

The Asia Society Diplomatic dialogue series
at the Embassy of Mongolia, October 12, 2010

Dear Mr. Garrity,

Ladies and Gentlemen, Dear Friends,

We are pleased today to welcome the Asia Society and its friends.

Thank you very much for coming to this Diplomatic dialogue event at the Embassy of Mongolia.

The Asia Society is an extraordinary institution. For more than 50 years it has been in forefront of connecting Asians and Americans to strengthen mutual understanding and to promote partnerships. It always advocated for my country, Mongolia, and supported the cause of the Mongolian people and its progress.

As many of you know, just three weeks ago our PM Mr. Batbold was received and honored at the Asia Society NY headquarters. We had a wonderful dinner and enjoyed an interesting and engaging discussion about Mongolia and its perspectives. The PM was visiting NY to attend the opening of UN GA session. This very session dedicated, as you know, to discussing where the world community stands with the implementation of the **MDGs**. And for Mongolia it was an excellent occasion to see what we achieved during last ten years and to share what the difficulties were and what needs to be done in remaining 5 years to meet the MDGs. I thought it would be interesting to share with you some of the Mongolian government views on this theme.

You remember that there were eight MDGs all UN member states agreed to ten years ago (namely: Eradicate extreme poverty, Achieve universal primary education, Promote gender equality and empower women, Reduce child mortality, Improve maternal health, Combat HIV-aids, malaria and

other diseases, Ensure environmental sustainability, Develop a global partnership for development). And each of these goals contains several targets. As we love to impress the others, we invented and added a new, 9th goal: good governance.

Last summer the government conducted analysis of our progress on MDGs and presented its **3d National report** to the UN. The report shows that 66% of Mongolian DGs are on track or likely to be achieved. There are some areas where we have always had **good performance**. For example, primary education, gender equality, combating HIV/AIDS or other major diseases or developing large development partnership with our foreign friends. We succeeded in early achievements of such targets as girls/boys ratio in secondary schools, percentage of children covered by essential immunization, infant mortality and under-five mortality rates. (The overall progress we have made is the result of mainstreaming MDGs into our long term development policy document and fiscal framework, establishing a single government agency responsible for coordinating the MDGs implementation. (But there are some other areas which send **warning signals and where** the progress is slow or even, we are regressing. Most of our concerns are for poverty reduction, empowering women and environmental sustainability.

Speaking about the **poverty**, I should note that today about one third of the population still remain under the poverty line. To address this problem, the only right way the government sees is to boost **economic growth**, to make it sustainable and to ensure that the growth benefits each and every citizen. Fortunately, Mongolia stands today on the cusp of growth trajectory. It is forecasted that GDP growth this year will be around 7-8%.. And taking into account just two major mining projects, the OT and TT, we can expect acceleration beyond 20% level on a sustained basis from 2013 onwards. Experts speak about an exponential growth in GDP throughout the next decade and this would prove to be truly transformational for Mongolia.

Mining is clearly the main pillar of our economic growth. OT, one of the world's largest copper and gold deposits is being developed with joint involvement of IM and Rio Tinto. The second multibillion dollar project on

our agenda is TT, one of world largest coal deposits. We recently announced the tender for the mine operator so that production can start as soon as this winter. There are many other deposits we are keen to develop jointly with our foreign partners. For example, with only limited exploration to date, our oil reserves are now estimated at 33rd in the world and are large enough to satisfy domestic needs for almost 100 years. In terms of energy supplies, we have the full spectrum of energy resources, including coal, oil and uranium.

Beside the mining sector, we pursue also a policy of **diversification of the economy** by developing value-added and knowledge-intensive industries, increasing of import-substituting production, ensuring self-sufficiency in food supply etc. We have to invest heavily in rural development, to utilize better our agriculture and animal husbandry resources.

Of course, the government pays special attention to promoting equitable **distribution of income** and opportunities. Recently we set up a Human development fund where revenues and royalties from mining industry will be pulled and used to support health and education and other social services. We passed a Fiscal stability law which we will use to manage the wealth in a transparent and responsible way and mobilize resources for combating poverty.

When we speak about growth, specially mining driven one, we must not forget **environment** related problems. In Mongolia, the negative impact of global climate change is unmistakable. Desertification has affected some 80 percent of our land; water scarcity is a growing problem. We are facing land degradation, deforestation, loss of biodiversity and urban air pollution etc. When these problems couples with natural disasters like the one we had last winter, it directly threatens the human security as a whole.

Coming back to **gender equality**, I should say that women have always been strong player in the life of Mongolian society. We clearly made progress in achieving greater equality for women in education and in workforce, in reducing mortality rate and improving health services. In our schools, at all levels, we have more girls than boys; women constitute 63

percent of the workforce. They have been the leading voices of civil society.

Gender inequality, however, remains a fact of life in Mongolia. More women are employed in lower-paying jobs than men, their access to productive assets such as land and loans clearly needs to be expanded, the number of women at top managerial positions in the economy is negligible. Much is needed to be done to politically empower women. In our national parliament we have only 3 women out of 76. We fully realize that without attaining this particular MD goal, other goals, especially poverty eradication, might be out of reach.

To remedy the situation we submitted to the Parliament a draft law on gender equality and a new draft election law on 30% quota for women's representation in the national legislative body. Both drafts will be taken up this fall.

As for the 9th goal, **good governance**, we have achieved a lot, including government transparency and anticorruption efforts. Today Mongolia is recognized as an example of democratic nation, which in span of 20 years, has transformed itself from one of the most closed societies into a vibrant, pluralistic democracy. We are learning from our experience, from international experience. It will be a great honor for us to Chair the Community of democracies starting July next year.

We are aware that the democracy-building is not linear; there are ups and downs that democracy must deliver in term of enhancing livelihood. We understand better the correlation between democracy and development, and between the growth and political stability.

The coalition government established two years ago by the two major parties ensures the basis for a broad, nation-wide consensus vis-à-vis development strategy of the country. And I'm sure that all political forces and the entire population are committed to further strengthen our democratic achievements.

On that way, we are sure; we will continue to benefit from generous support and cooperation by all our foreign friends and partners, in particular the United States.

Last week, on Tuesday, the Chiefs of DMs to Washington DC were received at the White House. It was at the annual reception by the President and Michelle Obama. During the photo session I had the opportunity to pass to the President Obama greetings and best wishes from my President Elbegdorj and to thank him for developing with Mongolia a true partnership. Indeed, we established official diplomatic relations twenty three years ago, in 1987. In such a short span of time we succeeded to develop a strong friendship and a multifaceted forward-looking partnership we can be proud of.

Let me briefly highlight some of the key areas of our bilateral cooperation.

Political and security relations. We are profoundly grateful to the US for having been our best friend and supporter in our democratic journey since its very beginning. Our ties are based on shared values and principles of democracy. And we could build up a deep mutual understanding and a productive interactive dialogue at all levels, including the highest one. It will be good if we can realize a summit meeting next year as Mongolia will commemorate 100 years of National Liberation and 90 years of People's Revolution.

We, in Mongolia, consider the USA as our most important "third neighbor". Our military-to-military and security relations are excellent. We are thankful to the US for assisting in Mongolia's defense reform, in building its international peacekeeping capabilities. We were together in Iraq and are now in Afghanistan. We both are keen to contribute to peace and stability in NEA and beyond.

US Development cooperation and its multimillions dollars assistance to Mongolia have played a tremendously positive role in its economic and social transformations last two decades. US ODA as well as assistance through multiple NGOs embrace all possible areas. It helped not only to overcome early transition shortages and hardships. It helped us to set up

working democratic institutions, promote vibrant civil society, to develop dynamic private sector etc. Today in every corner of Mongolia the people is benefiting of fruitful cooperation with the Americans. As you may know, we signed three years ago a \$285 million compact with the Millennium Challenge Corporation. The Compact provides grant funding to support a five-year Program which includes projects such as Property Rights, Technical and Vocational Education, Health, Road Project and the Energy and Environment Project. The realization in time and to the full extent of all these projects will impact significantly our poverty eradication efforts through economic growth.

In term of Trade and investments, The United States is Mongolia's sixth-largest trading partner. As of August 2010, the total trade turnover between Mongolia and the USA amounted to nearly 100 million USD.

There are currently 227 US invested entities operating in Mongolia. The total amount of US investments in Mongolia is over \$100 million so far. The USA ranked at 7th in terms of its share in the FDI in Mongolia.

As you see, the size or the share of Mongolia-US bilateral trade and investments remains small. But we wish and we will see it to grow steadfastly in near future. There are a lot of potentials. The Mongolian economy continues to benefit from trade friendly environment, strong recovery in demand associated with the major mining projects is to boost not only imports but also investments.

We have to use better the already existing mechanism of trade and economic dialogue – the TIFA. We are supportive of export initiatives of Obama administration and currently working jointly with DoC on a draft MOU between MFAT and DoC. Our two governments have now on the table a draft Agreement on Transparency in matters related to international trade and investments. It has to be considered as a building bloc on the way to a future FTA. We signed last September in UB a MOU on peaceful use of nuclear energy which opens large possibilities of collaboration in this strategically important field.

People often ask me what my priorities are during my tenure as Ambassador to the US. I say that there are mostly two, while keeping the highest possible political level. First, in the field of trade and investments. Second – to expand US educational opportunities for young Mongolians. In one word- to prepare the future of our bilateral cooperation.

Some people call Mongolia-US cooperation as a comprehensive partnership, while some others - a strategic partnership. Whatever, it's a truly working partnership.

I would like to take this opportunity to recognize some important persons present today among us. We have 3 former US Ambassadors to Mongolia: Ambassador Joseph Lake, Alphonse LaPorta and Pamela Slutz. And of course, Alicia Campi, former US diplomat to UB and who serves today as President of “the Mongolia Society”. They all made great contributions to our friendship and cooperation. Please, give them warm round of applauds.

Let me now come back briefly to the AS dinner reception offered to my PM in NY. Welcoming speech was delivered by our common friend and Executive VP Jamie Metzl. Referring to the intensity of relations between AS and Mongolia he exclaimed that one could easily name the AS, as “Mongolia Society”. So, let's make its Washington DC chapter a truly Mongolia chapter for this evening.

Thank you.