

Strategic deposits

a fiction by government

Last Friday D. Sumiyabazar, Minister of Mining and Heavy Industry, organised a national discussion on the topic of 'Mining and Sustainable Development'. Here are the remarks I gave on mining and infrastructure.

II PAGE

Elena Alonso Frayle

AS A WRITER, MY TASK IS ALSO TO MAKE PEOPLE THINK:

What is time? What is history?
What do we need to know about our own fate?

IV PAGE



COAL EXPORT **SUSPENSION**

VIII PAGE

The Defacto Gazette

INFORMING | INSPIRING | EMPOWERING

Tuesday, 2017.12.19 №25

WEEKLY ANALYTICAL NEWSPAPER

www.defacto.mn





№ 409

JARGALSAIKHAN DambadarjaaFor weekly articles,
visit <http://jargaldefacto.com/category/23>

Strategic deposits

a fiction by government



Last Friday D. Sumiyabazar, Minister of Mining and Heavy Industry, organised a national discussion on the topic of 'Mining and Sustainable Development'. Here are the remarks I gave on mining and infrastructure.

The US-based Mining Journal reported in their World Risk Report 2017 that Mongolia's infrastructure development is 'weakly developed' and 'high-risk'. A total of 3,600 factors were taken into account in the report, which assessed some 85 big mining players. The risk of investment was given scores of 1-100 points and ranked between AAA to DDD. Five provinces in Canada, Alaska from the United States, and Sweden scored more than

80 points, which translated into AAA ratings and the lowest risk countries, while Laos and Guinea's scores were less than 40, meaning the highest risks. Mongolia scored 53 points and was one of the high-risk countries with a CCC rating.

Mongolia's legal environment, governance, social licence, and financial environment were scored 49, 64, 66, and 52 points respectively. When it came to infrastructure, our score was 11 (7 for railroad, 15 for guaranteed power and energy), which contributed to the rating of 'weakly developed'. This is their assessment only. But what about our own assessment?

Mega fantasy on

INFRASTRUCTURE

Given Mongolia's vast territory and small population, it is highly costly to build roads and energy infrastructure, not to mention the long time required for return on investment. It is a given, not something we have control over. But what we can control is conducting smart policies and create an environment for our people to have a good livelihood, regardless of where they are living – urban or rural areas. The destination can only be reached when the policy is right and adhered to.

However, because our policy is not the right one, we have neither built infrastructure nor experienced economic growth. All we see is the emptying countryside. The Myanganii Zam (Road of Millenium) project is progressing albeit slowly, because it has the right vision. But people do not see the vision of 'strategic deposits', while the authorities use them for their advantage. It has led to the mining sector failing to be the accelerator of our development. The idea behind strategic deposits was supposed to be developing infrastructure, leveraging mining.

The minerals law of Mongolia, which was first enacted in 1997, was amended in 2006. Since then, this law was changed 250 times, which means amendments were made every two weeks on average.

Let's focus on just two changes from these amendments.

The first one refers to the introduction of a new term by the 27th resolution of the parliament (during M. Enkhbold's government) on 6 February 2007. Clause 4.1.12 defined 'strategic deposits' as 'minerals deposits with strategic significance and either have potential to impact on national security, economy, and social development, or are producing / can produce products, value of which exceeds five per cent of Mongolia's GDP'.

Two years later the parliament (during S. Bayar's government) made amendments to Clause 5.5 and inserted language that said 'If a strategic deposit is developed without funding from the public budget, the government can acquire equity interest (of the deposit)



equal of up to 34 per cent of the initial investment made by the licence holder. The amount of shares will be determined in an agreement, by reference to the equity interest to be acquired by the government. Royalties may be substitutable for the equity interest of the government.'

There are laws that allow the government to be a majority owner in a deposit discovered by a foreign company (Russia is an example). However, it was only the Mongolian authorities who dared to fantasize that the government can own shares, buy them, deduct the payment from royalties, and pay interest rates. This led to half of the payments Mongolia was supposed to receive to be postponed, and the dividend having to be received after decades when all loans and interest rate payments are paid off. Why was it profitable for the government to 'settle for a goat when a camel was available'?

Investors come for profits,

NOT TO BUILD A TOWN

In a socialist country, you can build towns alongside mineral deposits and force people to live there. Everything is co-owned in a totalitarian regime, meaning nothing belongs to a particular person. The government builds social infrastructure and requires miners to cover operational costs. Even that company is owned by the state. This was the exact way Erdenet was built.

In contrast, when it comes to the market economy, the private sector decides what to do. Because Mongolia does not have the funds, our government is begging foreign private companies to make investments. Foreign companies come into the country in order to explore for mineral resources, conduct mining and processing, and make profits. They do not arrive here to build a town.

It is up to the owner of natural resources whether the country decides to build a town or a village after receiving payments and royalties they are entitled to. But the authorities should consult with the local community on what to build where. It is impossible to force someone to live in a mining town. Therefore, we must follow a system where we receive royalties and other payments from the beginning, and decide for ourselves whether we build a town somewhere or focus public investment on developing existing rural settlements. When doing so, we have to remember that the vitality of a new town does not depend on its neighboring mine, but on a

Since Mongolia postponed its receipt of payments on her own will, the government has been issuing bonds with fancy names. When the debt is due for repayment, the authorities are just raising new loans with higher interest rates and longer terms. The new borrowings have even fancier names, but work great in settling previous debts. Mongolia is trying to make ends meet, living from one loan to another.

Countries such as Australia and Canada who managed to get wealthy leveraging mining industry do not own shares in mineral deposits or mines. What these countries do is that they simply impose complete oversight on mining operations, ensure all legislation is complied with, and receive their royalties and other payments they are due on time, starting from the beginning.

favorable environment to meet the needs of people and businesses. This is the only way we make sure that the settlement does not become a ghost town in the end.

Having strategic deposits suddenly meant too many state-owned enterprises running deficits and making up for this through the public budget. Due to the deficits, they are receiving funds that could otherwise be spent on building infrastructure, schools, and hospitals. Our strategic deposits have brought debts rather than helping us flourish. Mongolia today is sinking in her external and internal debts.

Infrastructure is not supposed to be built with funds from bonds, but with 30-40-year development bank loans with 1-2-per-cent interest rates. The authorities are well aware of this, but they decided to issue bonds and take advantage for personal gain instead of obtaining a loan with strict oversight.

The authorities are now refusing to progress any mega project as long as their own companies are not involved. It can be seen from the fact that there were 10 groundbreaking ceremonies for the 5th Power Plant. If Mongolia's own power plant was supplying Oyu Tolgoi with power, we would have made a lot of profits given the willing customer.

How long will the government follow its 'strategic deposits' fiction for?

2017.12.13



ELENA ALONSO FRAYLE

Spanish writer and singer

DeFacto **INTERVIEW**

For bilingual interviews, visit <http://jargaldefacto.com/category/8>

AS A WRITER, MY TASK IS ALSO TO MAKE PEOPLE THINK:

What is time? What is history?
What do we need to know about our own fate?

Elena Alonso Frayle is an accomplished author of many award-winning books in Spanish. Her book, "Los Niños Cantores", will be published in Mongolian in 2018.

Defacto: You are the spouse of the German ambassador, and you've been here a little over a year. During your time here, you've continued as both a singer and a writer. First let's talk about the literature prize that you won for a book that you wrote.

EAF: Well, I came into writing at a relatively late moment in my life. As you know, I am a lawyer by training. But I have always felt the need to get closer to literature. I've always felt it as my vocation; I've always been a passionate reader. But I felt that to be a writer one needs to have been born a writer. And I thought that I was not born a writer. I thought I was born a lawyer, which I was. So I never dreamed that I would start writing.

This is why I have a sort of atypical career. As I said, I started writing relatively late, when we were posted in Argentina. I was already in my 40s, and being so far away from Spain, my home, I had to start my career in a different way than people normally do. So what did I do? I was writing alone, "secretly". I was submitting my manuscripts anonymously to big literature awards. And to my enormous surprise I started winning one award after another. These literature awards involve publication of the work. This is why, if you ask me now about the book that won an award, actually most of them have won because this is the way I publish. The most recent one was the "Sor Juana Inés de la Cruz". This was an award given by the government of the state of Mexico, and it involves the publication of the work.

Defacto: And why did that book make such an impact in Mexico?

EAF: The book is a collection of short stories. The jury was formed by the highest authorities on short stories in Mexico, so I was very pleased and very honored to have been chosen as the winner of this prize. Actually, I was awarded this same prize some years ago.

Defacto: You wrote a book titled "The Age of Anesthesia", tell us about it.

EAF: This is a young adult novel that has a connection to my personal experience as a mother of a child with a heart disease. I always wanted to

place myself in my child's situation--what is it to be born with a chronic disease? What does it mean to have to cope with such a disease as a child, and then as a teenager? One might have a different approach to life.

The novel is about a teenager with a chronic disease. It relates to one of our stays at a rehabilitation center near Berlin, after my son had heart surgery. To my big surprise, this rehabilitation clinic for young people is located in the same building as where the East German Politburo and those in the highest positions of the socialist party in East Germany used to live. They built a forest settlement about 30 km outside Berlin in response to the Hungarian Revolution. They wanted someplace a little more secure. It was like a compound, a closed settlement. But what shocked me when I was there was the big contrast between what this place is now and what it used to be. Before, it was at the center of decisions that affected the freedom and destiny of millions of Germans. But now it has been totally converted into a place of hope.

My son as since recovered. But while we were there, I thought that I would like to write about this place in one of my novels. "Anesthesia" refers to the double theme of the book: on the one hand, it is the age of anesthesia, when sick children had to undergo surgery. But it also refers to the decades during which East Germans had to be almost numb to the lack of freedom in their lives.

Defacto: Another interesting book that you wrote is about choir boys.

EAF: Ah, yes. That book is about the children of the Vienna Choir. This book will be translated into Mongolian. We are already working on it with Monsudar publishing house. I believe it will appear next Spring. I am very excited about that. But the story is something that I was very attached to. It has to do with the fate of the Vienna choir boys during the 1930s, when they were doing a one-year tour around the world. These twenty boys, aged 9 to 14, traveled to the US, Canada, the Pacific islands, and ended up in Australia. This was in September of 1939. World War II broke out in Europe while they were still in Australia, and they became stranded in Perth. Think about it; they were Viennese and Hitler

had just annexed Austria. Their ship was requisitioned; they couldn't return home. They were offered foster care by the Bishop of Melbourne, and they ended up spending all of their lives in Australia. This story showed me about the unpredictability of fate.

As a writer, my task is also to make people think: What is time? What is history? What do we need to know about our own fate? One of the characters in the book, when he had grown up, remarked, "Music had saved us". To which another character replies, "What do you mean by 'saved'?" All very metaphysical in their thoughts.

Defacto: Let's move on to your music career. How was it that you were singing in the very famous Berlin Choir?

EAF: This was after our last posting in Thailand. We spent several years in Berlin. I was always writing, spending many hours working by myself. But I then felt the need to do something in common with other people--a feeling of cooperation, to not always be enclosed with myself, but to open up, to be a part of creating something with other people. You lack this sort of thing when you work as a writer. You spend many hours with just you and the paper in front of you. But, on the other hand, music was always very relevant in my life, and I felt the need to actively take part in music performance. Unfortunately, I learned piano when I was small, but I don't play it well now. I thought it was too late to learn a new instrument, so I considered singing. In Berlin there are a lot of choirs, a lot of cultural life, a lot of musical life. I chose the one with certain features that I liked.

I had never really sung before, but it turned out that I didn't sing so badly. You have to try out and get accepted into the choir. Through vocal training, you learn to develop yourself and your skills. There are 70 people in our choir. And while some of the best choir music is religious, it doesn't have to be a religious choir necessarily.

Defacto: How did you come to sing in the Mongolian choir?

EAF: This is a great opportunity that I would never have dreamt could happen. When I arrived here, I thought I was going to miss my music. And then I was offered this opportunity by the State Academic Theater

of Opera and Ballet here. I performed as part of the choir in La Traviata, for example.

Defacto: How do you find the difference between singing in a choir in Berlin, and singing in Ulaanbaatar?

EAF: Well, here is a little more difficult because of the language, specifically in terms of the choir instructions, with rehearsals and such. If you don't speak Mongolian, it can be difficult. But in the end, you come to understand what is going on.

But I thought that my Berlin choir was very "German", in that it was very disciplined, very punctual. If the rehearsal started at a specific time, it really started at that time. Not a second before or a second after. But here is the same was. It follows the same kind of discipline.

In Berlin, part of the rehearsal is to do some kind of physical warm up, because when you sing, a lot of your muscles will be singing with you. So you need to be fit and relaxed.

Defacto: Finally, I want to ask you about national identity. Diplomats are always traveling in multicultural environments. You yourself have traveled the world. What is national identity to you?

EAF: It's an issue I think a lot about. I come from the Basque country in northern Spain, where in my childhood I experienced the worst faces of nationalism, which are fascism and terrorism. We were hit by terrorism for many decades. So it's an issue that I am concerned about. Even now, with what is happening in my country in Catalonia. It makes you question what really is nationalism? I came to the conclusion that nationalism is responsible for many of the problems of my country and its many wars of the last century.

From my perception, I cannot understand how nationalism will lead you to put as your main identity as belonging to an abstraction. Boundaries nowadays are based on artificial constructs, often on blood from the past. It's very hard to understand.

This interview has been edited for space and clarity

2017.11.29

Full interview available here:

<http://jargaldefacto.com/article/elena-alonso-freli-elena-alonso-frayle>

Тамгайзхын аргагүй САНАЛ

FORD EXPLORER

JAGUAR F-PACE

RANGE ROVER

1-2 ton FUEL

WINTER TIRE

TRAVEL VOUCHER

iPhone X

SERVICE

TEL: 99118301, 99106507, 99118375

www.waa.mn

WAGNER ASIA AUTOMOTIVE LLC



ARTICLE

CHRISTOPHER MELVILLE

Registered foreign lawyer (England)

TO BE OR NOT TO BE *OFFSHORE*

Mongolia is currently gripped by offshore fever, with new developments coming on a regular basis, most recently a Cabinet decision to increase the scope of jurisdictions that are covered by offshore accounts legislation. This reflects a much wider international concern around the use of offshore accounts, which this article will touch upon, and which has certainly fuelled domestic concern.

Amidst the increasing furore over government

officials' use of offshore accounts, and recent Mongolian legislation prohibiting civil servants from various offshore activities, we also had the somewhat surprising spectacle of the European Union blacklisting Mongolia as a "tax haven".

This seemed odd in light of the EU just recently opening a representative office in Ulaanbaatar, and the increased transparency and budget controls that are being implemented as part of the IMF package.

A SHORT HISTORY OF OFFSHORE OUTRAGE

The growing public concern around the use of offshore accounts has been dramatically increased by several major leaks of otherwise confidential information that have subsequently been disclosed in the public domain.

The first of these was the "Panama Papers" in 2015, a leaked database of 11.5 million documents for over 200,000 offshore entities from the Panamanian law firm, Mossack Fonseca. The leaked documents named 12 current or former national leaders, over 100 public officials and politicians and hundreds of other high-profile individuals and businessmen from over 200 countries.

The latest major leak was the so-called "Paradise Papers", leaked this year, containing over 13 million documents, primarily from the offshore law firm Appleby. The Paradise Papers included information relating to a wide range of major international corporations, including Apple, Facebook, Twitter, Disney and others, together with a number of high-profile individuals and political figures. Those named included members of the British royal family, high profile celebrities such as Madonna and Bono, philanthropists such as George Soros, and media owners of certain UK newspapers such as The Telegraph and The Times.

INTERNATIONAL REACTION

There is clearly an increasing level of media and public concern over perceived tax evasion and tax avoidance

through the use of offshore vehicles, which has been exacerbated by the number of high-profile businesses, businessmen and political figures involved in these disclosures. Undoubtedly, this has given rise to a prevailing view that the elite and wealthy in societies across the world are using offshore structures to avoid paying taxes in their own jurisdictions. It has also led to calls for greater transparency and disclosure from various political groups, including Members of the European Parliament and senior US politicians such as Barack Obama at the time of the leaks.

ARE THEY LEGAL?

There are many reasons why offshore structures are used for the purposes of making international investments. The first of these is anonymity. Most offshore jurisdictions, including classic Caribbean "havens" such as the British Virgin Islands, the Cayman Islands and Bermuda, have extremely limited publicly available information, whether in relation to beneficial owners or financial information. Accordingly, until the recent leaks, investors were generally assured of privacy.

Secondly of course, these jurisdictions have extremely low levels of tax, ensuring greater tax efficiency for investors.

There is nothing inherently illegal about this, and indeed the majority of the deals leaked in the Panama and Paradise papers would, from a strict perspective, be proper and legal transactions. However, the downside

of offshore tax havens is that due to the relative anonymity, they can be abused for the purposes of money laundering, tax evasion and other nefarious purposes.

In my experience of working in the Russian market in the 1990s, offshore investment schemes were used for some highly creative purposes. One of these, which was relatively common in those times, included the acquisition of a small percentage of shares in a Russian company owned by a BVI company (and therefore anonymously) which would then routinely disrupt and litigate against the underlying Russian company and its shareholders for business gain.

WHERE DO WE GO FROM HERE?

Clearly, it is a positive step from a transparency perspective that Mongolia has enacted legislation aimed at curbing the use of offshore tax havens for senior government officials. This is a worldwide trend that will likely only continue.

That said, it is difficult to extend these prohibitions to the private sector. By way of example, it is not currently possible for Mongolian companies to list directly on a foreign stock exchange such as Hong Kong or Singapore.

A company wishing to list its shares in Hong Kong must redomicile to a jurisdiction approved by the Hong Kong Stock Exchange, which currently includes Hong Kong itself, the PRC, Cayman (where Mongolian Mining Corporation is domiciled) and the BVI. Part of the reason for this, apart from tax efficiency, is that Cayman has relatively sophisticated restructuring and insolvency legislation, together with an efficient court system, which is important for listed companies in difficult financial situations. Indeed, close to 49% of all listed companies on the Hong Kong and Singapore stock exchanges are domiciled in the Cayman Islands.

Accordingly, there are pros and cons to offshore jurisdictions that need to be taken into account before making a definitive judgment that all entities or individuals investing through these jurisdictions are doing so for nefarious or criminal purposes. The difficulty faced by legislators worldwide is precisely this separation between dubious and legitimate offshore structures, and improvement in this likely must be

driven by the jurisdictions that themselves are regarded as offshore tax havens.

WHAT HAPPENED WITH THE EU?

Given Mongolia's recent steps to curb offshore investment, the growing public disaffection with investments in tax havens, and the IMF package aimed at improving budgetary transparency and policy stability, it was a surprise when the EU announced on 5 December, as reported by the BBC, that Mongolia was now included in a "blacklist of tax havens". More specifically, this was a decision adopted by the European Council containing a list of "non-cooperative jurisdictions for tax purposes" (link at <http://www.consilium.europa.eu/media/31945/st15429en17.pdf>).

Mongolia's inclusion in the list reflected four concerns identified by the European Council: (1) not being a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes; (2) not having signed and ratified the OECD Multilateral Convention on Mutual Administrative Assistance; (3) not applying certain criteria from the OECD Framework for tackling Base [Tax] Erosion and Profit Shifting (BEPS), and (4) not having made a commitment to address these issues by 31 December 2019.

The characterisation by the BBC of a "blacklist of tax havens" is therefore somewhat misleading in light of the detail of the European Council's paper. While the substance of the "non-compliance" is beyond the scope of this article, the issues identified in relation to Mongolia appear to be more related to process and compliance rather than fundamental underlying tax evasion issues.

The European Council paper does state that EU member states and institutions should take the list "into account" in formulating foreign policy, economic relations and development cooperation plans. At a time when Mongolia is seeking to increase levels of foreign investment, it is clearly important to keep EU member states on board, and accordingly Mongolia needs to be seen to be taking positive steps to address the EU's concerns on these points.



COAL EXPORT SUSPENSION



Presenter: Mongolia's customs have suspended the clearance of coal shipments into China as it works to clear up an infamous traffic queue stretching as long as 100 kilometers.

Mongolia's Ministry of Mining and Heavy Industry said the suspension would last seven-to-10 days until the traffic jam clears up entirely, Reuters reported. Meanwhile, companies are now restricted by quotas for the number of trucks they're allowed to send out, and a new route to the border is being established.

Coal has played a key role in the revival of the Mongolian economy with the higher prices companies can now earn from Chinese buyers. However, exports have slowed considerably since problems at the border began last July. Authorities say they are cracking down on the smuggling of meat and other contraband. So what can you tell us about the situation at the border?

Defacto: Well, there has been a logjam of trucks, which at one point extended around 150 km from the border. A few days ago, the minister of mining closed the border crossing to coal. But does it solve the problem? No, because the source of the problem, in my mind, is the very approach of the strategic mines idea. Since Tavan Tolgoi became a strategic mine, it fell under state control, which resulted in the loss of any responsibility. The government cannot check itself. In addition to the state-owned part of Tavan Tolgoi, the aimag owns certain shares, too. Now both are selling coal, but they don't really focus on transporting the coal to the border. The transport companies have been receiving permission from the Mongolian transportation agency, which has been giving these permissions to so many trucks. But nobody can say how many trucks are operating. For example, it used to be Chinese trucks and Chinese drivers, which made locals unhappy. So the government decided to authorize only Mongolian drivers, which resulted in Chinese transport companies hiring Mongolian drivers to drive Chinese trucks. They are paid as soon as they cross the border on the Chinese side, which means there is no social insurance payments, no safety regulations, etc.

I was down there a few days ago, actually. This is not a complete solution. It is the mines' responsibility to take care of the whole value chain: extracting the coal, transporting it, and selling it across the border. The companies are not taking responsibility for anything after the extraction. It has all reached such a level as to be unmanageable.

And our president was always against the railway proposed by MCS, one of the major extractors at Tavan Tolgoi. MCS was planning to build the railway, everything was ready. They just needed official government permission. But then President

Battulga decided it was dangerous for national security, particularly if it is built with the narrower Chinese rail gauge. The president suggested using the wider Russian gauge and transport it through Russia, which is farther.

Presenter: A lot of industry people disagreed with the logic of that argument, saying it was inefficient because you would have to move the train car onto Chinese gauge eventually. And that railway doesn't even connect with the main Trans-Mongolian rail line. Moreover, most of the world uses the same rail gauge as China.

Defacto: All Mongolian mining exports go only to China. Russia is actually competing with Mongolia to sell coal to China. It makes sense to sell the coal via the narrow-gauge rail onto China. I suggested in one of my articles ("Mongolia Is the Next Panama") that, because China and Russia have networks of different rail gauges, they will never accept each other's gauge; it would be too expensive. So let's do the switching between gauges here in Mongolia.

Presenter: Less coal is now passing from Mongolia to China. What is the economic cost to Mongolia because of this?

Defacto: This year, we exported a record amount of coal to China. In the past 11 months, something like 40 million tons of coal was sent over the border. But 30 million was sent before July, when the border-crossing problems picked up. We could send even more if we had a more efficient transport system.

Unfortunately, we sell that coal below global market value because the Mongolian mines are competing with each other, which dampens the price. This is unacceptable. The private companies there—MCS or Energy Resources—are selling at a higher price because they also have the capacity for a washing plant. The other state-owned companies don't want to use the washing plant. They just take the best parts of the deposit and sell them off.

Presenter: The government announced the closure of the current route and will establish a new one, along with quotas for the companies. Do you think this is going far enough? The government has to be aware that this closure is costing quite a bit.

Defacto: The road should be replaced by a railway. However, the money to build the railway was going to come from the private sector. But now it looks like it will come from public investment, which is risky. What happens if China limits or stops exports? The taxpayer would be on the hook for any borrowed money used to finance the infrastructure.

MPRP LEADERSHIPS BATTLE



Photo credit to vip76.mn

Photo credit to zuv.mn

Presenter: Party loyalists to the founder of the Mongolian People's Revolutionary Party (MPRP), Mr. Nambar Enkhbayar, are protesting his ousting and replacement by the party's sole representative in the parliament.

MP Oktyabr Baasankhuu was this voted as the party's chairman to succeed Enkhbayar at a party congress this week. This is the first time in the party's eight-year history that Enkhbayar will not lead the party founded as a breakaway faction from the Mongolian People's Party.

Some will not stand for the change, however, including former presidential nominee Sainkhuu Ganbaatar. The critics say the vote was illegal, and Enkhbayar himself has said he will not forfeit the party seal until the Supreme Court weighs in on the matter. Is this a turning point for the MPRP? Can it succeed without its founder, who is really central to the party?

Defacto: The history of this party is itself problematic. The Mongolian People's Revolutionary Party is the old name of the current Mongolian People's Party (MPP). According to former President Enkhbayar, who has up to now been the head of the party, he said that former President Elbegdorj gave permission to use the name in some secret negotiations on the condition that Enkhbayar would support Elbegdorj's then-candidacy for president.

This was a very strange—I would say—"correctional" case, this kind of quid-pro-quo. This was all according to the open interview that Enkhbayar gave. So apparently political parties' names and other permissions are all subject to one person: the president of Mongolia.

I should also note, regarding the justice system, that Mongolian courts are really working unfairly toward political parties. If they don't like the political parties, particularly now that the country is run by only two major parties—if there are any serious outside candidates, the courts tend to not even permit the standing of their political party. This is undemocratic. The very fact that Mr. Enkhbayar is invoking the court to rule on the party seal issue is strange.

In Mongolia, like every other democracy, the political parties are the only institutions that assume state power. But these political institutions have not developed into maturity. As it is, the parties are controlled by oligarchs, people with money, who do whatever they want with them. And when they are in power, they make decisions based for their business interests.

So the bigger picture is one of Mongolian governance: is it democratic, open, transparent? Or is it corrupt and closed? This issue with the MPRP is just the top of a larger iceberg. Mongolia's political parties have a long way to go to reach proper maturity.

BAT KHURTS CONFIRMED



Photo credit to sonin.mn

Presenter: The former head of the General Intelligence Agency, the GIA, and a spy that was once arrested in Germany for murder, Bat Khurts, has been confirmed as the Ambassador of South Korea despite protests from some parliament members.

Khurts is an accomplished intelligence officer whose resume includes field assignments as an intelligence officer, a lead position at the Independent Agency Against Corruption, and the head of the GIA. However, his past is checkered by his former spy career, including an arrest in 2011 for the alleged murder of Damiran Enkhbat. Enkhbat was suspected in the involvement of the assassination of Sanjaasuren Zorig when Khurts kidnapped him and brought him to Mongolia, where he died in prison. Both closed and open hearings were held; why the secrecy?

Defacto: A very strange thing is happening in the history of Mongolia's parliament. There were open and closed hearings held at the same time involving the same person in parliament. Why are parliament members so afraid of this one man? Well, he knows a lot of secrets about a lot of MPs. If he knew about any corruption, why did he keep it to himself? Why could you not take proper steps at that time to bring those people to justice? If he had done that, we would have less corruption in this

country, and thus less poverty. If he has made these things public at the time, he would not have been just an ambassador, he would have been a national hero. Unfortunately, that's not what happened. He used his power—his "monopoly of information"—only when he needed it. People are not happy about that.

Another reason there was a closed hearing, in my opinion, was because firing him was illegal. The head and deputy head of our spy agency can be removed from office only in three cases: 1) upon their own request, 2) health issues, or 3) at the completion of their appointment term. None of these three applied, so, I suspect, there was a deal made: he gets the ambassadorship in return for his letter of resignation. But all of this is not very good for our democracy.

This review has been edited for space and clarity

Full review available here:

<http://jargaldefacto.com/article/defacto-review-2sh17-12-17>



NEW NISSAN PATROL

© 9911-0014, 9911-5140, 9910-0167

ЛИЗИНГЙН НӨХЦӨЛ:

Урьдчилгаа **0%**

Хүү **1.4%**

Хугацаа **84 сар**

УРАМШУУЛАЛ:

Хамгаалалтын хууль

Castrol сөрөгтэй эрх

4x4 өргөмжлөг

Салонины цэвэрлэлтийн хангамж

ҮНЭ: ₮214.0 сая



JARGAL DEFACTO MOBILE APPLICATION

Subscribe or renew your subscription at www.jargaldefacto.com and www.defacto.mn websites.

EDITORIAL BOARD

Jargalsaikhan Dambadarjaa
Christopher Melville
Garrett Wilson

EXECUTIVE:

Editor-in-chief: Javzmaa Ganbaatar
Team: James E. Kaemmerer
Amar Batkhuu
Bilguun Otgonsuren

CONTACT US:

✉ editor1@jargaldefacto.com
☎ +976 94109342
🌐 www.defacto.mn