No need to be stingy on plain water". On the contrary, we have to be stringent with water. Take Ulaanbaatar for example: there we ▶▶

▶ are being extremely negligent to the groundwater supply. The first thing about groundwater is it is extremely clean, having been naturally filtered. Second, it recovers very slowly. A water survey we conducted recently shows that river water is cleaned 18 times a year, but ground water recovers only once every 500 years. If we take South Korea for example, it has nearly 20,000 big and small water basins. Koreans collect the water from rain and floods inside them to supply the city and its population. It's quite a pity that Mongolia does not value its water resources.

Mongolia has a national programme for this issue called Water. At what stage of development is this programme?

The programme is planned to continue until the year 2021. We are planning our goals on a yearly basis. The main advantage of Water is it clearly shows what must be done within the water sector up until 2021, and how much is going to be needed. For the programme, we have developed the draft Law on Water Pollution Fees and presented it to Parliament. In 2012 we will develop a feasibility study for a water preservation facility for the Tuul River. Development of the country has been based on water planning. At the moment we are developing a management plan for the country's water reserves.

Water preservation depends on every citizen. What would you say to the citizens about preserving water?

Water is ours. The water issue is relevant to the Water Authority, the Ministry of Environment and Tourism, you, me and our children. We have to start with ourselves to preserve water. You cannot use the same water to brush your teeth for 36 years. It's like stealing drinking water from our children. The main purpose of economics is to make more money while spending less. Organizations, economic entities and citizens should preserve water all by themselves in the same way. Everyone must contribute to the preservation effort. ■



Mongolian Economy Is Named the Best

Mongolian Economy has been named by the business community as the top entrepreneur of 2011 among Mongolia's mass media at the 15th Entrepreneur Awards Ceremony, organized by the Mongolian National Chamber of Commerce and Industry (MNCCI).

The management of the MNCCI noted that the bilingual magazine Mongolian Economy for economy, business and finances has worked with great endeavor since its establishment in February 2011. The editorial office of the magazine is staffed by economic journalists, and is independent from politics and outside economic influences.

We would also like to inform you that beginning in January 2012, our magazine will be published twice a month because of the high demand for economic, business and financial news.

We are also proud to announce our newly launched website in both Mongolian and English at mongolianeconomy.mn, and the grand opening of our television studio Economy on 4 January 2012 to meet the social demand for the improved financial literacy of the public. ■

Reportage

Turn It Off

E. Zorigt

A big, young man shouts, "Turn it off"! without noticing that his collar is wide open at the coldest point of winter. A little later it is the turn of the 60-year-old woman's standing behind him to fill her water tank. Awaiting his turn after the woman, a boy of ten years breaks the silence: "Mister, two blues" and shoves the money towards him. Again, "turn it off" is heard, and the boy moves forward. Ten more people wait their turn. People in the queue are delighted every time somebody shouts "turn it off". Near the well, a crowd is always abuzz, whether it be in the winter cold or summer heat. There are times when the kids take more water than they can lift. People of all ages in the ger district stand in the long queue often to get their precious water. But they don't seem to care that the water spills each time one fills up his or her container. The area surrounding 54th well of the ninth block of the Sukhbaatar district in Ulaanbaatar is covered with ice.

The staff running the well has said to his customers, "you should tell them to turn it off, I'm telling you". Even after the people who fill their tanks shout "Turn it off", the water, flowing with at a high pressure, spills to the ground before somebody blurts something out. Well worker had some things to say about the situation, but he wanted to remain anonymous.



Hello, the area near the well is covered with thick ice. There is a lot of cracked ice too. Is it not possible to fill the water without spilling?

I know, they are spilling a lot of water. It seems like adults don't mind spilling water, but the small children take care not to spill any when filling their containers. They are a lot craftier. One needs experience when taking water from a well. Adults, who are not used to taking water from the well, spill more than the kids. I told you, see? (tuts disapprovingly at some lost water).

About how much water is spilled if a customer buys 30 liters of water?

I have been working wells nearly five or six years. Almost two or three liters of water are spilled. But not everyone spills. It largely depends on the neck of the container, and one's experience taking water from a well. Also, it depends on me too, as we have to manually adjust how much water comes out from the tap. When a customer comes and says "Open it up", if I open too abruptly the water will spill once the water tank has filled.

What do you do with the cracked ice? Do you get rid of it yourself?

Cracking the ice is either done by me or my partner. We crack the ice after two days. After it's been cracked, workers from an organization come in and take it.

What organization sends the trucks? Do you think they use the ice they take?

I don't think so. What would they use it for? The truck loaded with ice comes back very quickly. I assume they just throw it away in the outskirts of the city.

Around how many trucks?

Twice by a truck with a one-ton loading capacity.

In your opinion, how well do people value and understand the importance of water?

I think people are negligent because the price is so low. They would value it more if the price was at least MNT 5 a liter. Now, one liter of water is MNT 1. Maybe they don't value it because it is so cheap.

The water is spilled even though people shout "Turn it off". What other method would be more effective?

"Turn it off" has become my favorite word (laughs). If everybody's favorite word was this word, and they thought about it more carefully, they would save their water.

(The queue for water has become longer, and his work has become busier, ending our conversation.) »



- ▶ A few people had some further thoughts on the matter:

Munkhbat: “Well, the prices of petrol, meat and flour and everything else have gone up, it wouldn’t be wise to increase the water price as well. Mongolians used to call it “precious water” and had respected it since ancient times. There were many customs. It was forbidden to wash dirt at a water source, and people were not allowed to spill milk into the water. That was a sign respecting the value of water.”

“Our generation is raised by this tradition. However, the people who live in apartments, they flush enough water to boil tea for a family of five down the toilet. Also, showering and brushing teeth uses a lot of water. Only if they took water from the well like us, would they understand”.

J. Delgertsetseg: “Only after the water price has gone up, would people’s tendency towards water improve. But rather than increase the price for water, they should increase the price companies and factories pay to decrease their consumption”

A young girl rushes towards the well, trying not to slip on the ice and pulling on a cart with a huge 100-liter-water container. It seems the locals have given her a nickname; they shout “Water Girl!” as she runs along. A 13-year-old girl, she walks 500 meters everyday to fetch water. Water Girl, who studies at the city’s fourth school in class 8B, arrived at the well and started filling up her water container. She didn’t spill any water. It’s clear that she knows how.

Water Girl’s real name is S. Khongorzul. When asked when she first started fetching water for her family, she laughed and said, “I don’t know. I do it all the time”.

Two or three time a week she carries 100 liters of water home with her. She thinks that her family members waste her hard-earned water, but she never gets angry at her parents.

“I try to save water every time I do my chores, like when I wash my hands and clean dishes,” said Khongorzul. “Sometimes after I wash the dishes, I use the same water to wash the kitchen cloth. Afterwards I use it to wash the floor”.

Maybe because she gets the water in the winter cold while trying her hardest, she has learnt how to save water at a young age,

which is not the case with many other Mongolians. Water Girl has disappeared from sight pushing her water ahead of her towards home. It would be great if every child would learn to save water like she does at a young age.

Scientists claim that a person uses 57 to 114 liters of water to showering or taking baths; 3.8 to 7.5 liters brushing teeth; and 19 to 26 liters flushing toilets.

The 54th well of the ninth block currently provides 44,000 people, or 1,580 families, with 950 tons of water a month, or 9.5 liters of water a person. But the employees at the 54th well said, “if one person uses 9.5 liters of water a month, then our goal is to increase that number by 20 liters”.

Meanwhile the rest of the world criticizes wasted water.

The echoes of “turn it off” and “mister, two blues” drift off, while thoughts of myself when I was small, fetching water from the well, linger. I used to think I was incredibly strong when I would carry two 25 liter containers of water home with me... Suddenly, I was aware that I was in front of my office. It saddens me when I hear the news that a child dies from thirst every minute at work on the Internet. I went to the restroom. After turning on the faucet to wash my hands, I told myself, “Turn it off”, feeling a bit smug after I walked out. ■

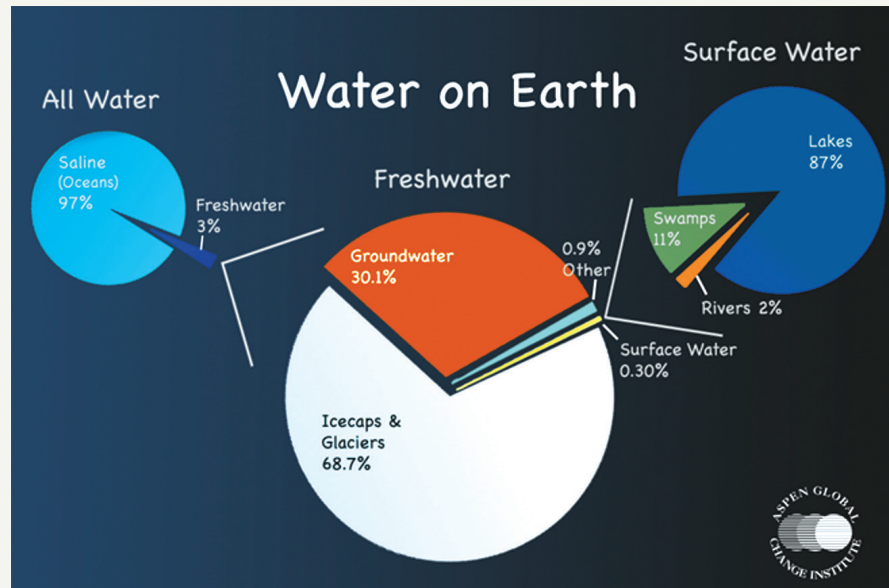
Worldwide

The golden age of water is over

By B. Enkhtsetseg

He calls the last 100 years “the golden age of water,” at least in the developed world. But he also says the golden age is over. As he told Terry Gross, on “Fresh Air,” “We will not, going forward, have water that has all three of those qualities at the same time: unlimited, unthinkingly inexpensive and safe.” Why not?

Charles Fishman, a longtime writer for *Fast Company* magazine, is the author of *The Big Thirst*, a new book on water. He previously wrote *The Wal-Mart Effect*, which was an Economist “Book of the Year” in 2006 and a finalist in The Financial Times’s awards for best business book. He also said “Population growth, economic development (which changes dramatically how much water people want and use), and climate change are all putting pressure on water supplies — not just in places like Las Vegas or California, but in Atlanta, Florida, Spain, across China. We are going to have to move from an era of unconscious water abundance to an era of smart water — using water smartly (why do we water the azaleas, or flush our toilets, with purified drinking water?), and also modernizing and updating our creaky water systems. They were advanced technology 100 years ago. Now those systems struggle to keep up with our needs, and struggle for resource. First, let’s agree that water isn’t literally free — people say, “Hey, I pay a water bill, it’s \$30 a month, that’s not free!” Almost, though. A half-liter of bottled water costs 99 cents. The average U.S. water bill at home is \$34 a month. So for what we thoughtlessly spend on a few gulps of water at 7-Eleven, we get a day’s water at home — 300 gallons, for everything from bathing to cooking. One dollar a day. Free water — water so cheap you never think about cost when making water use decisions — is a silent disaster. When something is free, the message is: It’s unlimited. Free water leads to constant waste and misallocation. Farmers and factory managers, hotels and gardeners never consider how much water they are using, and whether they are using



Statistics of the Water Crisis updated 8/17/2011

1 in 8 people lack access to safe water



it smartly — because the water bill itself sends no signal to be careful. (Half the water used by farmers worldwide is wasted.) There’s no incentive for efficiency.

What is Water Scarcity?

Simply put, water scarcity is either lack of enough water (quantity) or lack of access to safe water (quality). It’s hard for most of us to imagine that clean, safe water is not something that can be taken for granted. But, in the developing world, finding a reliable source of safe water is often time consuming and expensive. This is known as economic scarcity. Water can be found...it simply requires more resources to do it. In other areas, the lack of water is a more profound problem. There simply isn’t enough. That is known

as physical scarcity. The problem of water scarcity is a growing one. As more people put ever increasing demands on limited supplies, the cost and effort to build or even maintain access to water will increase. And water’s importance to political and social stability will only grow with the crisis. In some places, it is simply dry. Water is hard to find. In others, this most critical need is literally only a few feet below ground waiting to sustain life.

- At any one time, half of the world’s hospital beds are occupied by patients suffering from water-borne diseases.
- Over one-third of the world’s population has no access to sanitation facilities.
- In developing countries, about 80% of illnesses are linked to poor water and sanitation conditions. ▶▶

▶ • 1 out of every 4 deaths under the age of 5 worldwide is due to a water-related disease.

• In developing countries, it is common for water collectors, usually women and girls, to have to walk several kilometers every day to fetch water. Once filled, pots and jerry cans weigh as much as 20kg (44lbs).

All of this raises the question: how can we possibly run out of something that's both abundant and renewable?

Some of the anecdotes Nat Geo uses to illustrate this point are familiar: glaciers retreating, freshwater fish dying off, and women in developing countries having to walk really, really far for the kind of water that most of us in the developed world wouldn't deign to wash our laundry in, let alone drink or bathe with. But other anecdotes are less familiar, and show just how bad things have gotten: in the slums of Delhi people are literally killing each other for want of a few containersfull. And along war-torn borders throughout the world (Israel-Jordan, India-Pakistan, Turkey-Syria), water is poised to reshape geopolitics as much as oil ever did. Not even the United States is immune. In Georgia, Florida, and Alabama, officials have fallen to squabbling in court over Lake Lanier, the dwindling reservoir shared by all three states. And in California, the state has resorted to recycling sewer water and is planning to suck in and desalinate hundreds of millions of gallons from the Pacific. And that's just to meet current demand.

2050: One Billion Thirsty

A new study authored by researchers at the Nature Conservancy concludes that by 2050, there will be about 1 billion people living with perennial water shortages. A water shortage is defined as having less than 100 liters of water per person per day – about 2/3 of a bathtub – to cover all daily needs.

Currently, it is estimated that 150 million people experience such a shortage for at least one month of the year; however, world population is estimated to increase by 3 billion in the next 40 years. By looking at these numbers as well as at climate change projections, the researchers were able to issue some warnings to the worldwide community.

One of the major effects forecasted in the study is the migration of people towards cities and urban populations. As cities grow, so do their water needs. Although water may be supplied to the

area, it may have to be pumped from very far away, or unsustainably drain aquifers – a technique that inevitably runs the system dry. As a result, it is estimated that megacities like Mumbai and Beijing – among others on a list of 20 – will be hit the hardest. We reported on an analysis of current water shortages, and alarmingly, some regions hit both lists.

The report estimates that if cities reach out as far as 100 km away, the risk of a water shortage falls significantly, but one has to consider the transportation methods such a distance would require, as well as the likelihood of neighboring cities wanting that water for themselves.

Aside from the challenges our water supply will face from an increasing population, global warming will have some concurring effects. By looking at several projections of the effect global warming will have on various areas it was concluded that events like desertification may leave another 100 million short on water year-round, unless cities can adjust beforehand.

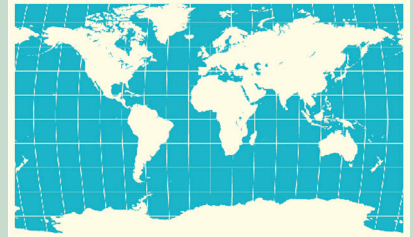
If cities continue to suck in water without change to other systems, the year 2050 may see water issues in more than just urban location – wetlands, freshwater ecosystems, rivers, lakes and marshes will also be hit hard and dwindle. Places that balance a growing population and rare ecology, like India, will face challenging times without some changes to their infrastructure.

Knowing the problem may be half the solution, but solving this problem takes one scarce thing – large amounts of money. Decreasing agricultural and industrial water usage will have a huge impact, as these are the biggest consumers of water worldwide, but it won't be enough. Offering farmers incentives to decrease irrigation to minimal levels as well as getting rid of non-native thirsty species like Eucalyptus may help, but it won't bring a full resolution. Infrastructure needs to change dramatically in order to keep cities abreast of demand, and such change takes a lot of money.

The places that are already hit hardest, let alone are on a straight track toward more deficiencies by 2050 are also some of the poorest countries. Although a handful of the periled nations have some good resources, a lot of them need international help if they are to resolve this issue before it gets out of hand. Perennial water shortage is felt most in the Middle East and North Africa, but seasonal

shortages are currently quite widespread and will be more so by 2050.

Robert Lalasz has the 20 megacities projected to be hit the hardest by 2050 if no action is taken:



1. Delhi, India
2. Mumbai (Bombay), India
3. Mexico City, Mexico
4. Lagos, Nigeria
5. Tehran, Iran
6. Calcutta, India
7. Manila, Philippines
8. Cotonou, Benin
9. Johannesburg, South Africa
10. Beijing, China
11. Abidjan, Ivory Coast
12. Caracas, Venezuela
13. Chennai (Madras), India
14. Bangalore, India
15. Dubai/Abu Dhabi, United Arab Emirates
16. Lahore, Pakistan
17. Hyderabad, India
18. Riyadh, Saudi Arabia
19. Tel-Aviv/Jerusalem/Haifa, Israel
20. Shenyang, China

“Don't take the numbers as destiny. They're a sign of a challenge,” said lead author Rob McDonald of The Nature Conservancy, a private environmental group based near Washington.

McDonald believes that there are solutions to providing water to a billion people, but this will require more investment in either infrastructure or water use efficiency.

For example, cities will need to get “smarter” about how they use their water in agriculture and industry – two of the biggest users of water worldwide. Cities will also need to adopt strategies such as desalination, and find natural ways to supply clean water from uplands to cities in the lowlands.

Liquid Asset

There's more than enough water in the world for all of us – we just need to manage it more carefully. Steven Watson highlights some of the world's more ▶

promising water solutions.

We're living in the midst of a global disaster. The problem is so severe that the 2006 United Nations Human Development Report estimated that a child dies every 20 seconds because of unclean water and poor sanitation.

As the world's population continues to grow our water supplies look set to be placed under even greater strain, and yet this is not a problem of scarcity. There's more than enough water in the world for everybody; the problem lies in our attitudes to the water we use, and the ineffective management of water supplies. Speaking on World Water Day on 22 March this year, UN Secretary General Ban Ki-moon called the water crisis, "a crisis of governance, weak policies and poor management". We already have the means to combat the water crisis – it's time to put that technology and techniques into action.

A particularly encouraging example of this is seen in Phnom Penh, a city that has reduced the amount of water it loses from 73% to 6% in less than a decade, making it more water efficient than cities like London, Paris or Los Angeles. The change is thanks largely to one man; Ek Sonn Chan, head of the government-owned Phnom Penh Water Supply Authority (PPWSA). When he took charge in 1993, Chan realised that wholesale changes were needed throughout the PPWSA and set about overhauling the organization. Damaged and inefficient infrastructure was replaced with the help of aid agencies and development banks, but crucially he also turned his attention on the employees who were failing the city. Rooting out the corrupt and ineffective officials who were crippling the city's water supplies, he improved management structures and succeeded in delivering clean water to Phnom Penh.

The researchers call upon urban water managers to work with nature in order to find the most optimal solutions to this crisis; however, wealthier nations and those with better conditions should play a role as well. Some suggested solutions are to build larger reserves for seasonal shortages, utilizing long-distance transport for perennial shortages or investing in desalination; the authors hope to see strong political will and the effective governance necessary to find appropriate solutions.

There's no shortage of water on the blue planet—just a shortage of fresh water. New technologies may offer better ways to get the salt out.



Art by Bryan Christie. Sources: Tom Pankratz, *Global Water Intelligence*; International Desalination Association; Mark A. Shannon, *University of Illinois*; Aleksandr Noy, *University of aCalifornia, Merced*

Three hundred million people now get their water from the sea or from brackish groundwater that is too salty to drink. That's double the number a decade ago. Desalination took off in the 1970s in the Middle East and has since spread to 150 countries. Within the next six years new desalination plants may add as much as 13 billion gallons a day to the global water supply, the equivalent of another Colorado River. The reason for the boom is simple: As populations grow and agriculture and industry expand, fresh water—especially clean fresh water—is getting scarcer.

And it's much cheaper than it was two decades ago. The first desalination method—and still the most common, especially in oil-rich countries along the Persian Gulf—was brute-force distillation: Heat seawater until it turns to steam, leaving its salt behind, then condense it. The current state of the art, used, for example, at plants that opened recently in Tampa Bay, Florida, and Perth, Australia, is reverse osmosis, in which water is forced through a membrane that catches the salt. Pumping seawater to pressures of more than a thousand pounds per square inch takes less energy than boiling it—but it is still expensive. Researchers are now working on at least three new technologies that could cut the energy required even further. The closest to commercialization, called forward osmosis, draws water through the porous membrane into a solution that contains

even more salt than seawater, but a kind of salt that is easily evaporated. The other two approaches redesign the membrane itself— one by using carbon nanotubes as the pores, the other by using the same proteins that usher water molecules through the membranes of living cells.

All around the world simple, effective systems can be put in place to change the way that water is accessed. The only hope for effective conservation of those resources is "a change in human values or ideas of morality." Water, Kingsolver writes, is the ultimate common. But because the negative consequences of self-interest are so unevenly distributed, and because the people with the greatest capacity to make a difference have largely evaded those consequences, change has been glacial

Source:<http://futurechallenges.org>
<http://www.nationalgeographic.com/>
<http://economix.blogs.nytimes.com>
<http://www.un.org>
<http://thewaterproject.org>
<http://utopianist.com> ■

Law

A Grey-area for Water Management

By B. Bayartogtokh

What is “grey water”? The Law on Urban Water Supply and Pasture Irrigation defines grey water as waste water generated from domestic activities. People generate this water in their daily lives and dispose of it for sewage processing. This grey water is considered dirty, which is our own fault. Does Dulmaa know how many liters of water she uses to clean each day? Maybe it can be measured with a water meter, but the price of water is not being correctly valued.

Dorj and his family live in a ger district using 15 litres of water a day. They use six liters for food and tea, and nine liter is recycled as grey water. Grey water usage is better in ger districts. His family uses 80 to 100 litres of water for laundry on weekends, and disposes of it on the ground afterwards. The amount of water wasted in ger districts and poured into the Tuul River from apartments is regretful. To solve this problem, a draft Grey Water Law is being developed.

Mongolians leads the world with their luxurious use of water. Mongolians use their country’s pure groundwater for washing cars, and cleaning toilets and the rest of their homes. Experts say that Mongolia is ranked last in the world for its efforts for water conservation. The Grey Water Law would legalize the processing of water from showers and sinks for toilets. Many other countries manage their water similarly. Singapore, an importer of water, has legalized this practice and has been using grey water at many schools, hospitals, hotels and apartment complexes over the last 10 years. Hong Kong also uses grey water using technology from Singapore. If the law is implemented, its importance will be invaluable.

Bat who lives in an apartment uses approximately 285 litres of water a day compared with the 15 litres a day used by Dorj, who lives in a ger district. About 200 litres of those 285 litres could be used as grey water.

“Implementing the law will lead to water trade”, explained Z. Batbayer, the vice president of the Water Authority. “The expenses of companies that use water for production would decrease and incomes increase. We, the consumers, will get a cheaper-priced product. Also it would benefit the environment”.

The bottling company APU heats its water to 50 degrees Celsius for cleansing and recycles it for production use. This law would legalize the sale of that recycled water to other companies such as Eermel, which has a factory near APU’s. Eermel uses a lot of electricity to heat its water for sanitizing wool at 60 degrees Celsius. These two companies could serve as an example of how using grey water can cut down on expenses for water and electricity. A tailoring company could use recycled water from a food processing factory as well.

“Aside from some exceptions, grey water from the food industry can be used again”, said an expert.

This is called grey-water usage. How would implementing this law benefit the public? Water consumption and its expense will lessen. Also, Mongolia would be able to save more of its groundwater.

“Using grey water is beneficial. Water is essential to an economy. Using water effectively brings growth to the economy” said Batbayer. “We should build infrastructure to utilize grey water in new buildings.”

“Also, the technology should be used at power stations,” said N. Batbayer, a parliament member. “Right now they use a huge amount of fresh water. There are four pipelines that flow water into an apartment. We should use one of those lines for grey water and use it for toilets”.

Grey water can be used in the mining sector as well. The Oyu Tolgoi and Tavan Tolgoi projects could use grey water to cut down on expenses and conserve fresh water. Approximately 160,000 cubic metres

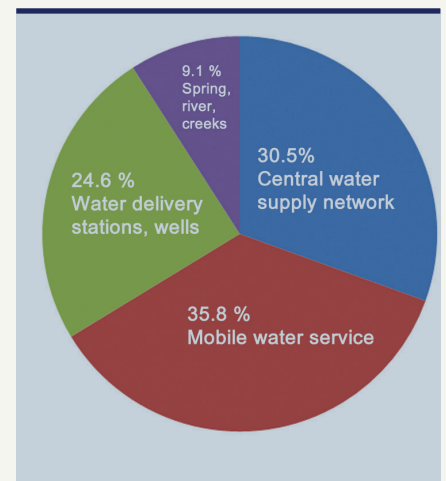
of water is used in Ulaanbaatar a day, while Oyutolgoi uses 10,000 cubic metres.

Mongolia has never used grey water before; not even for mixing cement. A project to start using grey water has just begun in Ulaanbaatar this year, and for this project planners intend to import a high-tech water purifying system. This system would purify 45 percent of total waste water for reuse. This water could be used for toilets, washing cars, and watering plants.

“Every companies and industries should use conservation technology”, said Parliament Member G. Bayarsaikhan. “We should reuse the water from the mining sector”.

“We use fresh water, which is a rare thing on earth right now. So implementing grey water technology can help us avoid water scarcity”, said Ts. Sosorburam, head of industrial department of the Water Authority.

Mongolia currently uses 500 million cubic meters of water a year. The aforementioned project, simply called Water, will focus on reducing this figure and increase the amount of water purified and turned into grey water. In order to successfully implement this project, everyone’s participation is needed. ■





Green Development

Bhutan's Moving Gold: How Water is Powering The Country

Bhutan is the last of the Himalayan kingdoms. The small country is situated in the nooks and crannies of the highest mountain range on earth. It's a special place that didn't have paved roads until the 1960s, was off-limits to foreign tourists until the 1970's, and didn't have television until 1999, the last country in the world to get service.

The altitude and scenery are enough to take your breath away. In this country the environment is cherished. The kingdom lists environmental protection as one of the four pillars of happiness, a state of mind the country takes so seriously that "gross national happiness" is considered more important than gross domestic product. Still, Bhutan is modernizing and looking at how to use its resources responsibly. Water is one of its most abundant resources.

"Some people tell me that it's the 'moving gold,'" Sherup Tenzing, the executive engineer for Druk Green Power Corporation in Chhukha, said. "Since the river patterns in Bhutan are naturally designed in such a way that it can produce huge amount of energy -- that is also clean energy." Bhutan is tapping into that clean energy on a massive scale. Hydropower is the sole source of electricity in the country and experts say the country is only using about 5 percent of its potential right now.

"After 2020 we have a target of accomplishing 15 additional power plants and 3 are already under construction and they have achieved good progress," Tenzin said. Bhutan's very first hydropower plant was set up in Chhukha, about a two-hour drive from the capital Thimphu. The dam that harnesses the water is a spectacle in and of itself. It is beautifully painted with Buddhist deities, including the water goddess. Even in the belly of the plant, the most utilitarian space has a wall covered with a colorfully painted mural depicting the life of Buddha. The mural adds beauty to what would normally be quite drab and dank.

In Bhutan hydroelectricity has become big business; actually, the biggest business. The clean energy created in this small country (it's about the size of Switzerland with a population less than that of San Francisco) is being sold to one of Bhutan's power-starved and highly populated neighbors: India.

"More than 60 percent of our GDP comes from hydro-power," Bhutan's Prime Minister Jigme Thinley told CNN. He says the clean energy business is a perfect fit for the country. "Bhutan is ecologically a very fragile region, being located in the vulnerable Himalayas. And in fact, even with respect to hydropower, we are engaging in its realization only because ►►

▶ it is ecologically friendly, these are all run-of-the river schemes with minimum or no damage to the ecology,” the prime minister said.

Not everyone is convinced. Government adviser Dasho Paljor J. Dorji worries too many dams may harm the creatures that live in the water. “It’s a shame that so much of our rivers are being tapped. The aim is good. [But] it happens so quickly. I thought that, perhaps, we might be able to leave some of our rivers, still pristine with its natural beauty instead of damming them all,” Dorji said.

Still, Dorji is well aware of all the benefits from an energy source that doesn’t pollute the air. Eighty percent of the country now has electricity and the goal is to have the entire nation electrified by 2013, all of it provided by hydropower. The clean energy has changed many lives in Bhutan. Farmer Zangmo, who uses only one name that is typical in the country, got electricity for the first time in 2000. “Earlier, when electricity wasn’t there,

we faced a lot of problems. We had to depend on firewood for everything. Everything was dark, back then,” Zangmo said.

Electricity has helped increase the family income too. Earlier, after backbreaking work harvesting rice in the fields, the family would have to spend their days beating the husks off the rice. Now Zangmo flicks a switch and the electrical machine does the de-husking, making work more efficient and faster. She says she doesn’t know how the electricity is made but she is thankful for it.

In fact, many of the people benefiting from hydropower have no idea that the pristine water in their rivers is generating the lights in their homes and businesses. When we told Zangmo that running water was helping create the electricity in her home her eye opened wide and she said: “We didn’t know that water could produce electricity. It is unbelievable.” ■

Chhukha, Bhutan (CNN)

Water Tip

Did You Know?

If we want to protect our water supply and ensure that we have enough clean water for the future, we must aggressively act to conserve this most precious of resources. We must learn not to turn to conservation only during times of drought or emergency water shortages. Rather, these habits should be incorporated into our every-day lives. Here are some practical steps people can take around the house to aid the water-conservation effort:

Outdoors:

1. Unused or slightly used water is often suitable for other purposes. As you wait for the shower water to heat up, place a bucket in the shower to catch water for watering plants. Leftover drinking and cooking water can also be used in the garden.
2. Use a broom—not water—to clean driveways and sidewalks.
3. Wash your car with a pail of water or turn the hose off between rinses.

At Home

How much water can we save while brushing our teeth? Come to think of it, brushing your teeth uses five to 10 liters of water. If you pour some water into a glass, you could save up to 250 to 500 grams of water; 90 to 180 liters a year; or approximately 900 to 2,000 liters in a decade. That would save both water and money.

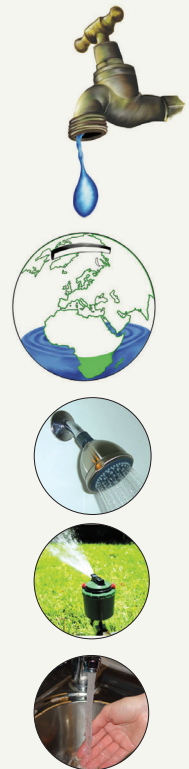
How much water do you think you use when washing your body? While a bath consumes between 150 to 180 liters of water, a shower uses 200 to 250 liters of water in 15 minutes. Everybody should turn off the water while soaping up and turn it on again to

Indoors:

1. Repair dripping faucets and leaking pipes. One drop of water a second wastes 9,000 liters of water a year.
2. Install low-pressure shower heads, water-efficient toilets, and aerators to faucets. Aerators can reduce faucet water use by up to 60 percent.
3. Store drinking water in the refrigerator instead of letting a faucet run while waiting for the water to turn cold.
4. Turn the faucet off while brushing your teeth.
5. Fill the sink with water to rinse dishes before putting them in the dishwasher rather than passing them under running water.
6. Operate the dishwasher and washing machine only when fully loaded.

Abby Tipton

Source: <http://ngm.nationalgeographic.com>



rinse. That would use two times less as much water, or save 100 to 250 liters of water.

How much water do we use when we wash dishes by hand? Washing dirty dishes while running the water for 10 minutes wastes 43 liters of water. Turning on the faucet only to rinse would save around 25 liters of water.

How much water do we need to keep our car clean? Using a hose to wash a car takes about 500 liters, while a pail of water only takes 50 liters to fill.

All of this advice is essential for hotels and other services to use. ■

RIO+20+Mongolia

Sustainable Development: 20 Years in the Making



RIO+20

United Nations Conference
on Sustainable Development

By B. Uuganbayar

In anticipation of the U.N. Sustainable Development summit to be held from 20 to 22 June at Rio-de-Janeiro, *Mongolian Economy* introduces a new column entitled Rio-20+Mongolia. Here we observe Mongolia's preparation for the summit and interpret how well Mongolia is keeping up with its own steady pace for development.

A Starting Point for Sustainable Development Worldwide

Rapid development of the world economy, along with technology and its development, heavy industry, human population, and unconstrained consumption have all contributed to global warming and other related environmental problems. This issue has created a global mindset that has forced people to consider the environment, society, and the economy as a whole for steady development. For steady development, the environment, society, and economics should each be thought of as closely affiliated with one another.

Natural resources were once used properly by a society that strove to leave their land healthy for current and future generations. At the U.N. Nature and Development summit organized in 1992 at Rio de Janeiro in Brazil, participants first introduced a new global initiative for steady development and greater responsibility for every nation. That summit was also when the World's XXI Century Sustainable Development Program was first enacted, which has been adopted worldwide over the past 20 years. This program introduces four categories to countries around the world: society and the economy; the proper use of natural resources and the environment; further protecting society; and methods for implementing a system for steady development.

Pursuant to these ideas, each country is responsible for formulating and implementing a development plan for itself, with support from the United Nations. The United Nations has said, "The World's XXI Century Sustainable Development Program is a real operation and fundamental basis for a national strategy for steady development. Therefore, by combining the leadership of society, the economy and the environment we can dispense with traditional methods".

The Moment to Contemplate

Former Prime Minister D. Byambasuren attended the Nature and Development summit in 1992 in Rio de Janeiro, along with a delegation of Mongolian representatives. They explained Mongolia's situation of that time and expressed their wish to join the global initiative for steady development. Thus, Mongolia joined the Rio Declaration on Environment and Development and formulated a national strategy for 1998 within the framework of the U.N.-sponsored plan that was later approved by government. Officials say that since then Mongolia has been a reflection of the steady development principles as demonstrated within society and by its economic development.

"The Mongolian XXI Century Sustainable Development Plan has become a nationwide initiative that ties the major sectors of the country with nature; and reflects the country's policies, demands, implementation trends and methods for its success", said former president N. Bagabandi.

Ts. Banzragch, the chief director of the Sustainable Development, Strategy and Planning Authority branch of the Ministry of Environment and Tourism said, "The UN has defined four categories for steady development. These include energy, food and agriculture, environment and infrastructure".

"Our country intends to reflect these policies after we have come up with a national plan for steady development. Most importantly, the proper use and consumption of national reserves have been managed for society and the country's economic policies. Green development has also been applied for its benefits to the environment".

He added that Mongolia has developed its steady development branches in various provinces and local divisions. For this effort, officials have implemented different pilot projects and attended global and regional meetings for steady development.

It is Mongolia's responsibility to report on its progress, implementation and results of twenty years working to achieve the goals of the initiative at the upcoming Rio+20 summit. It will also be an opportunity for national representatives to learn about the future trends and directions the world will take in the next few years.

Preparation for Rio+20

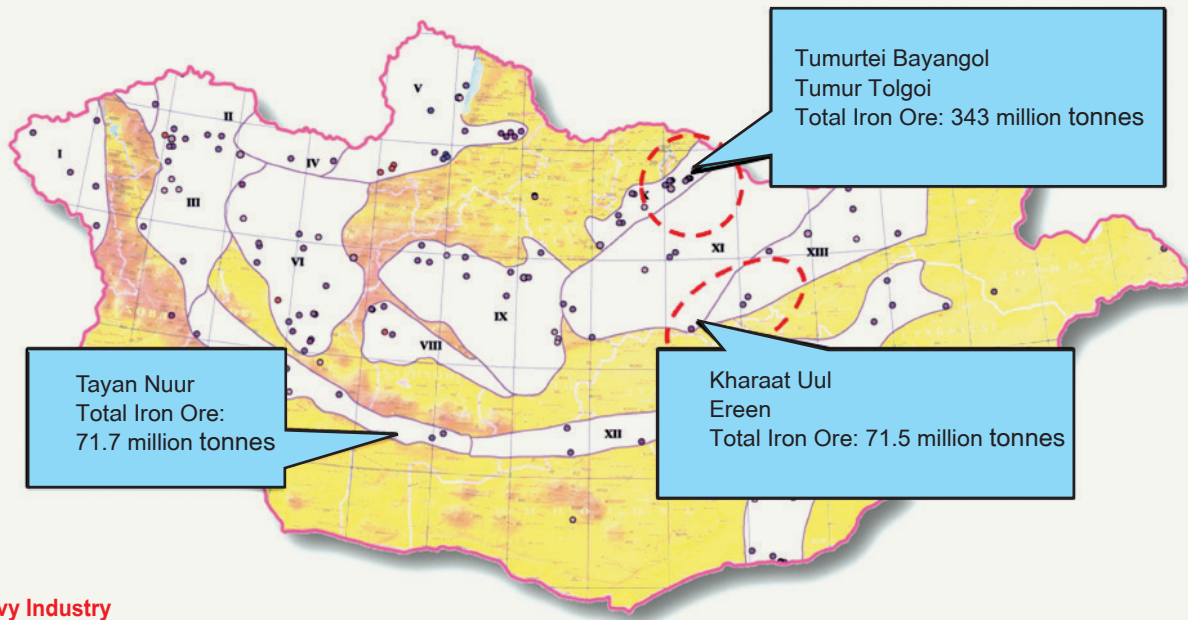
"We will have to summarize our reports in the coming month beginning in March, and finalize them completely in June before the Rio+20 summit", said Banzragch.

These reports are necessary to show what results Mongolia has achieved in the 20 years past since 1992, while following the guidelines of the national plan for steady development, and what we and our partners should consider for the future.

The United Nations has pointed out that Rio+20 has great significance because it will show the different directions countries have taken and emphasize the international steady development policy as a model for proper development. This conference aims to promote green economies as a path towards steady development and poverty alleviation, and teach how to consolidate steady development within government.

Mongolia plans to organize its own steady development forum on a national scale in preparation for Rio+20 at the end of the coming month. At this event officials will discuss their reports and meet with various experts and influential figures. This would help make it clear what needs attention and what stances Mongolia will take at the Rio+20 summit.

Mongolia will have to stand beside other nations and explain how well it has managed to follow the principles of the steady development plan at the conference in June. Mongolia's reports will also impact the focus and trends for the initiative in the coming years. ■



Heavy Industry

Not Enough Reserves

Did Mongolia overestimate its reserve of iron ore? According to expert estimates, world iron reserves came to 213 billion tons in 1998, which has dropped to 140.6 billion tons today. In turn, there is an increase in the demand for iron.

“The fact that more than 91 percent of the world iron ore reserves are concentrated in merely 10 countries is a sign that iron has become valuable”, said the senior manager of Japanese the Japanese firm Kobe Steel, Shohei Yoshida, at the recently held Metals Mongolia-2011 forum.

Up to 17 percent of the world’s iron ore is concentrated in Asia. As for Mongolia, proven reserves of iron ore have been calculated to above 600 million tons, 0.5 percent of the world’s reserves. This is not enough to warrant continuous daily and nightly exports to China. The majority of participants at the public forum Urgent Issues and Ways to Resolve the Mongolian Metallurgical Industrial Development at Citizens’ Hall said that Mongolia’s limited reserves necessitate the cease of its exports. For the first ten months of this year Mongolia has exported 4.8 million tons of unprocessed iron ore.

“Last year in Mongolia the exports of the iron ore increased by 20.1 percent in comparison to 2005, and one ton of iron ore was sold for 68 US dollars in average, which is cheaper than the world market price by 2.4 percent”, said Member of Parliament and President of the Mongolian National Association on the Production of the Metals, Machines, and Mechanisms (MNAPMMM) G. Batkhuu.

He further added that at a time when almost all Mongolians are concentrating their attention on Oyu Tolgoi and Tavan Tolgoi due to a lack of government policy on ferrous metal production, Mongolia has lost USD 671.9 million worth of profits in just a ten months period. Mongolia’s annual demand

for steel and iron products amounts to 300,000 tons, of which more than 80 percent is imported from China. When programs for large reconstruction activities begin, the demands for iron will jump to one million tons, and the demand for reinforcement in construction will grow up to 70 percent from its current demand.

Participants of the forum held at Citizens’ Hall said that the metal processing industry has collapsed in Mongolia. Director for Techniques and Technologies at the MNAPMMM and a consultant engineer S. Arslan recalled that in the 1980’s Mongolia promoted the metal processing and machinery industry policy at the government level. Interestingly, at that time more than 20 large metal processing plants and more than 7,000 machines operated around 400 specialized production units. Only in auto factories in Ulaanbaatar were comprehensive maintenance operations conducted to more than 800 cars, 15 thousand wheels, and for the production of around 880 tons of screws and bolts a year. Also “wonderful memories” can be recollected of producing more than 450 tons of auto spare parts, rubbers and technical parts, which were exported to Russia and Eastern Siberia.

According to the Customs General Administration’s annual statistics, over the last three years approximately 40 percent of total imports, or USD 3 billion have been spent towards purchasing all kinds of metal wares, cast-iron wire, high-quality steel, machinery, and mechanical appliances and their parts. Previously, Mongolia not only produced these products and fully supplied domestic demand, but the excess was sold abroad.

In Mongolia, 65 percent of all investments go towards the mining industry while it generates 18 percent of income. Investment into iron ore comprises 20 percent of investments ▶

and yields 32 percent of profits. On the other hand, consultative engineer Mr. S. Arslan said that investments towards the processing industry requires a mere 15 percent and would generate 60 percent more profits. In addition, metal processing technological engineer of Tanan Impex Ts. Yadamragchaa said that Mongolia loses 60 percent to 80 percent of its profits by exporting only raw materials.

It seems that the Bold Tumor Eruu River company has more carriages than Ulaanbaatar Railway. This company has four trains has built a railway able to transport six million tons, or USD 12 billion, of iron ore and concentrate a year. Representatives of the National Association of Mineral Resources said that if iron ore and concentrate transports 500 carriages per day, then the reserve of the Bayangol mineral deposit, which holds about 110 million tons or more, would be exhausted within 10 years time. According to representatives of the metallurgical sector, the main iron ore deposits are located in Darkhan and Selenge Aimag. The Bayangol mineral deposit is considered to be the largest in the region.

Currently 30 percent of iron ore concentrate is transported via rail. Yet around 40 percent to 45 percent of that cargo that passes through the Zamiin-Uud border point and is exported to China is iron ore. Bold Tumor Eruu River's special mining license at the Bayangol mineral deposit is for 30 years. It sends 100 percent of the iron ore it extracts and processes to China.

The Khatan Eruu River local civil movement has said that this company has built a 98-kilometer-long railway from Khandgait station and transports 12,600 to 18,900 tons of iron ore per day with 200 to 300 train carriages.

Executive Director of the National Association of the Mineral Resources Kh. Vladimir said, "The technology for melting steel with coal is the most suitable for our country. We conducted a joint research with Germans. The establishment of the ferrous and non-ferrous metals complex requires USD 1.5 billion of investment. There is an estimate that when this complex is put into operation it will create 2,500 to 3,000 new jobs".

Conclusion

During the Hunnu Empire people began reciting the phrase: "a person, who owns the iron, gets rich". Today historians explain how the Hunnu levied an iron tax from Tureg. If an iron ore deposit's iron content is 50 percent or more, it is considered "rich"; if it is 25 percent to 50 percent

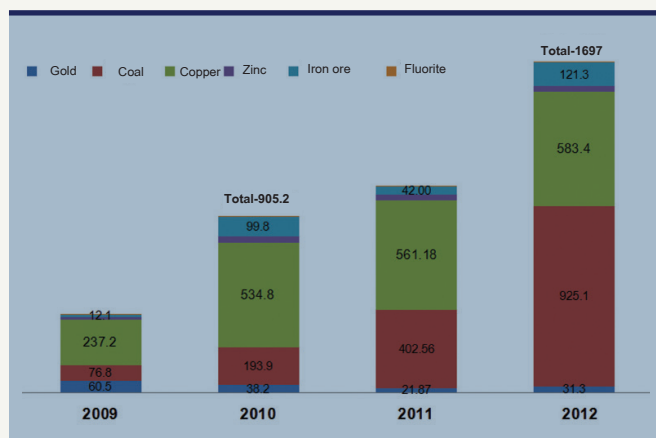
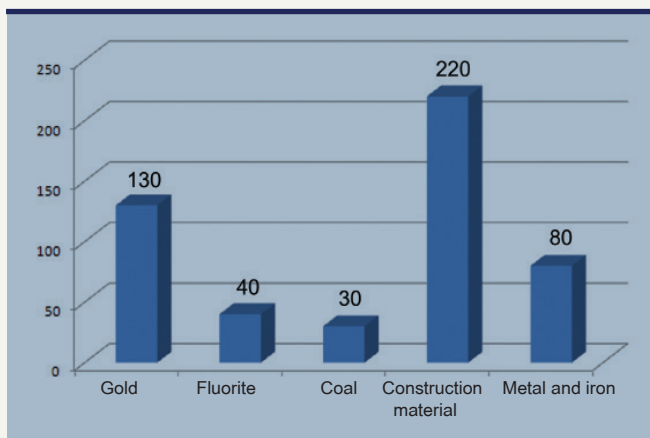
then it is "normal"; or if its content is less than 25 percent then it is considered to be "poor". Mongolia's iron ore is in the "rich" category. The majority of Western European countries have poor iron ore reserves. The United Kingdom, Germany, and Belgium stopped their extraction of iron ore in the 1980's, while France ended its extraction in 1993. The quality of the iron ore is on the decline in North America, and now it has begun to extract only the best quality of iron ore. Only Canada and Mexico continue to extract iron ore with an iron content of between 61 percent and 63 percent. Around the world more than two billion tons of iron ore is extracted, out of which China alone extracts more than 40 percent. World iron ore demand continues to increase, and experts estimate that Chinese demand will reach 68 percent; Japanese, South Korean and Taiwanese demand will increase to 18 percent; while Western Europe's demand will stand at 9 percent.

The world leading extractor of iron ore and exporter, Brazil, has set a goal to expand its current steel production from 41 million tons to 59 million tons in 2012, and later to 78 million tons. Iron ore suppliers BHP Billiton and Rio Tinto have invested USD 116 million dollars into their iron ore deposits in Australia, and by establishing a British-Australian "Friendship" joint plant. The two firms have embarked on their mission to control two thirds of the world iron ore supply, which is a clear example of how a person can be rich if the control the iron.

Even though coal-gold-and-copper-rich Mongolia, located at the heart of Asia, has an iron ore reserve with high iron content, its reserves are rather small, so does it really need to export its relatively low supply of iron ore? Whether we want it or not the iron ore demand will substantially increase. Also the specialized agencies point out that there is an urgent need to set a quoted market price and levy duties on the exports of iron ore.

"Even though we set a five percent duty on mineral exports in the 2012 state budget, we zero-rated this duty due to requests from the mining associations, the MNCCI, and various business entities", said Minister of Finance S. Bayartsogt.

Would the export duty not be an aid for the state budget, with never before seen expenditures? It seems that only the owners of the iron ore know when the Mongolian large-scale iron-hungry reconstruction projects will tower over other needs. It seems apparent that a person with control over iron will undoubtedly grow rich, but an iron sector lacks a government strategy. ■



A Green Life for Us All

It seems like everybody has been concerned about a green economy and sustainable development in recent years. But as a result of little knowledge about the word green, it has mostly been used as an empty

slogan. Presented here are the genuine contributions made to green development for this month's Life column.



**D. Onon,
Coordinator of Organic Mongolia**

She enjoys all feelings, from the smell of rain, to the fresh morning air, bright sunlight, and the rustling sounds of trees. All of these feelings are from her childhood memory. Her world has been like this and she wants to keep it this way. D. Onon is a person who works to protect her world, as it was like before. She said she becomes happy when flowers blossom.

To her, pouring out the water from her children's bath into a sewer is wasteful. She said that water can be used for mopping. She has lots of ideas to contribute to green

development. She even grows her own food at her home and plans to grow potatoes soon. She also sorts her garbage. Onon wakes up early in the morning when it is dark, without turning on the lights. All of this is a part of her lifestyle; one the world started calling a "green lifestyle" 20 some years ago.

She thinks even though the term "green development" is a new thing for Mongolians, a green lifestyle has been their tradition for a long time.

"It is nonsense to talk about green development, green economy or green education after we have polluted 80 percent of our land and turned the water, air and land, as we once knew it to be unlimited, into a limited resource", she said. "All these terms and understandings are not new things. It is the tradition of our ancestors. So we will just have to revive these traditions."

"Today there are over seven billion people on the earth, and this number is said to increase to 15 billion in the next 15 years. But our world has limited resources that would be barely enough for 10 billion. There is a child dying every minute on earth because of hunger and it will increase many times in the next 15 years. So what we have to do for this is save."

Onon prefers helping others instead of spending money and time on other things. She teaches her children this way. Maybe this is an example of "green education", another popular topic.

She has worked as a coordinator for Organic Mongolia, which was established by the Mongolian National Chamber of Commerce and Industry about three years ago. Her friends used to call her the "nature keeper", which is title well suited to her. Now she works planting trees and appealing to people for a green path in all corners of Mongolia. There is a saying in India: "We did not inherit this land from our past, but we borrow from it for our future". It is our duty to give our future a green world.

Onon's motto for her life's work is, "let's leave a green future for our children". All of her efforts and speeches are focused on green development. Her commitment to green development has been recognized with her her honors, the "Nature-friendly Hero" and "Green Entrepreneur-2011" awards. »

► R. Bayarbat, “Heroic Leader of Global Sustainable Development” Award Winner

It was two o'clock in the morning. He was meditating. He has been practicing his meditation every night for the last 10 years. It's said a person should sleep 8 hours in a day. But R. Bayarbat, who is in his 50s, has been sleeping for only 30 minutes a day during that 10-year period. It's not because of any disease or any other outside effect. He spends most of his time resting during his meditation.

“I search for answers to my questions while I meditate. I feel happy when I try to find answers to life's rhythms, reason to be alive and life's value, and saving our mother earth” he said.

Bayarbat was awarded the “Heroic Leader of Global Sustainable Development” award along with Michelle Obama, James Paul McCartney, and Supreme master Ching Hai of the U.N. Conference for climate change in Durban.

“I heard the news only a week before with a letter from the UN. Before that I didn't know anything about the award. Twenty one people won this award, which has been selected by the UN's special team for their examples of helping the environment”.

Bayarbat's contributions include his promotion of a vegan diet to Mongolians. It's been said that eating a green diet is equal to saving up to 340 litres of water, planting 170 trees and saving 1,350 children from hunger. So far Bayarbat has led over 2,000 people to a green diet. When he received his award at the conference in Durban, people were very surprised that a Mongolian, from a nation known for its meat-



eating habits, could earn such an award. International journalists said about Bayarbat that “Mongolians never stop surprising the world. This time you surprised us with this exemplary effort”.

He was a once a simple vendor who ate meat, drank alcohol and smoked. But now he only eats his green meals each day, and has given up all the aforementioned habits. Now he is the director at a Loving Hut, an international chain of vegan restaurants, in Mongolia. He is also the head of Supreme Master Ching Hai's international community for Mongolia.

How Do We Differ From The Ancient Community?

D. Enkhbat, Head of the Innovation Department at MUST

D. Enkhbat feels pride for his work reducing carbon dioxide emission. Scientists found that a high rate of carbon dioxide in the air results in a warmer climate.

“The world is getting warmer. So what do we, mankind, do?” asked Enkhbat. “We should choose green development. It starts simple. Maybe we can start by reducing our waste”. He added that by turning off the lights when they're not needed, putting waste into the trash, planting trees, eating a healthy diet, conserving water, meditating and walking we can support green development.

Methane, which is partially produced from livestock, is one major contributor to global warming. Mankind kills 56 billion livestock for meat and industrial uses, producing 275 million tons of meat per year. To meet demand, people continually raise livestock to a superfluous degree.

Enkhbat, like others who supports green development, wakes up at five in the morning to meditate. Also he is a vegetarian. But this day he was fasting. Fasting for one day can save 40 tonnes of water. There is a report states that up to 40 tonnes of water is used to slaughter a calf for its meat.

“Mankind has reached seven billion but its demand has reached seven trillion. So we have to cut our usage” said Enkhbat.

History has shown that religion and science often oppose one another. But even though Enkhbat is a scientist, he follows Mongolian traditions and religion, at the same time as conventional science to see whether the three can support



each other. He said that although science can measure global warming, land pollution, and fresh water shortages, the science itself cannot stop all of them. It can't even find the answer to some of them. But religion and tradition have answers. Albert Einstein once said “Science without religion is lame, and religion without science is blind”.

“Mankind eats meat and litters everywhere when it lives together within a community. Yet we are living in the 21st century, and we still eat meat, wear fur, litter and cut trees. We are not different from any other community. We are polluting our earth just to supply our demand”.

But he doesn't live this kind of lifestyle. Every person can help deter climate change and support green development just by cutting down their own waste. ■

Business Break

What book about green topics would you recommend?

D. Dorjsuren, Head of the Public Administration Management Department at the Ministry of Environment and Tourism:

I would like to suggest to your readers a book by Thomas L. Friedman, who has won the Pulitzer Prize three times. *Hot, Flat and Crowded: Why We Need a Green Revolution and How It Can Renew America*, published in 2008, brings a fresh perspective on this global issue and can help us all accept mutual responsibility.

If one part of a ship is on fire, or some integral screw is missing, it will quickly sink. Looking at the problem from this perspective, we can talk about

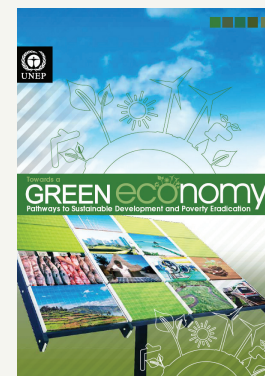
Mother Nature as a global issue with the public. This book has become a table book for millions of readers, from micro entrepreneurs to U.S. President Barack Obama. It has helped millions of readers see globalisation in a new way. Global warming and the rapid growth of populations make the world hotter, flatter and more crowded. Friedman proposes the establishment of a "green code" instead of the inconsiderate way people have lived. Our future starts today.



L. Tur-Od, Managing Director, Mongolia Economic Forum:

At the moment I am reading the report *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, compiled by the United Nations Environment Programme's (UNEP) Green Economy Initiative, written in collaboration with leading economists and experts worldwide. Their writings demonstrate that the greening of economies is not generally a drag or additional burden on economic growth but rather a new

engine for growth. It is indeed a net generator of decent new jobs, and that it is also a vital strategy for the reduction of persistent poverty. Moreover, this report also seeks to motivate policy makers and government officials to create the enabling conditions for increased investments in a transition to a green economy. Thus, I would recommend it highly as a must read, since the topic is extremely relevant to the current Mongolian context.



B. Batbold, Lecturer at the Institute Eco-Asia, Member of the Board of Directors of the Civil Council for the Environment and Nature of Mongolia:

Everyone likes reading poems, poetries, short stories, fairy tales, legends, adventures, horror literature according to his or her interest; and finds the shortest way to achieve the goal set up by realizing all the beauties of our life. The world is full of different dilemmas. It is a pity that we have understood only now that the most crucial issue is that of the environment. I have recently read the translation of the book *A community guide to environmental health*.

This book displays through the various experiences of other countries the role and involvement of the public (women, children, youths, and seniors) on solving the problems of environmental health. Prior to the start of talk

about environmental health, one should know that the environment itself is at the deepest root of everything. The book highlights these points, and it will play an important role in public education on ecology.

Protecting the environment means preserving humankind's society, health, life, and economy. This work defines methods and ways for environment protection, rehabilitation process, and the efficient use of nature. All of us have to realize that our involvement and participation in sustainable development is significant. Thus, I am doubtless that this book will bring many changes in my work and life. You have to read, understand, and try. Everything is in your hands. ■





Photo By E. Zorigt

Business and New Idea

Where the Demand Meets the Offer

By Kh. Khulan

Stephan A. Fischer is the chief executive officer of the fair agency FV Messe of Munich in Germany. He was born in Geneva, Switzerland and holds a degree in civil engineering from the Swiss Federal Institute of Technology. Fischer used to run a consultancy company, and has travelled around the world working with international businesses. Later in his professional career, he left the Swiss industry fair, and started his own business. FV Messe is a registered organizer for German National Pavilions on trade fairs worldwide. The Future Mongolia-2012 exhibition is to be held from 16 to 19 May 2012. It will be organized jointly by the German Engineering Federation (VDMA), VF Messe GmbH; and local partners Ammac MGL LLC and Interconsulting LLC in Ulaanbaatar. It will be staged at the Buyant Ukhua sport complex near Chinggis Khan International Airport.

Tell us about your work background and how you came to the Future Mongolia-2012 international exhibition.

The FV Messe agency was founded in 2000 in Germany. The first idea for the business was to exclusively provide services for companies coming to trade shows in Germany, and the companies grew very happy with our services. When I offer a certain kind of service, I have the philosophy that if I cannot find an adequate product to buy on the market, I'll have to create it myself. For one client we had the need for temporary staff. We hired the temporary staff from agencies that already existed, but the quality was not what I expected it to be. So I developed my own in-house agency. We are now one of the big temporary agencies for trade shows in Munich. The same thing happened with catering work. I was not happy with the services, so I started to do the catering myself. My goal in business is to deliver only top-quality products and services. We applied to be admitted as organisers for German booths at exhibitions abroad, and attained the license for that. That is how we started representing the German industry on behalf of the Ministry of Economy in international trade fairs. We now work around the world, from China to Brazil. In September 2010 we ran the German booth at Discover Mongolia. When I say we, I mean the VDMU (a German engineering association), the architect Juergen Vogel, and my company. We had a contract with the federal government. We did it quite successfully. One would have to be blind not to see that Mongolia has huge potential. Not only in mining, but the other sectors that follow mining are also very important. So I wrote a concept about how to do it. The architect and I created a ▶

- ▶ new company specializing in international fair organisations of our own. The company's name is VF Messe, which stand for our names Vogel and Fischer.

What recent exhibitions have you organised?

The last one we did was in Miami. It was an event for attracting tourism where tourist venues could present themselves. We had thirty German companies at that event. Another one before that was a railway show in Minneapolis. Last year was a construction exhibition in Turkey. A trade fair is a platform for suppliers to meet buyers. Our job is to make this interaction run as smoothly as possible, and manage the floor. There is a saying, "you can bring the horse to the water, but the horse has to drink itself". We make our platform as best as it possibly can be.

Did you receive support from different institutions? Can you name some?

From the beginning we had a great deal of support from the German Embassy in Ulaanbaatar, and also from the Mongolian government. The embassies assisted us whenever they could—this includes the embassy of Moscow, London, etcetera, just to mention a few of them—helping us with promotion and giving advice. Then we decided to seek out partners, and we found Ammac MGL, a very active German company with good networks here in Mongolia. In May last year, we visited Mongolia to gather the support from important figureheads and got the proof we needed that we had the right idea.

Everybody agreed that there was a need for such a fair. The question is how to build it. The basic idea is to assemble as many offers as possible; not only in mining, but all of the other industries related to mining development as well. We came up with the idea that a fair was needed that was not catered only to mining and construction. The fair must include everything that is needed for the sustainable development of a country because sustainability is one of the key elements that must be considered during a country's development. Imagine how nomads would live if the countryside was destroyed. Nobody has the right to do that. Sustainability does not counter industry or development. No, sustainability creates new jobs, new solutions and reasonable development.

What is the first rule for the organisation of an international exhibition? What other rules must one follow?

The organiser of an exhibition has to understand his role as a service provider to "the Demand" and "the Offer". We create the platform, we service them. Rule number one: never, ever should a fair organiser try to give advice, or discuss things he has no expertise in. Exhibitions are very important and cannot be used as a political instrument to influence the national economy. But it has to be used the government and the locals—not by the organizers. We are experts in providing services. Keep this in mind. There is an average of about three exhibitions out of ten created that will survive in the future. Seven will disappear after some years. One reason for this is the wrong attitude of the organiser. If the organiser starts to act like a teacher, the exhibition is dead. It is not our role, we only help and assist. But we don't advise others to do anything.

In your opinion, what is needed to bring this exhibition to Mongolia?

You need top technology and top experts. This would of course ease business relations, because the Offer is meet-

ing the Demand. They are given an easy opportunity to see what is available on the market; and what kind of solutions and technology are available that are suitable to solve the problems of the country. Without exhibitions like that, all the decision makers would have to travel around the world, using a lot of time to get the information they need to make the right decisions. When I say bring together the Demand and the Offer, I mean those speaking face to face with the industries that produce and delivers solutions. This is the benefit for Mongolia. There is of course a need for the city's own fair ground, and I am sure one day or another somebody will build it. Hopefully it's done in a quality that it is capable for holding good exhibitions, as well as for the sale of consumer goods for later. But first the mining industry is the motor for development; we need to feed it the best technology. I believe that with this potential market, Ulaanbaatar is a must for trade shows. Mongolia will have the possibility to purchase top-quality technology. Modern technology helps work be achieved in a sustainable way. That is the need.

Can you please tell us about different types of exhibition settings? Are there many?

There is a difference between how to set up an exhibition in the US and Europe. In the US, basically you have a traditional facility of nine square meters, so you take ten feet by ten feet. The European way to organize a show is much more flexible for trying to adapt the services we provide to the needs of exhibitors. The U.S. Demand is mainly organizing trade fairs, inviting the Offers to come. The European way is to assemble the Offer, and invite the Demand to come. Our system has one disadvantage. Every exhibitor would like to have a corner stand, with two or three sides open. There are not as many corners for the Demand. This requires discussions between the organizers and exhibitors to find the right solution that helps the exhibitors.

Which of the exhibited equipment and machineries would you recommend for our country?

The water shortage in this country creates the need to introduce the best possible technology for water research and treatment. You need to recycle your water. These technologies are extremely important. I do hope the exhibitors bring these sorts of technologies for water and energy efficiency. If not this time, then next time; because we plan to repeat the Future Mongolia exhibition. You cannot provide services to somebody if you don't recognize his needs.

Is there anything else you would like to tell us about?

Yes, I would like to add the following: to visit the international exhibition Future Mongolia-2012 will be free of charge; second, we are going to organize a shuttle bus service from the city centre to the venue and back; third, we offer the opportunity for exhibitors to give presentations in the afternoon. The important thing is we want to invite engineering students to come to the fair and give them the opportunity to take part in these presentations, to be brought closer to reality. When you are studying you learn things in a theoretical way. For practical life, it is important for young people to have the opportunity to talk to those who work in the field, and to understand what the business will be like. The advantage of Mongolia is all these students will enter business life. The more they know about the practical side of business, the easier it will be for them to be integrated into business. Let them smell the industry. ■



NewsWire Highlights:

NewsWire is a weekly news feed sponsored by the Business Council of Mongolia. Each week, NewsWire delivers breaking and significant news from local and international news sources for a Mongolian and foreign audience alike. The following are news highlights from January.

Business

MMC SURPASSES ITS 2012 TARGET FOR COAL PRODUCTION

Mongolian Mining Corporation (MMC) surpassed its 7 million-ton annual production target in December at its Ukhaa Khudag coal mine at Tavan Tolgoi. The company considers this 79 percent increase of 3.9 million tons from 2010 a significant achievement.

Moreover, as last quarter's average monthly production at the Ukhaa Khudag deposit reached approximately 900,000 tons of ROM coal, Mongolian Mining is confident that it will be able to achieve its target of approximately 10.7 million tons by 31 December 2012.

In August 2006 the government granted the company its license for the Ukhaa Khudag coking coal deposit, covering an area of 2,960 hectares. Mining began in 2008, while in June 2011 the company acquired 100 percent interests in QGX Coal Ltd. and its indirectly owned subsidiary Khangod Exploration LLC, the holder of a mining license for Baruun Naran coking coal deposit. Leighton Asia and Sedgman from Australia are mining contractors hired by MMC for both deposits in South Gobi Mongolia.

Source: Indonesia Today

COMMODITIES GIANT TRAFIGURA IN MARKET FOR MONGOLIAN COAL ASSETS

Looking to capitalize on Mongolia's growing importance as a strategic raw materials supplier to resource-hungry China, private commodities company Trafigura is actively expanding its already significant position in the global resource market; and its subsidiary, Trafigura Coal, could become a top global supplier of thermal coal, coking coal, and coke products. The Dutch company has already established itself as a supplier of ferrous raw materials—including iron ore, coking coal, PCI coal, metallurgical coke, and ferro-alloys—to the steel industry worldwide. The company maintains a strong position in China, where it has a trading license that will allow it to store imported ferrous raw materials and source and trade domestic materials.

Already having invested in a trucking company in Mongolia to transport coal from producing mines to China, Trafigura's recent joint venture agreement with Origo Partners PLC (a Beijing-based private equity investment company) to invest in coal and iron ore opportunities in Mongolia is a good sign that

well-propriety coal and iron mining firms in Central Asia may be next on the commodities trader's shopping list.

"Trafigura-Origo MGL will invest in a number of Mongolian iron ore and high-quality coking coal exploration projects and target further high-grade deposits," reported Reuters. "The venture is looking to invest USD 5 million to USD 30 million per project, and these are likely to be open-cast mines in the five northern provinces of Mongolia."

The world's third largest independent oil trader and second largest independent trader in the non-ferrous concentrates market, Trafigura posted revenues of USD 88.512 billion in the first three quarters of the 2010-2011 fiscal year. In keeping with its business model—maintaining "investment in, and access to, key physical assets around the world"—the company has been making investments directly into publicly-listed junior and mid-tier mining companies as well as privately-held companies to further strengthen its position in the global marketplace.

Source: Resource Investing News

Economics

MSE IS SECOND HIGHEST PERFORMING STOCK EXCHANGE IN THE WORLD IN 2011

The Mongolian Stock Exchange (MSE) has slipped from the first to the second highest performing stock exchange in the world,

The MSE ended 2011, up 32.6 percent, second only to the Venezuela Caracas Stock Exchange (CSE), which rose 80.8 percent. While most of the world is still reeling from the global economic crisis instigated by debt issues in the euro zone, slow growth in the United States, and the threat of a hard landing in China, the Dow Jones Industrial average is up a reportedly healthy six percent.

The website calculated yearly returns for some 100 global indexes to see how indexes compared to one another. It found that less than 15 percent of markets are in the positive range.

Source: BusinessInsider.com

S&P RAISES MONGOLIA'S OUTLOOK TO "POSITIVE"

Standards & Poor's Rating Services (S&P) revised Mongolia's outlook to positive from stable and affirmed its nation's sovereign ratings, citing that its growth prospects as more mines begin operations. The rating has a crucial influence on the ratings of banking agencies, which accounts for a similar boost to Golomt Bank's rating.

Mongolia's long-term sovereign rating remains "BB-" and its short-term rating "B", S&P said. The outlook revision reflects expectations for a "significant" increase in real per capital gross domestic product through at least 2014, with S&P estimating ▶▶

▶ the measure may more than double to \$6,560 by 2014 from \$2,973 this year, according to the statement. The credit rater also affirmed its ratings of "B+" for long term and "B" for short term for Golomt. However, the credit rater did not factor support from the government into its rating for Golomt because the bank's "stand-alone credit profile" closely resembles the local currency rating on the Mongolian government. However, a raise in the sovereign rating would open the possibility for a higher rating for the bank.

The rating may stabilize or come under downward pressure if macroeconomic stability and public finances come under renewed threat from "extravagant" fiscal expansion, or the fiscal cost of intervention from further unexpected banking sector losses, S&P said. Excessive borrowing could also push down the rating as its move would adversely affect Mongolia's favorable debt interests and maturity structure, the firm said. A weak policy environment and its resources-based economy are also acting as constraints on Mongolia's ratings, said S&P.

Source: Bloomberg, Standard & Poor's Rating Services

ESTIMATED MONGOLIAN GOLD RESERVES RAISED BY 35 TONS

The Mineral Council of Mongolia has raised its estimated reserves for coal, gold, iron, and wolfram after accepting reserve estimates from 112 deposits throughout the country.

The agency raised its estimate of coal by 8.4 billion tons, gold by 35 tons, iron by 30 million tons, and wolfram by 60,000 tons. Mongolia received MNT 235 billion in private investment for exploration work this year. The extent of exploration in the country rose by 10 percent from the last year, comprising 2,430 licensed areas.

Source: Unuudur

Politics

DP TO EXIT COALITION GOVERNMENT FOR ELECTION CAMPAIGN

Democratic Party (DP) Chairman N. Altankhuyag announced Thursday that he would withdraw his party from the coalition government led by Prime Minister S. Batbold. Altankhuyag, also the country's first deputy prime minister, made the announcement during the regular weekly news conference held with the party leaders.

Altankhuyag attributed the decision to the election campaign of the DP for the parliamentary and local council elections to be held in June 2012. The current coalition government led by Batbold, who is also chairman of the ruling Mongolian People's Party, was formed following the post-election riot on 1 July 2008. Six members of the DP are working as cabinet members and ministers of the government.

"By having a coalition government, Mongolia was able to have a stable political life and overcome the global financial and economic crisis with less damage," Altankhuyag said. "Now we believe the [DP] has fulfilled its historic role, and it is time to pull out from the coalition government."

The party's decision will have to be validated by the party's National Consultative Committee meeting, the party's ruling body.

Source: Xinhuanet

BAN ON EXPLORATION LICENSES EXTENDED PENDING NEW MINERALS LAW

Government has ultimately decided to extend its ban on new licenses for mining exploration. The Democratic Party has opted to extend the ban on the issuance of special licenses for mining exploration following the expiration of the law on 31 December. However, members of the group decided that the ban shall only extend until the passage of a new Minerals Law.

Parliament has promised to adopt the new Minerals Law in the near future. It also urged the standing committee responsible to submit a draft for the law immediately. In response, D. Battulga, the head of the Office of the President, said a draft will soon be ready for submission.

Source: Udriin Sonin ■

Launch of new Deloitte member firm in Mongolia

Onch Audit LLC, a leading local Mongolian professional services firm, has reached agreement with Deloitte Touche Tohmatsu Limited (DTTL) to become a member firm. The new firm, Deloitte Onch LLC, will offer a full range of professional services, including audit, tax, consulting and financial advisory to clients in one of the world's fastest growing economies. The office currently employs a staff of 50 with plans to recruit an additional 15 over the coming months.

The agreement will connect the newly formed Deloitte Onch LLC with support from the globally connected DTTL network of professionals in over 150 countries. The firm will continue to be led by founder Onchinsuren (Onch) Dendevsambuu, a former senior auditor at Arthur Andersen and Ernst & Young in Ulaanbaatar and Moscow.

Deloitte Onch LLC is poised to leverage the increased opportunities in the region, particularly in the energy and resources sector. For example, the Deloitte Global Mining Industry Team, an established network of experienced professionals in every country with significant mining activity, will add great value to its services to mining clients operating in Mongolia.

"This is a very exciting time for the new Deloitte member firm in Mongolia," said Onchinsuren. "We are proud to be joining an organization so respected for its world class service, innovation and ethics. With the support of our global network of specialists, I am confident we can continue to exceed our clients' expectations."