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No396

D. Jargalsaikhan

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Conclusions from the Eastern Forum

Last week Vladivostok was host to the third Eastern Economic Forum, which saw attendance of political and business representatives, including Mongolian President Kh. Battulga. During the forum our president had meetings with Russian President Vladimir Putin, Japanese Prime Minister Shinzo Abe, and President of Korea Moon Jae-in.

Investopress reported that over 700 political and business professionals participated in the forum, representing 70 companies and 55 countries, including China, India, Japan, and South Korea. Yury Trutnev, Presidential Plenipotentiary Envoy to the Far Eastern Federal District, said that 217 agreements were signed during the forum and their total worth reached 2.5 trillion rubles (~ 44 billion USD), and a total of 38 billion USD was invested in the region in the last three years.

The intention of this column is to share my views on what conclusions can be drawn from the Eastern Eco-



President of Mongolia Kh. Battulga, President of Russia Vladimir Putin

nomics Forum on conceptual, strategic, and operational levels.

Conceptual level

Mongolian can join any economic organizations founded by one of our neighboring countries, but still remain as an observer in the Shanghai Cooperation Organization (SCO) and freely work together with our 'third neighbors'.

Russia, our neighbor in the north, is pursuing a policy to develop its Far East by focusing on a specific region and a city first (referred

to as 'advanced development territory'), and making them the centers of development for others to follow. The forum discussions involved increasing the benefits of advanced development territories, the progress of Vladivostok infrastructure and free port development, the program that allows people to receive a hectare of land for free, key issues facing the transport, fishery, lumber, gold and diamond mining industries, and attracting foreign investment.

At the forum President Putin encouraged the countries in the Pacific region to work together in the Russian Far East. Against the backdrop of economic sanctions from the West, Russians are ramping up their Eurasian economic integration initiative on all fronts.

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The Eurasian Economic Union, which traces back to the Customs Union founded by Russia, Belarus, and Kazakhstan, now has Armenia and Kyrgyzstan as members. The member countries of this union are to conduct integrated economic policies that allow free flow of goods, services, finance, and workforce between them. Sergey Donskoy, Minister of Natural Resources and Environment of Russia, mentioned at the Russia-Mongolia business forum that Mongolians are

Against the backdrop of economic sanctions from the West, Russians are ramping up their Eurasian economic integration initiative on all fronts

working with the Eurasian Economic Commission, which is a regulatory body for the Eurasian Economic Forum, to establish an agreement.

It looks like the implementation of the China-Russia-Mongolia economic

corridor agreement established last year in Tashkent, as well as the agreement on freight transport through Russia will depend on whether Mongolia joins the Eurasian Economic Forum.

China's Belt and Road initiative is a multi-trillion dollar project that spreads across 65 countries over two continents. We still have not seen the commencement of projects to build large rail and road corridors in Mongolia.

The Nikkei Asia Review said that the two large projects initiated by Russia and China are different in terms of their meaning, purpose, investment, direction and capability. If they end up overlapping with each other, this would happen in a free economic zone under the Shanghai Cooperation Orga-

Conclusions from the Eastern Forum

nization. However, the recent membership of India and Pakistan, who share a conflict and high cross-border trade tariffs, would postpone the free economic zone.

Strategic level

Mongolia should continue its strategy to have balanced, equal relationships with Russia and China, and develop economic cooperation. The second state visit of our President should be to China, our biggest trade and investment partner.

President Battulga proposed to make our economic cooperation with Russia more advanced, receive a ruble loan from Russia and reform the Ulaanbaatar Railway joint stock company, and ratify the dialogue on freight transit through Russia. He also expressed his willingness to expand collaboration on culture and education, increase Russian language training, and strengthen cooperation in the humanitarian field.

Russian President Putin promised to turn his attention to cooperation in agriculture with special focus on livestock health in Mongolia, reduced tariffs for transit freight, and the reform of Ulaanbaatar Railway.

If Russia's promise remains intact to

Mongolia should continue its strategy to have balanced, equal relationships with Russia and China, and develop economic cooperation

keep railway tariffs to reach a port through Russia, the same as what it would cost to reach a port in China, we would get an additional option to reach the sea. However, Mongolia currently does not have the funds to build a railway from Tavan Tolgoi to Sainshand.

If we connect with China on

railway, establish a similar joint stock company, and change between different gauges in Mongolia, we would then have a balanced policy for our neighboring countries. You can read more on this from my column titled 'Mongolia is the next Panama' (<http://bit.ly/2xuFXDf>).

Operational level

Will Mongolia participate in the 2018 Eastern Economic Forum?

If so, we need to start preparing now by making our purpose clear – where we would invest in the region, and what potential our private sector has.

With vast natural resources and soft climate like Japan's northern region, Russia's Primorsky Krai is offering a great business and life environment to foreign investors.

If Mongolia is to have its own port, a lot of issues, including where to start, when to start, and whether private companies can own shares, need to be discussed starting from now. It is because the agreements signed at the Eastern Economic Forum focus on specific businesses and investment, as opposed to dreams and aspirations.

Mongolia should be thinking of having its own port or an island on the territory of either of our neighbors or any other country that has access to the sea.

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2017.09.13

Translated by Amar.B

DEFACTO INTERVIEW

Jarvis International: We are looking at the possibly of marketing the grass-fed Mongolian beef as an organic product to sell



Larry White

Owner and operator of the White's Angus Ranch, advisor to Jarvis Mongolia

Defacto: Please tell us, what brought you to Mongolia?

Larry White: I came through the Jarvis International programme. They asked me to come to Mongolia to introduce a different kind of agricultural production system that is both beneficial to the environment and profitable for the people of Mongolia. We want to make sure that Mongolia retains its cultural practices, while offering another, alternative system of agriculture that can help make it more profitable.

Defacto: Let's talk a bit about Jarvis International. Why would Jarvis want to do that?

Larry White: Jarvis is an international company that supplies a lot of slaughterhouse equipment. They have a lot of connections within the meat industry, and they want to help customers who are looking to improve feedlot and cattle operations. And that is kind of what we are after, initially. But we are also looking at the possibly of marketing the grass-fed Mongolian beef as an organic product to sell.

Defacto: So Jarvis have brought

you here because you have extensive experiences in this field. Please tell us about yourself and your company.

Larry White: Mine is a consulting company within the industry. We deal with livestock systems; the procurement of livestock, genetics, and feedlot industry systems. We also deal with livestock nutrition, and animal husbandry. Here we are working on developing agricultural production.

In Kazakhstan, they were to have a full-circle operation, from grass to plate, which means that we will start with the planning and then do all the work needed to construct the facility that you would need for the feedlot, and we would help with the shipping (abroad if necessary), the planning, and some financing, if we can.

We also have a training facility in Mongolia that we are planning to build, which we would like to be a part of a larger research centre. Jarvis would supply the information and logistics to make this all possible.

Defacto: This planned project in Mongolia would be a bit easier, I would imagine, since you've done it

already in Kazakhstan. Please tell us about Kazakhstan's KazBeef operation? How has it become such a competitive and profitable business? When did you start, and from what?

Larry White: I started in Kazakhstan in 2007. At that time, they were more interested in farming out on the steppe and having more farmland. I said, "I don't think you get enough rainfall here. And, from a production standpoint, you wouldn't be very competitive against the rest of world with regard to the inputs and cost of crop production."

So, after many, many trips to the agriculture minister, I talked him into doing a beef project that was through a company that I had formed in North Dakota called Global Beef and in partnership with the Kazakhstan government. The result was KazBeef. That was how it was initially put together, and it has grown because of two things. The ability of the Angus cow to adapt to the Kazakh environment and the quality of the meat that they produce, is one thing. And the second thing that has made it successful is that the management worked closely with their American counterparts during those the first years, and they learned about our way of raising cattle. Of course, I am not saying their methods were wrong, I am just saying that if you are going to change a whole agricultural system, then you sometimes need the available (outside) expertise to help educate everyone involved.

Defacto: Please tell us some more details about KazBeef. For example, what is the size of production, where do they export, and what is their share of the export in their own country?

Larry White: I don't know what their share would be, but I know they export to Russia.

They export to St. Petersburg. Then they have a domestic market for the rest. They have somewhere between ten to fifteen thousand cows, and growing. I think they just acquired another cattle ranch, and that they are going to expand. But I don't know much about their future plans. I have stepped back from that; I haven't followed them for the last few months.

Defacto: But you are the person who brought the first cows to Kazakhstan by plane. Tell us about that. Which year?

Larry White: Yes. They arrived on October 12th, 2010. That was the birth of KazBeef with Angus cows.

Defacto: And today there are ten to fifteen thousand of them?

Larry White: Yeah. That number is just for the mother cows. If you count the calves too, then there are probably twenty-five to thirty thousand total head of cattle.

Defacto: Mongolia and Kazakhstan have similar terrain. In fact, Kazakhstan might get more rainfall than us. So why the success of Angus beef? Why Angus?

Larry White: I told the Kazakh government that there are three breeds of cattle in the United States: Angus, Angus, and Angus. And then I proceeded to explain how the Angus breed is quite trouble-free compared to the other breeds. For example, they have no horns. They have a hide that absorbs more sunlight, so they don't get sunburned "bags", or udders. In other breeds, the sunlight reflects off the winter snow and burns the skin of the udder. If that happens, the mother cows won't allow the calves to suckle. Angus cows have dark "bags", which means they do extremely well in the winter. In fact, they adapt well to any environment, from up north in Canada to down south in Texas.

Moreover, they are easier to "calve"--that is, they give birth to smaller calves that grow up fast, which allows for a greater number of calves. You don't have to worry about pink-eye, because of the dark pigmentation of their eyes. Their hooves are black,

which makes them tougher, harder, and thus have fewer foot problems than cows with white hooves. This is similar to horses. Horses with white hooves are more trouble than those with dark hooves, because for some reason white hooves are softer. We saved about 40% on veterinary costs the very first year we switched to Angus cattle back in 1964.

So Angus cattle have lots of advantages, not least of which is the quality of the meat. There has been a very successful branded-beef program in the United States, called "Certified Angus Beef", which has made the Angus name renowned across North America.

Defacto: Tell us about the genetics of your cattle operation.

Larry White: Well, we have done two things. We've bred the best of the best cows through artificial insemination. So when we find the best cow in our place, we breed it to the best bull in the whole breed in the United States, based on the national database. We use a performance programme, called the "Angus Herd Improvement Records Deal", where we record all these bull's weights, and then send them out to the Angus associations. Then we get numbers back, which tell us which bull has done the best around the country. So, for example, we take the best bulls from this place, and if we think we need more milk, and we put that back into the herd. If we think we need more yearling weight, we put that into the herd. You can pick and choose around the breed, with all the numbers that people put into the database, to find the bull that is the most profitable for your operation.

Defacto: Let's talk about the "optimum rational feed". What is that about?

Larry White: Well, you do two things. Find out how fast you want them to grow and you feed accordingly. You test your feed, and you have it analysed through a laboratory, and they tell you the amount of protein in it, and the amount of energy, vitamins, minerals it has. Then you balance it accordingly, using different feedstuffs,

which might be corn, or it might be barley. You can use byproducts like dried distillers grain, or you could be using safflower meal, sunflower meal, or soybean meal. Then you get a vitamin pack to put in your feedstuff, and also a mineral pack to fit what minerals you need, in order to complete total mixture ratio.

Defacto: Larry, you talk about a feedlot, a kind of feed production place. Do we have it here in Mongolia? How can we make it?

Larry White: Some of them have just started on a small scale. There was a man yesterday in our seminar that we had here in UB. He has some meat from Mongolian cattle that he had fed, and now he's not very far off from having excellent meat. I am not going to say that your meat is done wrong, but he did it in a different, American way of putting the cattle in a feedlot and feeding them grain to finish. And he has cut the time frame down to two years to get them to that size, instead of three four years.

Defacto: So in order to do this sort of high-production meat farming here in Mongolia, we need a feed factory?

Larry White: You could bring the cattle to the feedlot in an area that wouldn't otherwise have sufficient feed. That's one thing you could do. You know what is necessary to have it someplace where is dry and you've got a lot of nomadic herders of meat with the little amount grass that's out there. We don't want to take away from that culture out there, but we can take some pressure off the grass by taking those calves in the winter and fall, when they are still small, and start feeding them in a different type of system. Then you'll have more grass. And with more grass, the cattle will be healthier.

2017.06.03

This interview has been edited for space and clarity

Full interview available here:
<http://jargaldefacto.com/article/larri-uait-larry-white>



Christopher Melville
Registered foreign
lawyer (England)

Bringing Confidence Back

Clearly the past several years have seen some difficult times for the Mongolian economy, culminating in the IMF bailout this year. With commodity prices increasing once again, and particularly coal exports growing dramatically, it is interesting to reflect on the attractiveness of the Mongolian economy to foreign investors. At the recent Invest Mongolia Conference on 3 and 4 September, which our law firm sponsored, there was a sense that the economy had reached the bottom and was ready once again to turn a corner to prosperity.

Livestock with worms

While Mongolia is blessed with great potential, of course focused on the natural resources sector, liquidity remains low and availability of capital for development of the economy is limited.

The capital that is available domestically remains punishingly expensive and eats into the potential profits of the private sector. International capital available through development agen-

cies or commercial banks in foreign currency is vulnerable to the on-going depreciation of the MNT. This has made it difficult for local companies to service existing foreign currency debt if the greater part of their revenues are in MNT.

The government debt restructuring that is currently underway through the IMF program also imposes significant constraints on the government's budget freedom and its ability to enter into guarantees for foreign financing of major projects.

As the Mongolian saying goes, livestock with worms don't grow fat. It is currently difficult to make progress in light of these chronic debt issues without careful and prudent restructuring. In the legal arena, restructurings and disputes are the order of the day.

Competitive edge

When we look at the options for reliable and responsible foreign investment, Mongolia is very much in competition with other emerging economies for FDI. This is a factor that often seems to be overlooked in the heat

of the "boom" cycle, and is ignored for short-term gain.

We compete with countries such as Myanmar, Bangladesh, and the ASEAN economies for investment opportunities. What these nations have in common is a much larger population. This automatically brings greater investment opportunities across a broader range of sectors (e.g. banking, telecoms, retail) than are available to Mongolia.

Therefore it is critical that government develops a vision for the future of the Mongolian economy and the terms of its partnerships with foreign capital and foreign investors. We need a unique selling point (or USP) that differentiates Mongolia from other nations.

As a starting point, Mongolia is a democracy albeit, as recently seen, a chaotic one that to those on the outside lacks stability. Natural resources need to be developed in a coherent way, with a clear strategy and focus on projects that enhance the development of the country in an inclusive way.

Success stories

Mongolia desperately needs a track record of success stories. One can argue about Oyu Tolgoi, but that aside, we have gone from 888 projects to just a handful. Major projects that have been in the pipeline for years remain sidelined, such as CHP-5 and Egiin Gol. TT and the railway network remains politically sensitive, and therefore difficult for foreign capital to assume any risk.

This is fundamentally about two issues. ■■



<http://cnb.cx/2xd4Hg5>

Can we overcome short-term thinking to develop a medium to long-term strategy and stick with it? Can we develop a sense of responsibility and ensure that personal interest is subordinated to the national interest?

With a clear vision that encourages the development of select major projects that are seen through to closure, Mongolia can attract responsible foreign investment with the confidence that comes from success. This will have a snowball effect.

Learning lessons

When we look at the options for reliable and responsible foreign investment, Mongolia is very much in competition with other emerging economies for FDI

When we look back to the last boom period of 2011, with its 17.5% GDP growth, with hindsight this was unsustainable. UB was awash with speculative foreign investment, and multi-million dollar M&A transactions were taking place outside of the influence of major Mongolian corporations and politicians. It is my view that both politicians and business, closely intertwined, felt that they were losing control of the direction and shape of the economy.

Symbolic of this loss of control was the C\$ 926 million takeover bid by Chalco for South Gobi, which resulted in legislation that introduced restrictions on foreign investment in key sectors. This deal would have taken place offshore, benefiting principally the South Gobi shareholders. The proposed deal was a catalyst for what others saw as “resource nationalism” - effectively a retrenchment of domestic political and business interest over the economy.

When Mongolia tapped the international markets in late 2012 for the Chinggis Bond, the attitude to foreign investment had turned upside down. In a self-fulfilling prophecy, almost diz-

zy with success, a series of issues impacting foreign investors, such as the OT “dispute”, the cancellation of 106 licences, “Hotel Mongolia”, and the impact of the so-called “Long Name Law” played themselves out, seriously damaging confidence in Mongolia as an investment destination.

While this had the effect of consolidating control over the economy back into domestic hands, it also coincided with a worldwide drop in commodity prices, leaving the country with an excessive debt burden and ultimately culminating in the IMF bailout.

What we saw over that seven-year period were two extremes. On the one hand, fairly rampant foreign investment speculation, with a “gold rush” mentality among some, and on the other hand a response that went too far in the other direction, driving out foreign investment.

The solutions to this Hegelian dialectic must lie in the middle. Mongolia needs policies that support responsible foreign investment and not speculators out for quick profits, which at the same time confer sufficient benefits on Mongolian business and the Mongolian people. These policies should encourage openness, stability and transparency, and fairness.

Legal reform

The capital that is available domestically remains punishingly expensive and eats into the potential profits of the private sector

As a commercial lawyer, I am always asked for my opinion on Mongolia’s laws and legal system. To my mind, the legal system has come a long way since the 1990s and now we ought to be focused on incremental improvements rather than wholesale reform.

For example, the insolvency law dating back to 1997 is not really fit for purpose. The concept of insolvency legislation that is implemented properly helps to encourage business responsibility and integrity. It also provides

certainty for financial transactions that is currently lacking, and can help to provide access to other forms of capital investment, such as derivative transactions which a number of investors are currently looking at.

Major projects that have been in the pipeline for years remain sidelined, such as CHP-5 and Egiin Gol

quences.

Another important area that needs development is the intersection between civil and criminal law. It remains too easy to turn what should be a civil law commercial dispute into a criminal matter that then has wide-ranging conse-

What is to be done?

While in part a broader issue, there needs to be a shift from short-term to long-term thinking. In the current circumstances, where the livestock cannot grow fat, progress needs to be slow and steady.

This steady progress can be achieved by a number of measures. Firstly, Mongolia needs to embrace the fiscal discipline that will be driven by the IMF program, and restructure government debt to a more sustainable repayment schedule.

Secondly, to generate success stories and build a platform for future growth, there needs to be a clear strategy on select major projects. These do take time, but distinct priorities and consistent implementation is essential.

Thirdly, Mongolia should work on its “brand”, recognizing that it is competing for high-level foreign investment, and learn from the lessons of the past in arriving at an appropriate strategy.

Finally, to support the above, continue important incremental legal reform on targeted areas that need to be updated or resolved.

DEFACTO REVIEW

Every Sunday live at 8PM on VTV: 17th September, 2017



MPP TO CHOOSE BETWEEN 3 AT 25th SEPTEMBER MEETING

Terrance: The Mongolian People's Party is gearing up to choose new leadership for the government and its party this month after the dismissal of former Prime Minister J. Erdenebat last week. Party officials will meet on September 25th to nominate a new prime minister, according to the majority leader in parliament for the MPP. The next prime minister is expected to be one of the contenders currently vying for a party leadership position. Erdenebat was dismissed at a special session of parliament under allegations of corruption and incompetence. The new government has until October 6th to choose the next prime minister. So, getting right to it, Jargal. Who do you think are the main candidates likely for the job?

Defacto: As of tonight, there have been no official statements, but they will likely be Mr. Nyamdorj, Mr. Khurelsukh, and Mr. Enkhbold, all of whom are currently serving as parliament members.

Terrance: Mr. Khurelsukh is a deputy prime minister, who had recently submitted his resignation. Mr. Nyamdorj is a deputy speaker of parliament.

Defacto: And the third is Mr. Enkhbold, a well-known politician who is

well-respected among his party colleagues. He was also a former foreign minister.

Terrance: And this Mr. Enkhbold has no relation to the speaker of parliament Enkhbold.

Defacto: That's correct. Next Monday, September 25th, the MPP will hold their party conference--their "small khural" so to speak. By then, they will have to come to an agreement on the next prime minister, who will most likely be elected as the next head of the MPP, as well.

But the issue remains about how to make sure that that cabinet continues until the next election. For this, two conditions are necessary. First, the prime minister is to be a parliament member. But if the other ministers are not themselves members of parliament, then it will produce a more stable cabinet, because the problem with the current situation is that every MP wants to be a minister.

Terrance: Mongolia has had a rocky history with this. It hasn't had a prime minister complete a full 4-year term since 2004, and that was former Prime Minister and President Enkhbayar.

Defacto: As to the second condition, the prime minister is to be the head of the ruling party and is tasked with keeping the government stable. This dual role should then enable him to re-

focus the party and government on successfully executing decisions.

Terrance: So what do you think the next prime minister's priorities should be?

Defacto: The issue of foreign debt, and the upcoming January 2018 debt payments of the \$500 million Chinggis Bond or the \$160 Dim Sum Bond. We don't have \$660 million. So it's a matter of restructuring this debt and issuing new debt with a new bond. But if we don't have a cabinet, who will do that? We may lose time, because it takes several months to announce the bond and attract investment. We may be late in payment. And if we default, then it will be an even bigger problem.

IMF DELAYED WHILE WAITING ON NEXT GOVERNMENT

Terrance: There are certainly some economic consequence to the changing of the government. The International Monetary Fund (IMF) said that it will delay a payout on bailout funds after the dismissal of the prime minister and cabinet in a parliamentary no-confidence vote last week. The IMF office in Mongolia confirmed that the first review of the \$5.5 billion bailout package would now be delayed until a new administration is formed. That review had been expected to result in the disbursement of about \$37.82 million of the funds.

IMF resident representative Neil Saker told Reuters that talks about how to move forward would begin once a new government was in place.

Did parliament make a mistake in the timing of Erdenebat's dismissal?

Defacto: Of course. Ideally, we should have had a stable cabinet to continue what we had agreed to with the IMF. And it's logically correct that the IMF delayed payout, because we have effectively stopped the government.

► **Terrance:** The IMF will need another commitment, at the very least.

Defacto: Yes, at the very least. And now we are expecting a new finance minister, who is the key person for that contract. That \$660 million debt payment is huge money. What's more, that \$5.5 billion in soft loans is designated for particular projects, and I don't think there is a special provision to use it to pay the \$660 million.

This IMF money should give confidence to Mongolia's bond investors that Mongolia can pay the amount, provided we follow that extended fund facility agreement with the IMF. Now it is unclear who will implement it.

Yet it is not only matter of paying that foreign debt; we are now extending it with more expensive, longer-term debt. A consequence of the cabinet dismissal was the concurrent drop in bond price. That's an example of how the market reacted to events here in Mongolia.

The challenge for the new cabinet is not only servicing the debt, but also helping the economy to diversify, to get more competitive, to grow. But nothing is being done in that regard, and things are on hold until a new cabinet forms. Nor do we know whether the next prime minister will continue the policies of his predecessor. Though, because the MPP remains in power, they probably will continue as before.

Terrance: The delay in the formation of a new cabinet creates delays within bureaucracy and business, as well.

Defacto: As is usually the case with a new prime minister and cabinet, we get a whole restructuring of government ministries, and staffs will be changed. While we wait for those

new people to adapt to their new positions, it could take as much as year to get settled. It's all very unfortunate in that sense.

MINING LICENCES SUSPENDED

Terrance: Government has suspended 14 mining licenses at protected land reserves. The Mineral Resources Authority last week received orders to suspend licenses located on reserved lands, but the action may come at odds with the government's agenda to protect investments.

About 750,000 hectares of land is protected at the Tost, Toson Bumb, and Noyon Uul mountain ranges.

So do you think this was another example of government acting too quickly, or were there legitimate environmental concerns here? Why is this happening now?

Defacto: Canceling mining licenses are always problematic, especially when the country needs foreign direct investment. The government should present a clear report on their reasons for canceling.

Terrance: There's just so little information about this. It's difficult to understand.

Defacto: The problem is that in those areas, particularly near this Noyon Uul soun, "ninja" miners are already there. If it is really protected, why would people be mining gold there now?

Terrance: These so-called "ninja" miners are not following any safety or environmental regulations, and you can't expect much land rehabilitation afterward.

Defacto: Wherever these ninja miners

are, someone comes at night and buys all of their gold with cash. Who are these people? Are they paying taxes? Only around 1/3 of all gold mining revenue each year makes its way to the central bank. What happens to the rest of the money? There is such a large grey economy around gold mining, yet the government does not address this issue. People are smuggling this gold. There have been several customs reports over the past few years which described instances of gold being smuggled across the Chinese border under cars.

Ms. D. Oyunkhorol, the environment minister, said that her ministry had received so many complaints from locals about mining destroying pastureland. Ostensibly, this is the reason given for canceling the licenses. But the reason local people are complaining is because they are not receiving any compensation from the mining on their territory. They are not receiving the 5% royalties due to the local community from mining revenue.

Terrance: Under the current regime, everything just goes straight to the central government.

Defacto: Always. And as a result, local people are getting unhappy. They are not getting those things that they are entitled to receive. We don't see any government report on how much the local communities are receiving. We don't have a loud enough civil society to make noise about this.

*This review has been edited
for space and clarity*

*Full review available here:
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