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NEWS HIGHLIGHTS:

Business: *Russians eye strategic partnership in Tavan Tolgoi; E-ticket age arrives in aviation; Koreans ready to invest in Mongolia*

Economy: *FRC suspends companies; New airport funds set; National registration to boost economy; Soum contamination shows excessive mercury*

Politics: *Gap narrows in approval of minerals law; Minister secures key role in regional peace; Coal deposit added to strategic list; Armed forces lead business partnership*

BUSINESS**RUSSIANS EYE STRATEGIC PARTNERSHIP IN TAVAN TOLGOI**

Russian Prime Minister, V. Zubkov, has named several Russian companies ready to invest in Tavan Tolgoi and President N. Enkhbayar has responded positively according to a report from Russian ITAR-TASS information agency special correspondent. The leaders met in Seoul on February 25 and discussed two Russian companies, Basic Element and Severstal, as potential investors and strategic partners.

The President said that the law on transferal of State shares in the project was currently under discussion in Parliament. He said he knew a bill had been submitted and that upon approval 36 percent of shares of Talvan Tolgoi would be transferred to a strategic foreign investor on the basis of an open tender.

In addition to the two named companies, other leading Russian companies, Nornikel and Zarubejgeology have said they were willing to support a number of projects in Mongolia.

Source: The Mongol Messenger

E-TICKET AGE ARRIVES IN AVIATION

The purchase of a computer reservation system by Mongolia's Eznis Airways LLC is a step towards e-ticketing and international standards and brings a new era of travel to Mongolia.

Eznis Airways LLC signed a contract with US Florida-based company in Orlando, Radixx Enterprises, to purchase the System. The new system will allow domestic and overseas customers to purchase seats online without the need to go to a sales office. It is an environmentally friendly process eliminating the need for paper tickets.

Last year Eznis Airways LLC carried 60,000 passengers and in 2008 expects to carry over 85,000 customers on a safety first basis.

Eznis Airways LLC has been approved by governments of the United States and the United Kingdom and the United Nations as the preferred provider for travel of their nationals in Mongolia.

Source: www.eznis.com

KOREANS READY TO INVEST IN MONGOLIA

Leading Korean company, Kores Co. Ltd has its set sights on investment in Mongolia. Kores director, Li Han Hog met President Enkhbayar during his official visit to the Republic of Korea February 26 and 27 for the swearing in of new President, Lee Myung-bak.

Kores Co. leaders said they were interested in investing in Mongolia's mining, infrastructure and energy sectors and were ready to receive proposals from Mongolia concerning development in these sectors. President Enkhbayar promised to convey their proposals to the government and relevant Mongolian companies.

Kores Co. Ltd is Korea's State-run resources development company with a 50 percent stake in Djantaur mine in Uzbekistan, a sizeable deposit of uranium. Korea uses roughly 4,000 tons of uranium annually to power its 20 nuclear reactors, which cover 40 percent of country's electricity needs.

Source: www.korea.net/news/News

ECONOMY

FRC SUSPENDS COMPANIES

The Financial Regulatory Committee (FRC) has temporarily suspended 66 companies from trading securities. FRC Securities Department head, E. Ganbat claimed shareholders breached their conditions because they did not know which capital they owned and did not control their company's activities. Shares were concentrated in the hands of a few people and activities were limited.

The 66 companies were researched following investigations, and then suspended. Of them, 29 have been excluded by regional tax services from State registration and the remaining companies must either restore their activities and apply for the continuation of trading securities, or meet shareholders to close or restructure. The Mongolian Stock Exchange will decide whether, or not, to allow the companies that choose to continue trading to renew their registration.

Source: Montsame National Newsagency

NEW AIRPORT FUNDS SET

Japan has agreed to provide Mongolia with its largest grant yet to build a new international airport 40 kilometers from Ulaanbaatar.

The Ministry of Foreign Affairs said up to 28.81 billion yen (MNT 237 billion = US \$279 million) in loans would be given to the country to build the airport including a new 3.6 kilometer runway and state-of-the-art security systems.

Source: www.keralanext.com/news

NATIONAL REGISTRATION TO BOOST ECONOMY

Mongolia is to get a national registration system to bring it into line with developed countries. The system is expected to boost the economy as all citizens gradually get smart identification cards making registration for elections, census taking and demographics easier to manage.

Under the program to be implemented progressively until 2012, a general law on registration will be passed to improve property rights registration, release the smart identification cards, improve registration of citizens crossing the State border and develop an information and communications network.

The smart ID card will include comprehensive information about its holders including eye and hair colors and fingerprints.

Cabinet Secretariat of Government Chief, N. Enkhbold, and Information and Communications Technology Agency head, Ch. Saikhanbileg announced the new system to press on February 29.

Source: Montsame National Newsagency

SOM CONTAMINATION SHOWS EXCESSIVE MERCURY

The final conclusion of the analysis of samples taken from four different sites in Khongor soum of Darkhan-Uul aimag following a mercury spill in October 2007 is under a cloud.

Results delivered to the Geological Institute of the Academy of Science on March 4 showed one sample taken from a mud house had 60 times more mercury than acceptable levels and another three samples had mercury.

The analysis was conducted following a major mercury spill impacting on the health and well being of local citizens and their livestock.

The analysis was conducted by the Russian Environmental Resources central laboratory at the end of October and returned to Mongolia. Samples analyzed earlier at the Central Laboratory of Geology in Mongolia did not show any mercury.

Source: Odriin Sonin

POLITICS

GAP NARROWS IN APPROVAL OF MINERALS LAW

More news that an extraordinary session of Parliament may be called prior to the spring session in April to approve the working group's draft amendments to the minerals law and Oyu Tolgoi, Tavan Tolgoi and Asgat Investment Agreements, suggests light at the end of the tunnel.

Working group head and Democratic Party (DP) member, N. Batbayar and DP Deputy chairperson, S. Lambaa said the working group members in Ulaanbaatar had met continuously to discuss the amendments. Mr Batbayar said they would submit their conclusion to the Prime Minister no later than March 5 and if the draft law was approved there was a possibility the two investment agreements would be signed off.

Most of the council members supported N. Batbayar's suggestion on Mongolian participation in the strategic deposits to be discussed at either 34 percent or 51 percent and above.

Once with Government, it is anticipated 10 days will be needed to refine the amendments. If submitted to Parliament before March 20, a meeting could be called in the first 15 days of April. Mr Batbayar said in his opinion the draft minerals law would be approved.

Source: Ardiin Erkh

MINISTER SECURES KEY ROLE IN REGIONAL PEACE

Mongolian Foreign Minister, Sanjaasuren Oyun, has secured basic agreement for a working group from the Six Party Talks toward ending North Korea's nuclear capabilities, to be held in Ulaanbaatar this year.

The working group's role is to find a peace security mechanism in Northeast Asia.

The Minister told Kyodo News, Mongolia's role was important to regional peace and security in Northeast Asia.

Source: home.kyodo.co.jp

COAL DEPOSIT ADDED TO STRATEGIC LIST

Shivee-Ovoo brown coal deposit in Gobisumber aimag has been included in the list of strategically important deposits of Mongolia. It has a reserve of 2.8 billion tons of coal and the Mineral Resources and Oil Authority has granted special licenses 13311A, 13312A and 13313A to State-owned Erdenet-MGL Company.

The deposit is one of Ulaanbaatar's main sources of energy but has failed to supply coal on a regular basis and employee conditions have worsened due to poor management. Shine Shivee Company has owned the deposit since 2004. Difficulties facing the deposit have become a large problem for Gobisumber aimag and

Ulaanbaatar.

Under Erdenet-MGL Company ownership, mine operations will improve and the State will bear all responsibilities for miners' affairs in the new ownership regime.

Source: Montsame National Newsagency

ARMED FORCES LEAD BUSINESS PARTNERSHIP

A growing partnership between Mongolia and the US state of Alaska's armed forces has opened doors for bilateral relations in more ways than one. It has seen civilian-to-civilian initiatives grow in mining and medical care, a sister-city relationship between Erdenet and Alaska's Fairbanks, and Mongolian students enrolled in Alaskan universities, among others.

Mongolian Armed Forces chief of staff, Lt. General Tsevegsuren Tsogoo, said, "The partnership opened the way for the business people of the two countries. In the future we will see Alaskan investment in Mongolia, and we will ship our products to Alaska."

The Army News Service reported February 28, Lt Tsogoo said at the 'Pacific State Partnership Program Regional Workshop' in Honolulu late January, "We have done a lot in a very short time." The countries paired up in 2003 and formalized relations in 2005.

The diversity in the relationship is unique according to Alaska National Guard, adjutant general, Air Force Major General Craig Campbell who said, "Only the National Guard can do this. It can't be done by the active duty military. It can't be done solely by the civilian community. The reason is the National Guard brings significant civilian expertise. We're Citizen-Soldiers. The majority of us have civilian jobs. We have that experience and skills from doctors to engineers to carpenters. We're the only ones that have that military and civilian combined in one package. The [beneficiaries] of our partnership are not only the military but also civilians."

Source: www.army.mil/-news/2008/02/28/7667

ECONOMIC INDICATORS

MSE WEEKLY REVIEW

For the week ended February 22, trading activity on the Mongolian Stock Exchange (MSE) totaled 503,600 shares with stocks of 73 stock companies traded. Total market value of transactions was MNT 430.6 million.

The Top 20 index decreased by 226.18 points or 1.8 percent compared to the previous week closing at 12,163.49 points. Major share price losers were: APU, Spirt bal Buram, Zoos Bank, Gobi and UID.

Most active stocks traded were: Jenco Tour Bureau (195,200 shares), Hai Bi Oil (87,800 shares), Olloo (55,600 shares) and Moninjbar (33,300 shares).

Total market capitalization of 358 stock companies listed on the MSE was MNT 841.4 billion, down MNT 4.8 billion from the previous week.

INFLATION

Year 2007 15.1% [source: World Bank]

CURRENCY RATES - MARCH 7, 2008

Currency Name	Currency	Rate
US dollar	US	1172.31
Euro	EUR	1778.45
Japanese yen	JPY	11.31
British pound	GBP	2316.84
Hong Kong dollar	HKD	150.56
Chinese Yuan	CNY	164.94

South Korean won	KRW	1.24
North Korean won	KPW	8.20
Canadian dollar	CAD	1179.39
Australian dollar	AUD	1084.09
Taiwan dollar	TWD	37.98
Indonesian rupiahs	IDR	0.13
Malaysian ringed	MYR	368.59
Singapore dollar	SGD	843.51