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# MONGOLIAN ECONOMY

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20 YEARS OF ASEM / ULAANBAATAR, 2016

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20 YEARS OF ASEM / ULAANBAATAR, 2016

THE 9<sup>TH</sup> ASIA-EUROPE  
PARLIAMENTARY PARTNERSHIP  
(ASEP9) MEETING  
ULAANBAATAR, 21-22 APRIL, 2016

## Path to the 11th ASEM



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## MONGOLIAN ECONOMY

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### Economy

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#### Marathoners had no chance

Although it was clear that the opposition had more public support, no one predicted the opposition would take more than 80 percent of the parliamentary seats. *page 6*



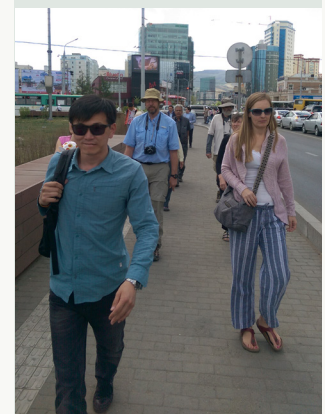
#### Nomadic Festival

However, the Naadam Festival programs are not limited just by these, *page 14*



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#### Rough start, happy ending

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MONGOLIAN  
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# Mongolian Economy

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## VISIT



At the invitation of Mongolian President Elbegdorj Tsakhia, the South Korean President Park Geun-hye will make an official visit to Mongolia on 17th July.

Park Geun-hye is set to hold summit talks with the Mongolian President on a range of issues such as economy, trade, information technology, energy, culture, education, health to bolster economic cooperation and exchanges in light of their “mutually complementary” economic structures. In addition, President Park Geun-hye will meet with Prime Minister of Mongolia and Speaker of the State Great Khural.

Before the official visit, Park Geun-hye will attend the Asia-Europe Meeting (ASEM) summit in Ulaanbaatar.

In addition, the Prime Minister of the Republic of Korea, Hwang Kyo-ahn will pay an official visit to Mongolia on 15-17 of this month. The visit is coinciding with the 25th anniversary of the diplomatic relations between Mongolia and South Korea. The first visit on the PM level was paid by Lee Han-dong in 2001.

## STOCK MARKET

Baganuur JSC has traded 9.8 million shares to the public through the stock exchange on 4 July. The additional shares are equivalent to 32 percent of the company’s total shares. The value per share was MNT 2,650.

Around 5,000 small shareholders of the company owned 25 percent of the company’s total shares. The Government owned the remaining 75 percent of the shares. The funds raised from the trade of additional shares are planned to be

spent on park renewal and update of old equipments. The last investment to the company was in 90s with the help of Japan.



## HUMAN RIGHTS

The UN Human Rights Council has decided to send an independent human rights expert in order to determine the cause violence and discrimination toward LGBT people in our country. The council has decided to appoint independent experts to a total of 23 countries. “I can tell you that the Secretary-General believes that the Human Rights Council marked another important step forward when it decided to appoint a UN Independent Expert to monitor and report on levels of violence

and discrimination against LGBT people globally. It is clear that there’s still so much that needs to be done to protect people from violence, tackle discrimination at work, end bullying in schools and ensure access to healthcare, housing and essential services” said UN Secretary-General, Ban Ki-Moon.

The expert will be appointed in September, and carry out a three-year term to carry out country visits and take up individual allegations with governments.

## PARLIAMENT

Newly elected members of the parliament have taken oath on 5 June to start the first session of the parliament. The most senior member of the parliament Ch.Ulaan chaired the first session in accordance with procedures. The first issue was to select the Speaker of the Parliament and the MPP board meeting suggested M.Enkhbold for the position.

Leader of the MPP, Enkhbold Miyegombo was elected as the Speaker of the Parliament with 86.5 percent vote. After receiving the seal, he said “We need



to establish a professional government and immediately start to work. The new government must develop a special program to stabilize the economy in a short time and get it approved by the parliament in order to get the state out of its current crisis.”

## LEGISLATION

Mongolia has exchanged a prisoner with China for the first time since the “Prisoner Exchange Treaty” was established with China. Specifically, Mongolia has taken back its citizen, who was sentenced in 2007 to be

sentenced 15 years in prison, from China last month.

As of today, Mongolia has established a prisoner transfer treaty with the Republic of Korea, China, Canada, Russia, Poland, Tur-

key, Cuba, India and Hong Kong. By making this agreement, a citizen of a country sentenced in a foreign country can be transferred to his or her home country if requested and continue to serve the sentence. ■



## Elections 2016

# Marathoners had no chance

TS.ELBEGSAIKHAN

This year's election was like a sprint rather than a marathon. The elections, which had full of uncertainties from the beginning, kept the voters on the edge of their seat until the end.

All the predictions and forecasts were crushed due to the sudden changes in the election law just a month before the elections. Although it was clear that the opposition had more public support, no one predicted the opposition would take more than 80 percent of the parliamentary seats. Many forecasts predicted that the Mongolian People's Party (MPP) would gain few more seats than other parties, but there would be no clear winner similar to the previous elections. Even S.Ganbaatar could not win a seat while the survey of Sant Maral Foundation has shown him to be with great advantage in winning. This foundation has been conducting such surveys for past many years in Mongolia.

Maybe the forecasts would have come true if the elections were held under proportional/majoritarian

hybrid electoral system. However, the parliament decided to use solely majoritarian system and nominate the candidates in 76 small constituencies. A total of 1.4 million people or 73.6 percent of the voting age people voted in this year's elections. When the elections results were revealed, the MPP emerged as a major winning party with absolute majority by winning 65 seats while the ruling Democratic Party (DP) won nine seats, the Mongolian People's Revolutionary Party (MPRP) only one seat and S.Javkhlan was the lone independent candidate who was able to prevail. Columnist B.Batbayar, or known as Baabar, tweeted "I am very excited that this year's election was different from my pessimistic imagination. Now the DP can get rid of its thieves and scams."

Chairman of the DP, Z.Enkhbold accepted defeat even before the automatic counting machines showed the combined results. He said that he would take responsibility before the members of his party and said "The election results are the evaluation to the ▶

► government given by the people.” We will responsibly keep the voters trust in us” said M.Enkhbold, the Chairman of the victorious party, with a spark in his eyes. This year’s elections used a technological advantage by showing the results from the counting machines on a big screen without a delay. In previous elections, people had to wait for more than 24 hours to hear the election results. This time, about 2,500 automatic counting machines were placed at 1,998 polling stations as television viewers and social media users very directly seeing the voting changes.

### Other unexpected things

The General Election Committee (GEC) reported that 73.5 percent of the total voters participated in the elections. The voter turnout of the first democratic elections /1992/ was 95.6 percent. But since then, the voter turnout has been declining by each election as the turnout reached its lowest 65.4 percent in 2012 elections. This year, the voter turnout went up from the previous elections for the first time. In particular, the voting activity of people up to age 35 has increased dramatically. No irregularities and violations were revealed when post enumeration survey was conducted on 42 percent of the polling stations.

City and Provincial Citizens’ Representative Council Elections were held with the parliamentary election at the same time. The MPP has also won the citizens’ representative council elections by getting 35 seats while the DP team led by the current Mayor of Ulaanbaatar, E.Bat-Uul won 11 seats. E.Bat-Uul and his team were confident that they will become the majority in the citizens’ representative council meeting as implemented works such as “Street” project, ger district redevelopment, introduction of a new system in public transportation, new roads and changed image of the capital city receive public praise, but they also lost. E.Bat-Uul said “This election has become a disaster for the capital city Democratic Party. But we will confidently say that we have not lost the people’s trust.” The MPP was victorious in every province of the citizens’ representative council elections other than Zavkhan Province.

The performance of female candidates garnered lots of attention. Although the quota for female candidates from parties was reduced from 30 percent to 20 percent in the Law on Elections, which was criticized by the 11 MPs of the previous parliament, female candidates took 13 seats, up by 2 from the previous general election.

This year’s election had the 69 independent candidates running for the office, ever highest in the Mongolian parliamentary elections history. State Honored Artist, S.Javkhlan was the lone independent candidate to get elected.

In addition, the MPP members Ts.Nyamdorj and D.Lundeejantsan have become the longest tenured MPs who will continuously serve the position for 28 years by getting elected in 2016 elections. Ts.Nyamdorj used to compete in Uvs Province while D.Lundeejantsan

stood from Uvurkhangai Province in the past six elections respectively. But this time, they competed in Ulaanbaatar electoral districts, giving opportunity for their party’s young candidates to compete in their usual electoral districts. Voters were not so confident whether if the senior politicians will bring victory for their party by changing electoral district for the first time in their respective careers. However, D.Lundeejantsan was able to defeat Z.Enkhbold, the Chairman of the DP, in Bayangol District of Ulaanbaatar. Another unexpected winner was Mongolian national wrestling champion, A.Sukhbat who got elected from his native Tuv Province.

### New officials appointed

President Ts.Elbegdorj issued a decree for the new parliament to immediately start working in relation to the upcoming ASEM Summit. Thus, the new parliament started its first session on 5 July, chaired by the President. The first session of the new parliament started on scheduled time with 100 percent attendance for the first time after seven parliamentary elections since 1992. The first sessions of the previous parliaments were not able to have full attendance due to election disputes.

During the session, Chairman of the MPP, Enkhbold Miyeeegombo was elected as the Chairman of the Parliament. He was born on 19 July, 1964 in Ulaanbaatar. M.Enkhbold started his political career in 1990 by joining the MPRP. From 1999 until 2005, he had served as Mayor of the capital city, Ulaanbaatar and became member of the parliament in 2005. He served as the Prime Minister between 2006 and 2007, Deputy Prime Minister of Mongolia from 2007 to 2012 and was appointed as Vice Chairman of the State Great Khural in 2012.

The new parliament is striving to establish a government composed of experts. On 6th of this month, the ruling party has appointed Erdenebat/Jargaltulga as the 29th Prime Minister of Mongolia. J.Erdenebat served as the governor of Selenge Province between 2008-2012. His political career began when he got elected in 2012 general election. In addition, he has experience of working as Minister of Finance during the eight month coalition between the MPP and Ch.Saikhanbileg’s Government. Now he must form his cabinet in the coming days.

On 7 July, the MPP dominant new Capital City Citizens’ Representative Council held its first session and appointed Batbold Sundui as the Mayor of Ulaanbaatar and Sandui Tsendsuren as the Chairman of the City Citizens’ Representative Council.

The new Mayor of Ulaanbaatar, S.Batbold is an experienced politician who got elected in three consecutive elections as a MP since 2004. As for the new Chairman of the City Citizens’ Representative Council, Ts.Sandui, he has been working as the Chairman of the Capital City MPP Committee since 2012.

Since the reveal of the preliminary election results, many people had opinion that the Chairman of the DP, Z.Enkhbold must relinquish his position due ►

► to unsuccessfully leading his party in the elections. Z.Enkhbold, himself, accepted his party's defeat and said "I am ready to take responsibility with the General Secretary of the party. "On 5 May, the DP Executive Board held a meeting and made decision on several issues. Z.Enkhbold was discharged from the party chairman position and appointed D.Erdenebat as the temporary substitute. In addition, the DP is set to convene its National Consultative Committee on 18th of this month.

### Platform of the victorious party

The Mongolian People's Party, the oldest political party in Mongolia, officially formed as a political party on March 1, 1921. The party's ideology is centre-left social democracy. Therefore, the party emphasizes social welfare in its policy. In this election, the party competed under a slogan which said "Together, we can take Mongolia out of the economic crisis". The party's platform also focuses more on social issues. Their action plan includes:

- Provide allowance equivalent to labor wages to mothers that gave birth to a child regardless of insurance type.
- Increase the amount of pension
- Increase salaries and pensions in phases
- Income tax will be tiered depending on income levels.
- Will increase financing for the health sector

- two times.
- Will increase financing for the science sector five times.
- Will reduce loan interest rates
- Will not increase heat and electricity prices.
- Will build and commission Ukhaakhudag-Gashuunsukhait and Nariinsukhair-Shiveekhuren rail lines.
- Will start to construction work of Erdenet-Ovoot and BogdKhaan rail lines and develop transit transportation.
- Will reduce corporate income tax of entities with annual income lower than MNT 1.5 billion to one percent.
- Will reduce the price of fuel in consistence with global market price. Same level of fuel price will get adhered nationwide.
- The number of foreign tourists will increase to one million per year.

State Honored Artist, S.Javkhan, who was the only independent candidate elected in 2016 elections, has started to relentlessly speak his opinion for Mongolian land, and culture and tradition since 2008. He was elected as the member of the parliament on his third try. He came to the first session of the parliament to take oath by riding a horse along with 99 other horsemen which was unique and garnered lots of attention. While some people praised him for reminding Mongolian tradition, some criticized him as being too extreme. ■

## Elections 2016

# Foreign observers' conclusion on the elections

Organization for Security and Co-operation in Europe Office for Democratic Institutions and Human Rights (OSCE/ODIHR) and the European Parliament (EP) presented their Statement of Preliminary Findings and Conclusions on Mongolian Parliamentary and Citizens' Council Elections 2016. The preliminary conclusions were done by Laima Liucija Andrikiene (Lithuania) who led the EP delegation, and Ambassador Audrey Glover, Head of the OSCE/ODIHR Election Observation Mission (EOM).

OSCE/ODIHR has deployed the Election Observation Mission to Mongolia on 20 May 2016. The OSCE/ODIHR EOM consisted of a 14 member core team based in Ulaanbaatar and 14 long-term observers deployed throughout the country. Observers from a total of 33 countries have observed the election day procedures.

### Several large-scale promises by the ruling party distorted the fairness of the campaign

**Audrey Glover** /Head of the OSCE/ODIHR Election Observation Mission/

Election day was orderly, following a competitive campaign. This, however, did not offset the impact of late fundamental changes in the electoral legislation on Mongolia's democratic development. The elections were highly contested and the freedoms of assembly and association were respected. Following an inclusive process, a new election law was adopted on 25 December 2015, which consolidated various election laws, a positive development toward establishing a cohesive electoral framework. However, in May 2016, ►

► the parliament changed the mixed electoral system to a solely majoritarian one, established 76 single-mandate constituencies and approved their boundaries through a process that lacked transparency, public consultation and adherence to established criteria. It resulted in profound population discrepancies among constituencies, which is inconsistent with the principle of equality of the vote provided for by paragraph 7.3 of the 1990 OSCE Copenhagen Document and other international obligations and standards.

The elections were administered by a four-tiered election administration, headed by the General Election Commission (GEC). In preparation for election day, the GEC met key operational deadlines and fulfilled its mandate. At the same time, the GEC lacked transparency and accountability towards stakeholders, thus diminishing trust in the credibility of the process. Testing of vote counting machines was conducted by the GEC professionally in the presence of stakeholders. To address concerns over their accuracy and integrity, the law was amended to stipulate that up to 50 per cent of polling stations would be subject to a manual recount. However, procedures stipulating the manual recount were finalized only two days prior to the elections, which did not allow time for the relevant training of lower-level commissions.

Voter registration is passive and based on the national civil register that uses biometric data. A total of 1,910,878 voters were registered for these elections. Stakeholders expressed general confidence in the accuracy and inclusiveness of the voter register. However, persons declared incompetent by a court or those serving a prison sentence, regardless of the severity of the crime, are ineligible to vote. Following amendments in May, even after preparations had already been initiated, out-of-country voting was abolished for parliamentary elections, which effectively disenfranchised 150,000 citizens living abroad.

Candidate registration was largely inclusive, providing voters with a range of political choices. However, contrary to OSCE commitments and other international obligations, the legislation sets disproportionate restrictions on candidacy rights, disqualifying a person for overdue debts or taxes, for not having completed compulsory military service as well as for having a criminal record regardless of the crime committed.

Despite undue campaign restrictions, the freedoms of assembly and association were respected and candidates were generally able to convey their messages to the electorate. Several large-scale promises by the ruling party distorted the fairness of the campaign.

## Mongolian journalist are not afraid of defamation

**Laima Liucija Andrikiene** /*Head of the European Parliament delegation/*

The media offered extensive election coverage, but abandoned its intermediary role, primarily granting direct access to the politicians. Consequently, voters were deprived of independent and analytical reporting. Paid political advertising is prohibited on the public broadcaster. However, television spots promoting the achievements of the government were aired throughout the campaign, which under the law is not considered electioneering.



Most monitored television channels broadcast in their newscasts campaign material prepared by or paid-for by political parties thus blurring the line between news and political advertising. The OSCE/ODIHR EOM media monitoring noted instances of identical news stories aired by newscasts of different broadcasters. Eagle TV favoured the DP and MPP, with 26 per cent of news coverage each, TV5 favoured the MPP, with 44 per cent, and TV9 the MPRP, with 28 percent. The tone of news coverage was widely positive towards the two major parties on all three television channels.

Defamation is a criminal offence; charges against media and significant fines weaken media freedom and may induce self-censorship. As no investigative programs were observed, we consider that Mongolian journalists are not afraid of defamation. In the future, voters' education and independence of media needs to be focused. In the end, election day proceeded in an orderly manner most part of the country. In general, the voting was assessed as positive, however, the secrecy of the vote was not consistently ensured. ■

## ASEM

# Path to the 11th ASEM

TS.BUNIA

The public has started to understand more precisely what ASEM is since the 9th Asia-Europe Parliamentary Partnership Meeting (ASEP9) was held. Although the first meeting of the 11th ASEM produced declaration with nine pages and 44 clauses, it might have not attracted the average Dorj's interest that much. The upcoming parliamentary election or Naadam Festival holidays might have been more important for him than international trade, regional integration and global climate change. But these days made all of the Mongolians to strongly feel as an Asian and even the world citizen. Even the average Dorj is walking through streets that were renovated for the ASEM, and seeing the ASEM atmosphere by his own eyes.

Nine side-events are going to precede the 11th ASEM Summit. The 9th Asia-Europe Parliamentary Partnership Meeting (ASEP9) Meeting was held first on 21-23 April in Ulaanbaatar. More than 170 delegates from 32 member countries of the ASEM and European Parliament have participated in the meeting to exchange views on topics such as "Connectivity and Effective Multilateralism" and "Partnership for the Future". The meeting was declared opened and chaired by H.E Mr.Enkhbold Zandaakhuu, Speaker of the State Great Khural, and addressed by the President of Mongolia, Ts.Elbegdorj. President Ts.Elbegdorj noted in his opening speech that over 100 topics are raised during the ASEM meetings and leaders as well as representatives of society participate in it. Thereafter, many topics were discussed during ASEM Senior Officials' Meeting (SOM) was held on 12-13 May, 12th ASEM Finance Ministers' Meeting (FinMM12) on 9-10 June and ASEM Consultative Meeting on Food Security on 20-21 June.



Even the average Dorj is walking through streets that were renovated for the ASEM, and seeing the ASEM atmosphere by his own eyes.

For example, important topics such as food supply of Asia and Europe, Decreasing technical barriers on agri-food trade, transportation & logistic in the regions, climate change impact on food security and supply, food safety as well as organic agricultural production, certification, genetically modified food production, supply and future trends, sanitary and phyto-sanitary measures, and trans-boundary animal diseases were discussed during ASEM Consultative Meeting on Food Security. These topics are not so distant from the life of the

average Dorj. Topics discussed during these side-events get summed up to develop recommendations for the policy implementers participating in the summit. As the world is becoming even more globalized, participants of the ASEM Summit must have the same stance on issues as it will directly impact the lives of the four billion citizens of Asia and Europe.

During the ASEM Senior Officials' Meeting, the issue of connectivity between the states as well as the people of Asia and Europe was emphasized. As ▶



of trans-regional infrastructure projects is important in order to do so. Deputy Managing Director of the International Monetary Fund noted that it is necessary to ensure macro-economic stability, reach closer consensus on mutual cooperation, and reform regional and the two continents' relations. Vice-President of the European Commission, Valdis Dombrovskis said that the recovery of developed countries highly depends on the Asian economy and said "Europe's economic size and policy experience can help Asian economies manage the next phase of the transition."

### What Mongolia will gain?

People are thinking what Mongolia will gain by organizing the ASEM? But many changes have been made over this period since the meetings began. Renovation and beautification works have been made in 13 streets and squares of Ulaanbaatar. The Civil Aviation Authority of Mongolia has built nine new aprons, improved the cement concrete pavement of the runway and renovated the Chinggis Khan international airport by MNT 21.7 billion from their own budget. By doing so, the airport become available to accommodate a total of 34 aircrafts and new transit hall was commissioned.

Many investments such as ASEM Villa, where leaders of states to participate in the summit will stay, were made within the framework of the ASEM Summit. Besides infrastructure, intellectual investments are being made for the professionals and personnel. For example, 1,500 students who registered to volunteer in the organizing of ASEM meetings were involved in advanced training. The training included courses such as diplomatic etiquette and discipline, principles to adhere during state ceremony, prerequisite required from volunteers, and standard requirements of guides and interpreters. It has been 25 years since the establishment of volunteer movement in our country and the biggest achievement is that Mongolia gains a major volunteer team with experience after the ASEM Summit. Moreover, more than 40 partner hotels which will host the delegates have introduced new standards and services. More than 150 managers from these hotels were involved in specialized training and increased their knowledge in skills

such as methods to organize international conference and service to high-level representatives. Qualified hospitality and guest service trainers from South Korea conducted the trainings.

### Leaders and representatives from 34 states will participate in ASEM Summit

More than 5,000 guests and delegates are expected to attend the 11th ASEM Summit which will be held on 15-16 May. Currently, highest-level authorities of 34 countries have submitted to participate in the summit. These highest-level of authorities consist of state heads and prime ministers. The rest of the delegates will participate in the summit on a ministerial level. The guests and delegates will come to Mongolia on 12-14th of this month. About 4-5 five visiting presidents and prime ministers will come to Mongolia under an official visit. For example, Prime Minister of Singapore, Lee Hsien Loong's official visit to Mongolia will start from the 14th of this month.

Officials stressed that it will be the beginning of MICE tourism in Mongolia. Mongolia will gain reputation by organizing all these works and events and it will open the door for further international conferences and meeting in our country and increase the number of tourists to Mongolia through work and official visits. The organization of the first few meetings have already started to receive praises. During the 9th Asia-Europe Parliamentary Partnership Meeting, President of the Italian Senate, Mr. Pietro Grasso, who has successfully organized the 10th ASEM Summit in his country, congratulated Mongolia for the outstanding organization of the event and said "My hope is that Ulaanbaatar will be the starting point of a new pax mongolica, like in the years 1215-1360, when Mongolian peace helped to re-establish the Silk Road as the main communication channel between East and West."

President Ts.Elbegdorj put forward an initiative to establish an ASEM Centre in Ulaanbaatar in order to share the good practices of the previous ASEM Chairs, assist the future Chairs and thereby ensure ASEM's continuity. Therefore, Mongolia needs this reputation. The citizens of Mongolia also need it. ■

► tourism, trade and postal communication between the two continents on one mainland increases, so will the economy of the regions will have stable growth, development gap will decrease and individual incomes will increase. The 12th Asia-Europe Finance Ministers' Meeting was held under the theme "Partnership for Prosperous Connectivity between Asia and Europe" which facilitated dialogue to expand Asia-Europe cooperation, create more accessible and balanced growth and reach development together. It was said that supporting the implementation

## Cooperation

# One globe

BY TS.ELBEGSAIKHAN

Europe and Asia are not separated by water like other continents. Its people live on the same Eurasian tectonic plate and have a historical connection. Beginning from the second half of the 20th century, the two continents have grown closer – both formally and informally. Organisations such as the Association of Southeast Asian Nations (ASEAN) and Asia-Europe Meeting (ASEM) work to strengthen these intercontinental ties.

ASEM is an informal meeting for dialogue and cooperation that brings together 53 countries in Eurasia and Oceania.

The current Asia-Europe Cooperation Framework was established at the third ASEM Summit in Seoul in 2000. It outlines key principles and initiatives in the fields of human rights, rule of law and good governance. With ASEM members comprising 63 percent of the world population, their cooperation is crucial in the fight against terrorism, climate change and the challenges brought by globalisation.

## Who's holding whose hand?

From an economic perspective, ASEM member countries accounted for 57 percent of global GDP in 2012. However, trade between the two continents mainly occurs between the countries with similar levels of economic development.

China, South Korea and Thailand are responsible for the most investment out of the 28 countries, although investments from India and Australia have been on the rise in recent years. As for the balance of trade made between the Eurozone and Asian countries, the trade turnover between China and Russia is 30 percent — significantly higher than all other ASEM countries combined.

Interregional trade between Asia and Europe has significantly expanded over the past decade. However, flows from Europe to Asia have declined in recent years. This is likely related to the aftermath of the global financial crisis. Comprehensive trade agreements could liberalise trade and investment between Asia and Europe, according to speakers from the Asian Development Bank at a seminar sponsored by the regional

connecting European countries with Japan and South Korea. Mongolia's geographical position is a strategic point for connecting Europe with Asian markets such as China, Japan and South Korea.

The Silk Road is a major component of the “One Belt, One Road” initiative launched by Chinese President Xi Jinping in 2013. This massive, wide-scale work involving multiple countries



financial institution held in Frankfurt, Germany on May 2, titled “Asia-Europe Economic Cooperation: Fostering Greater Trade and Investment.”

## Trends and opportunities for Mongolia

Although multilateral cooperation between Asia and Europe have closely tied together the societies and economies of Eurasia, globalisation has created new challenges concerning trade, human rights, security and climate change. All of these challenges must be addressed cooperatively if they're to have any chance for success.

The European Union has made several strategic partnerships with India, China and Japan as well as regional organisations such as ASEM and ASEAN in order to engage the new economy of Asia. Asia is also interested in expanding its relations with Europe, as demonstrated by Its interests in projects such as China's “New Silk Road and” Mongolia's “Steppe Road” initiatives. Together, Russia, Mongolia and China will build the a highway

aims to create economic corridors built upon modern infrastructure that is based on historical trade routes that connected Asia and Europe hundreds of years ago.

One of these corridors is the 1,000-km “AH3” highway that will run through Russia, Mongolia and China. An Asian Highway Network that will begin from Tokyo and end in Istanbul is set to become the most efficient of the six transportation corridors connecting China and Russia, shortening the distance between Asian and European seaports by 2,700 km. It is estimated that as a result, freight time will fall by 45 hours and passenger travel by 34 hours.

There is a clear mutual interest in establishing a more efficient economic corridor. On the Mongolian side, there is the proposed Steppe Road initiative. Alongside plans to build railways, oil and gas lines and electricity networks between Russia and China, the highway project in Mongolia was first announced in 2014 at a meeting in Dushanbe, Tajikistan.

Proponents from Russia China and Mongolia have built cooperation ▶

► between their countries for construction of the highway. “We support the Steppe Road project,” said Chinese Vice Premier Zhang Gaol during the opening ceremony for the first Mongolia-China expo in October last year. “We also support economic corridors between the three countries.”

Turning Ulaanbaatar into an economic free trade zone is also under discussion, which could make Mongolia an entrepreneurial hub for the two continents.

## ASEM 11

Eurasian cooperation is naturally going to be one of the main topics of the 11th summit of the Asia-Europe Meeting. “Higher-level and more precise cooperation is needed in order to face the current macro-economic challenges and contain the effects of future difficulties and crises,” said former Mongolian Prime Minister Ch.Saikhanbileg in his opening speech of the Finance Ministers’ Meeting held last month.

Echoing that thought, the deputy managing director for the IMF, Mitsuhiro Furusawa, noted that closer cooperation was necessary in order to ensure macro-economic stability and to reform global, regional and bilateral relations.

The European Commission’s vice president for the euro and social dialogue, Valdis Dombrovskis, during the meeting emphasised that the recovery of economies has a great deal to do with the economy of Asia. Europe has the policy and economic experience to help Asian economies transition to the next stage, said Dombrovskis. “Let’s cooperate more closely.”

“Then the both sides will win from the exchange of the two continents”.

In another meeting held in April, the 9th Asia-Europe Parliamentary Partnership Meeting (ASEP9), the president of the Italian Senate, Pietro Grasso, said the increasing economic worries and inequality were ringing alarms. In response, governments were being called upon to increase public participation in social, economic and environment issues as well as pivot towards sustainable development. ■

## Steppe Road

In 2014, Mongolian President Ts.Elbegdorj proposed the “Steppe Road” initiative, a package of major infrastructure projects connecting Russia and China, during a meeting of the leaders of the three countries in Dushanbe, Tajikistan.

## The AH3 highway

The Asian Highway Network that will begin from Tokyo and end in Istanbul is set to become the most efficient of the six transportation corridors connecting China and Russia. The AH3 road to run through Mongolia will connect with routes AH5 and AH6 routes to shorten the distance between Asian and European sea ports by 2,700 km. It is estimated that as a result, freight time will fall by 45 hours and passenger transportation by 34 hours.

## Energy Corridor

Energy consumption in China will undoubtedly grow in the future, which will require energy imports. Mongolian energy projects such as the Tavan Tolgoi power plant, Thermal Power Plant V and the Eg River hydropower plant have the potential to export energy. New energy sources in Siberia to China are also included in this network.

## Railways

Since 1953, Mongolia has been linking its two neighbours through only one road and a low capacity one-track railway. It takes five-to-eight days to transport freight from Zamyun-Uud in southeast Mongolia to Altanbulag in the north using this railway. Building a high-speed rail and upgrading this old one-track rail into a two-track rail is under consideration to cut down on that time for transport. The potential freight capacity of the proposed upgrades is 100 million tonnes a year compared with today’s two million tonnes.

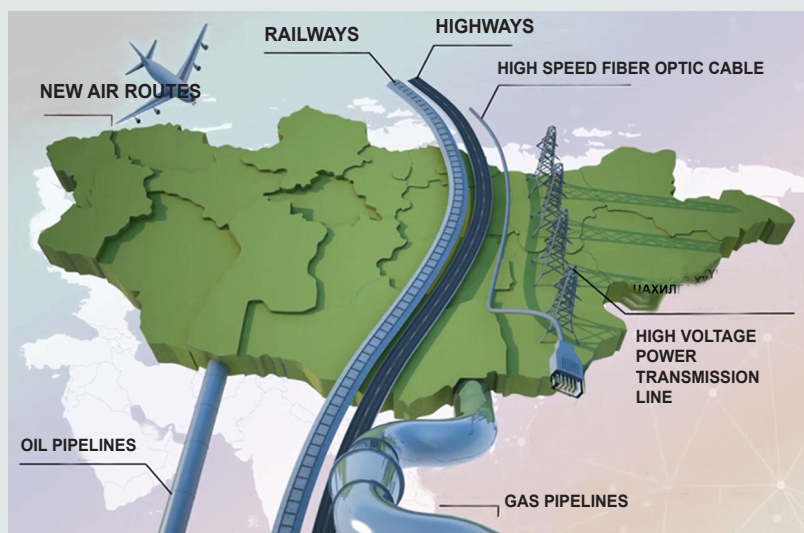
## Gas pipelines

According to estimates, only 1,500 kilometres of gas pipelines would be needed for passage through Mongolia, allowing for significant savings in investment costs.

## Crude oil

Mongolia started extracting crude oil only in recent years, and the main trading partner is China. Further north, there are vast oil reserves in Siberia. Russia currently supplies oil to China through Manchuria, and in 2013 Russia agreed to supply crude oil worth USD 270 billion to China for 25 years.

These resources can be transported through Mongolia, and Russian entities – particularly Rosneft – have expressed interest.



# Nomadic Festival



## TS. BADRAL

Naadam is a traditional festival in Mongolia. The word “Naadam” has similar meaning to that of the word festival. The festival is also locally termed as “eriin gurvan naadam” which means the three games of men. The three games are wrestling, horse racing and archery and the characteristic of these games contained both sports and celebration atmosphere. According to historical sources, this has been held since the time of Xiongnu Empire. The entire population adores and respects the winners of these games. However, the modern Naadam festival has assumed a different form for the Mongolians. Now, it has become a major cultural event and can be claimed as an important National festival.

In recent years, Naadam Festival is being celebrated more widely. In 2014, amendment on the Law on Celebrating Public Festivals and Memorable Days was approved to prolong the Naadam holidays from three days to five days from 11 July to 15 July, making Naadam the only festival with 5 days of public holidays. In general, the winners of the major tournaments get determined in three days, but many cultural events are organized within the framework of the Naadam Festival. Therefore, these days have become the major attraction for the national as well as international tourists giving rise to tourism in Mongolia.

Mongolians say that provincial and soum Naadams are the best. Foreign tourists get to know and feel more about the culture and livelihood of Mongolians by participating in soum Naadam. As for Ulaanbaatar Naadam, it is possible for them to participate in more formal and symbolic events as 1.3 million residents of the city will share the joy with the tourists. However, this year can be claimed as special than the previous years as the 11th Asia-Europe Meeting (ASEM) coincides with the festival. Therefore, the Government made a decision to keep different dates of provincial and soum Naadams, which provides a great opportunity for tourists to enjoy with a difference between the city and provincial Naadam festivities. If people have the free time, it is a great opportunity for them to see the nature of Mongolia and learn about many different ethnic heritages and cultures. ▶



The Nine White Banners

► Opening event of the National Naadam Festival generates the most expectations every year. Mongolians say “as long as you live, you can go to National Naadam.” Renowned stage directors and producers have been taking turns to organise the event for years. As for this year, Producer of National Academic Drama Theatre, State Honored Artist N.Naranbaatar will organize the opening and closing event of the Naadam Festival. In a recent interview, he said through these celebrations he will make the people to travel through four different historic eras. He further said that he is trying to demonstrate the time and period from Xiongnu era to Genghis Khan period, and Bogd Khan period to Mongolian people’s revolutionary period. The main reason to celebrate the modern Naadam is to be proud of the national history and commemorate the renaissance years of Mongolia. For example, this year marks the 2225th anniversary of Xiongnu Empire, 810th anniversary of the Mongolian Empire and 95th anniversary of the People’s Revolution.

Grand wrestling champion B.Bat-Erdene holds the most win record in Mongolian wrestling with Kh.Bayanmunkh in second place with 10 wins. From archers, outstanding archer A.Tseveen won 4 tournaments and was runner-up of 8 tournaments. E.Erdenechuluun’s Yellow Stallion won six and was a runner-up of two horse racing competitions in its

own age category. Ankle bone shooting game known as “shagain kharvaa” is one of the modern Naadam games. In 2014, the UNESCO officially listed Mongolian ankle bone shooting in the List of the Intangible Cultural Heritage of Humanity. As for the Naadam Festival, it was included in the same list in 2010.

In general, the Naadam games are beginning from the 7th of this month by Uriankai archery tournament. In addition, more than 400 archers are participating in Khalkha archery category. Horse racing will start from the 10th of July, with two age category races per day. Because this year marks historic anniversary, 1,024 wrestlers will compete in the wrestling tournament which is more than double compared to a normal year. The wrestling tournament goes by elimination rules and the closing event takes place after the last two wrestlers finish wrestling and receive their awards.

However, the Naadam Festival programs are not limited just by these. You can visit “Horse trainers Naadam”, “Mongolian costume festival”, “Great Steppe Jazz Concert”, “Morin Khuur Festival” “Steppe Dance Festival” and watch opera and rock band concerts at the central square. Moreover, the central square will host the ceremony of “The Nine White Banners” and Military Parade on 10th of July to celebrate the State Flag Day.

Enjoy and have a great Naadam. ■

## Cooperation

## Economic corridor: Projects and programs to implement

In the latest trilateral meeting held on June 23-24, 2016 in Tashkent, Uzbekistan, the presidents of Mongolia, China and Russia adopted the program on the development of a trilateral economic corridor. Three years of continuous negotiation between the heads of the three states has finally shown its first tangible result. Over 190 projects were proposed from the Chinese side alone and the Mongolian side selected 32 projects, considered beneficial to the nation, reported the Mongolian Minister of Foreign Affairs, L. Purevsuren. By doing so, Mongolia will show its participation in the regional economic integration and development.

According to the Ambassador, Extraordinary and Plenipotentiary of Mongolia to the Russian Federation, Ms. B. Delgermaa, many did not believe it to be possible initially when the initiative was put forward, three years ago, so its realization in Tashkent can be considered as a major achievement and a “Millennium event”. Joint working groups of the projects have met 17 times in the last three years. The trilateral economic corridor is becoming a major cooperation initiative aimed to boost infrastructural and trade integration of the three nations through the aligning of China’s Silk Road Economic Belt initiative, Russia’s Trans-Eurasian Belt Development initiative, and Mongolia’s Steppe Road Program.

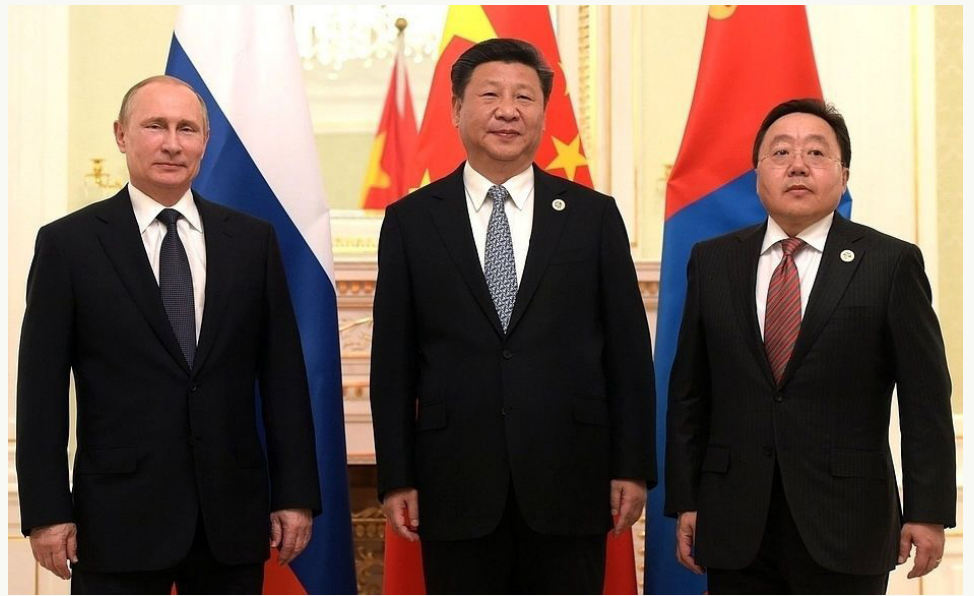
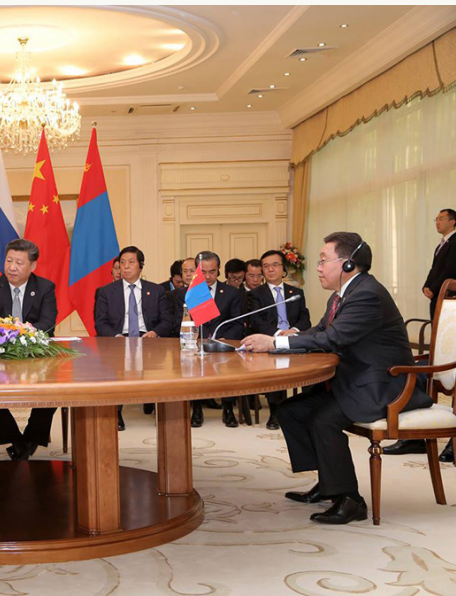
Among the 32 projects selected by Mongolia, 13 are focused on transportation infrastructure. An Investment and Planning

Center, where all financial matters related to programs and projects of the economic corridor will be managed, will be established in Ulaanbaatar before 2017. According to Minister, L. Purevsuren, financial issues will be negotiated. China is believed to have enough funds to cover the majority of the projects’ costs, while Mongolia has to seek the necessary investments from other countries, also.

It is agreed upon to divide the costs equally among the three sides, required for building the Investment and Planning Center in Mongolia. According to Minister L. Purevsuren, to reach on an agreement for building an international center in Ulaanbaatar, Mongolia is a sign of major progress in development of foreign relations. By building this center in Ulaanbaatar, Mongolian side has an advantage to maintain its initiative.

As stated in the program on the development of a trilateral economic corridor, Mongolia, Russia and China will strengthen cooperation in areas of transportation infrastructure connectivity, ports and border checkpoint construction, customs control, industrial capacity, investment, trade and economy, cultural and people-to-people exchanges, and environmental protection. Mongolia’s Ministry of Foreign Affairs, China’s National Development and Reform Commission, and Russia’s Ministry of Economic Development will be responsible for the implementation of the programme. ■





Three years of continuous negotiation between the heads of the three states has finally shown its first tangible result.

## Hot topic

# Cake

TS.BUYAN

Erdenet Mining Corporation (EMC) has been a big “cake” for a long time as it drags the domestic economy as well as the biggest target of power struggle and politicizing. It is not a secret that this cake fed many businesses over the past 40 years.

Eye-popping good news by the Prime Minister has immediately become an apple of discord. Mongolians have started to label the strategic deposit of Erdenet as “milking-cow”. However, I shall call it “cake” in this article. Mongolians have a phrase called “dividing the cake” which has similar meanings to spoils or patronage system.

Erdenet Mining Corporation (EMC) has been a big “cake” for a long time as it drags the domestic economy as well as the biggest target of power struggle and politicizing. It is not a secret that this cake fed many businesses over the past 40 years. However, the cake has been owned by two owners since its establishment, the governments of Mongolia and Russia. Russian side’s sudden refusal from its stake created a debate on who will take the half of the cake?

But the main issue was that the owner of the stakes has been already determined. On 28 June, former Prime

Minister, Ch.Saikhanbileg announced that Mongolia’s Trade and Development Bank reportedly plans to purchase the minority 49 percent stake in the Erdenet Mining Corp. from Russian state-owned Rostec Corp. His speech indicated that everything has been already decided.

The prime minister’s press conference came during the 24-hour pre-election period when campaign-related communications are forbidden by law. In his declaration, Ch.Saikhanbileg said his statement was not related to his election campaign and became necessary after the Russian outlet, Interfax, broke the news and it began to explode on Mongolian social media. The opposition issued a statement 30 minutes after the Prime Minister’s announcement. They told the journalist that the Globull Investment & Development SCA of Luxembourg owns 65.83 percent, US Global Investment LLC 7.32 percent, United Banking Corporation LLC 19.85, GS Mongolia Investments Limited 4.78 percent and ▶



This is our 38th year of operations since its establishment in 1978.

- ▶ TDB staff or individuals representing Mongolian side own just 4.78 percent of the bank.

According to the MP Su.Batbold of the MPP, the Government should have purchased the 49 percent of the stakes by itself and announce open selection for domestic companies for privatization. Thus, the issue garners the interest of the public as questions such as when did the negotiations start and under what laws and regulations did the Russian side sold its shares to Mongolian Copper Corporation remain unclear. According to some economists and lawyers, a shareholder must offer its shares to the other shareholders in the first place in accordance with the corporate law. In addition, MP J.Enkhbayar said selling the shares to a third party without the consent of the Mongolian side is not possible under the agreement.

But some people have different opinion on the matter. For example, economist D.Jargalsaikhan said that

Mongolian Copper Corporation must sell more than 10 percent of its shares to Erdenes Mongol LLC by the same price it purchased from Rostec Corp., in order for the EMC to enter global market. Lawyer T.Bat-Orgil thinks that the state should not manage a company and compete with private companies. Moreover, many people consider that the state must own 100 percent of the EMC while some say the shares of the company should be distributed to each citizen similar to Erdenes Tavan Tolgoi.

CEO of the TDB, O.Orkhon said to the media that everything when according to the law. But the negotiations started two years ago under non-disclosure. According to him, the Russian side has put forward the initial offer. According to TASS Russian News Agency, following the transaction, Rostec Corp will receive largest in its history one time receipt of funds in its budget. The news agency also mentioned that the transaction was made under mutually beneficial terms.

However, it is unclear why the Government of Mongolia kept it as a secret until today. Although it is a right decision to buy the offered minority stakes, the Government should have discussed the issue openly and get approval from the parliament in accordance with the procedures.

“The negotiations were confidential because there were market and other factors to hinder this major international agreement. For example, companies from Russia, Kazakhstan and China had high interest to buy the shares” said O.Orkhon. The Government was bearing the responsibility to introduce the issue to the parliament, but they explained that the timing has coincided with the elections and the parliament was dissolved.

Mongolian Copper Corporation purchased 49 percent stakes of the EMC and Mongolrostsvetmet by USD 400 million. During a television interview on Mongol HD channel, O.Orkhon said that Chairman of the Board of Director of the TDB, Erdenebileg owns 100 percent of Globull Investment and Development SCA which owns 65 percent of the TDB and that this company is registered in Mongolia. He also informed that the only foreign shareholder of the bank is Goldman Sachs which bought 4.8 percent stakes in 2012 as 95.2 percent stakes of the bank is owned by Mongolians.

The new ruling party, the MPP, is keeping its stance on the issue, saying that the previous government should have introduced the issue to the parliament before the deal was finalized. By doing so, the government would have had an opportunity to decide whether to purchase the shares by itself by raising funds or purchase it to a third party. This issue is not just about the EMC as Mongolrostsvetmet, which owns Asgat silver ore deposit and several other deposits, was included in the deal.

Who will get appointed as the new director of the EMC is a becoming a hot topic equivalent to the questions regarding the next prime minister. Thus, the issue is going to get even hotter in the upcoming days. We will give the final accurate information to the readers through our upcoming magazine issues. ■



## Reportage

# Rough start, happy ending

BY B.ENKHTSETSEG

Who would have thought that the trip to Mongolia would begin by waking up in Mongolian gers in the middle of Terelj National Park with the feeling of a once-in-a-lifetime experience.



Final day of the trip

Even though it takes only two hours to fly from Beijing to Ulaanbaatar (UB), one group's flight delay due to bad weather made it an exhausting 10 hour journey. Initially expecting to land at noon, see the city a little bit and then head out of the city to Terelj National Park with no rush, they actually arrived in the capital at 1 am and had to drive for two hours straight away in the dead of night to their accommodation to get some rest. It's not hard to imagine how exhausting it must be to make this trip under such fatigue, especially

when such groups typically comprise people over 50.

Nevertheless, they cherished that feeling of waking up in a nomadic Mongolian home. The first thing they really saw was the picturesque landscape surrounding their camp, because after all, their late arrival had not allowed them to see anything other than street lights passing by. After a long night, they could finally breathe in the fresh morning air, see where they are and start their adventure.

Their first stop, Terelj National Park, is 60 km away from the city, boasting its sweeping mountainous landscape filled with all kinds of creatures. Visiting a nomadic family, seeing the "Turtle Rock" natural formation and snapping a few photos with the huge statue of Genghis Khan is an absolute must in this area. Furthermore, there are great opportunities for hiking, rock climbing, swimming (in icy-cold water), rafting and horse riding. Terelj is also the favourite weekend getaway of city residents to rest and have fun.

"We landed in Mongolia at midnight," said Silver Wendy, a member of this excursion group. "We were supposed to stay [in UB] for one night, do the day activities and go to the camp outside of UB. Because of what happened, we had to drive over one and a half hours to the camp. But the camp people were great; they showed us to our beds and started a fire for us at 3 in the morning. It was handled very well." She was also ecstatic that she got to celebrate her birthday in a real ger in Mongolia, complete with a huge birthday cake gifted by the tour operator.

B.Munkhbat, who has worked as a tour guide for over a decade, is taking care of travellers from America this time around. In his group, there are eight individuals from different parts of the United States who have seven days to explore Mongolia. It's simply too short to cover all the must-see landmarks. Their stay in Mongolia is their so-called pre-trip – an extension that serves as a short trip to see others places and cultures before reuniting with the main group before heading off to the primary destination (China, this time).

In collaboration with American travel agencies, Mongolia's leading tourism company, New Juulchin Tours, receives these types of groups each summer in Mongolia. Sometimes Mongolia is the main destination, and neighbour countries serve as the extension to see more places through one trip. This time, Mongolia was the pre-trip choice.

Although this American group had a rough start, ▶

▶ they say they managed to enjoy their trip to Mongolia so far. Their planned route is UB-Terelj-Umnugobi-UB. What is interesting about this itinerary is that despite being a relatively short trip, it included the Gobi, which is located over 500 kilometres away from the capital. This is no problem at all, since it takes only one and half hour to get to Umnugobi province by plane. Yet sometimes, domestic flight delays can make it much more frustrating than the simple six-hour drive.

According to tour guide B.Munkhbat, the most common grievance among travellers concerns infrastructure, particularly issues of both domestic and international flights. One solution could be more players in the air travel market. After the whole lengthy flight delay in coming to Mongolia, when they landed in the Gobi coming off a domestic flight, their vehicle broke down and needed to be replaced, and the power was out for the whole day.

In the Gobi region, it has also been a challenge for this group infrastructure-wise. The domestic flight delay was blamed on the weather, but 15 hours seems a bit much. As for the other surprise troubles, their car was replaced with another one in short order and the whole-day power outage did not affect their tour. Generally, travellers commended how expediently the situations were handled and got back to schedule.

Most of the group members agreed that the highlight of the entire tour was witnessing the Gobi Desert. After spending two nights at Terelj National Park, they had another very early start to the day, heading to Chinggis Khaan International Airport to catch a domestic flight to Dalanzadgad, the provincial capital of Umnugobi province. So much rescheduling, early starts and rushing of the to-do list caused the travellers to get fatigued, but they seemed rejuvenated by the sight of the Gobi.

They spent three nights in the Gobi – enough time to not only rest, but also go on adventures to the sand dunes, Flaming Cliffs and Vulture Valley, as well as some more organised activities such as camel riding and visiting a Gobi-style nomadic family. This is, nevertheless, one of Mongolia's top-draw regions. They coincidentally came across a yak festival in the Vulture Valley of the Gobi Gurvan Saikhan National Park, which to them was a delightful surprise.

Colossal sand dunes, ice-filled canyons, dinosaur fossils and the promise of camel treks ensure that almost every traveller comes here. Vulture Valley is notable for its deep ice field. The icing of its river gets several meters thick by the end of winter. In the past, it used to remain iced year-round, but for the past few years, ice has tended to melt by the end of July.

"I liked the Gobi most," says Crocket Stephen, one of the more experienced travellers of the group. "When I first booked a tour, Mongolia was the primary destination and China was the secondary, but there were problems with the airlines and they ended up cancelling the trip. So, I needed to rebook and make China the primary destination and Mongolia the secondary. My first choice was Mongolia, particularly to see the Gobi Desert. I had wanted to see the Gobi for a long time. Dinosaurs are the primary reason why I came, but also because of how different it is than other deserts. It is just exotic."

Having lost their initial chance to go on a smooth Ulaanbaatar city tour because of a flight delay, the



group finally got some time to get a taste of the city, albeit briefly, on the last day of the trip when they got back from the Gobi. Visits to Sukhbaatar Square, the Gandan Monastery, Zanabazar Art Museum, National History Museum and of course a little bit of souvenir shopping were all managed on this day before flight in the afternoon.

The mother-daughter duo of the outdoorsy Janet and Kristy Lakin said that the city is much more modern than they expected. They also said that when you go out of urban areas in other countries, you are never that far from civilisation. But in Mongolia, you are really, really far away. So quiet with nights full of stars as well as welcoming people.

Still, travellers were quite upset about traffic congestion in the city and litter in the countryside. Although they had quite the uneasy start, they left Mongolia with smiles on their faces. Some were actually quite disappointed that they did not have more time to see more of Mongolia.

Mongolia as a land and Mongolians as a people never disappoint travellers, but problems related to levels of development do; nevertheless, these are factors that can be fixed and will be fixed, hopefully sooner rather than later. ■