



# BUSINESS COUNCIL of MONGOLIA

## NewsWire

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### NEWS HIGHLIGHTS:

**Breaking news:** *New Prime Minister appointed*

**Business:** *International brokerage company asks Mongolian companies to cross frontiers; Khan Bank first recipient of EBRD's US \$50 million Financial Sector Framework; Stability contracts to be renewed; Khan Resources sells Big Ben gold property; Draft green zone bill to restrict mining*

**Economy:** *Consultation on foreign trade cooperation; Darkhan to hold trade fair; Government faces inflation control; Signs of rail safety culture*

**Politics:** *Prime ministerial nominee swept in unnoticed; President visits Gulf countries*

### BREAKING NEWS:

*This week's BCM NewsWire 6 has been changed to prioritize the election of a new Prime Minister. Related articles in the POLITICS section are in their usual final section of the NewsWire.*

### POLITICS

#### PRIME MINISTER APPOINTED

Mongolia has a new Prime Minister. A decision on his Cabinet is imminent.

Former Prime Minister-elect, Sanjgaagiin Bayar was overwhelmingly elected to the post of Prime Minister at the plenary session of Parliament November 22 by 97.1 percent or 67 members who voted. Two Democratic Party members opposed the nomination.

Fifty one year old Mr Bayar will be Mongolia's twenty fifth Prime Minister.

President N. Enkhbayar submitted his proposal to appoint S. Bayar to the post of Prime Minister of Mongolia, to the Parliamentary Speaker on November 16. The Motherland Party, Republican Party, Peoples Party, National New Party and Civil Will Party supported the President's nomination but the Democratic Party opposed it claiming it was a unilateral decision without any consultation from the MPRP.

Mr Bayar was former ambassador of Mongolia to the Russian Federation from 2001 to 2005 and in 2005 appointed MPRP general secretary. He graduated from Moscow University as a lawyer in 1978 and worked in media as a reporter and editor in the late 1980s. He was Institute of Strategy Research director in the Ministry of Defence from 1989 to 1997.

Source: The Mongol Messenger

### BUSINESS

#### INTERNATIONAL BROKERAGE COMPANY ASKS MONGOLIAN COMPANIES TO CROSS FRONTIERS

International brokerage, dealing and underwriting firm, Frontier Securities CEO, Masa Igata said five Mongolian companies fulfilled criteria to be listed for trading in the Hong Kong Stock Exchange. He told media while in Ulaanbaatar for the Frontier Securities LLC first Hong Kong Capital Raising Conference on November 6 to 7, 2007 in the Chinggis Khan Hotel. He said he would not disclose the names of the individual companies, except to say that they included both foreign and Mongolian-invested companies and were in mining, telecommunication, and banking sectors

Mr Igata said his company, 'Mongolia's first global investment bank' had a goal to improve the position of the Mongolian capital market by providing its participants with the best financial services.

Frontier Securities organized one-on-one meetings between nine guest companies and 100 Mongolian companies, giving participants a chance to find out more about each other and set up potential business arrangements for the future.

Sources: Frontier Securities and Montsame National Newsagency

### [KHAN BANK FIRST RECIPIENT OF EBRD'S US \\$50 MILLION FINANCIAL SECTOR FRAMEWORK](#)

Khan Bank announced it has signed two agreements with the European Bank for Reconstruction and Development (EBRD), November 30th. It makes the Bank the first recipient in Mongolia to benefit from the EBRD's new US \$50 million facility providing debt and equity funding to partners who will on-lend the proceeds to individual or commercial customers.

The EBRD, owned by 61 countries and two intergovernmental institutions, aims to foster the transition from centrally planned to market economies from central Europe to central Asia. This includes a US \$10 million term loan to Khan Bank for on-lending to micro-small, small and medium-sized companies to promote and support their growth. EBRD will provide Khan Bank with a US \$1 million limit for trade finance to help the bank broaden the range of trade products and financial services for its clients.

Read more: [www.khanbank.com/](http://www.khanbank.com/)

### [STABILITY CONTRACTS TO BE RENEWED](#)

The National Audit Office has submitted a proposal on renewal of stability contracts concluded with Chin Hua Mac and Nariin Sukhait mining companies for 2008, while discussing the 2008 State Budget. The companies' stability agreements free them from annual taxes of MNT 6.6 billion. If the contracts are renewed, budget revenue will increase. Stability contracts concluded with Boroo Gold Company and Tsairt Minerals Companies in 1997 and 1998 were renewed in August 2007. Over MNT 60 billion will be drawn in tax revenue from these companies in 2007. The figure is expected to increase to MNT 83.1 billion in 2008.

Source: Montsame National Newsagency

### [KHAN RESOURCES SELLS BIG BEN GOLD PROPERTY](#)

Khan Resources has sold its Big Bend placer gold property in Mongolia to Berleg Mining Co Ltd, for US \$2.5 million.

Khan Resources president and CEO Martin Quick said: "Some time ago the board of directors of Khan determined that placer gold mining did not fit with the company's primary goal of becoming a uranium producer, and the cash sale of Big Bend to a placer gold operator, fits with our strategic objectives."

Khan Resources is a Canadian acquisition, exploration and uranium development company with activities focused on the Dornod area in northeastern Mongolia, the site of a former Russian open-pit uranium mine. Khan holds interests in the main Dornod property, licensed for mining, and in the additional Dornod property, licensed for exploration. Khan Resources through a subsidiary owns 58 percent of the Dornod property.

Read more: [www.asiaminer.com](http://www.asiaminer.com)

### [DRAFT GREEN ZONE BILL TO RESTRICT MINING](#)

Four Members of Parliament have submitted a draft bill to Parliament to prohibit granting new mining licenses north of the 47th latitude. The region includes the areas of Bayan-Olgii, Khovd, Gobi-Altai, Zavkhan, Bayankhongor aimags and Erdenesant soum of Tov aimag. Their justification has been on ecological grounds to create a green zone preserving Mongolia's biodiversity. In the draft bill, licenses already allocated will not be affected and allow mining operations to continue, but the draft stipulates that once the law is passed, licenses will not be extended.

Sources: UB Post and The Mongol Messenger

## **ECONOMY**

### [CONSULTATION ON FOREIGN TRADE COOPERATION](#)

The National Chamber of Commerce and Industry hosted a consultation on intensification of cooperation between the Government and the private sector for facilitation of foreign trade. Businessmen and representatives of relevant state institutions shared views on the current situation of export and import, on problems facing foreign trade, and on ways they should be solved. The private sector focused on particular on difficulties including export and import products and the reduction of numbers of documents required for starting up business. Specialists of state institutions presented information on measures taken in these directions. The National Chamber of Commerce and Industry will deliver the proposal, put forward at the consultation, to the Government. An exhibition was held, 'Difficulties facing foreign trade,' and it displayed new

books the National Chamber has published for businessmen, and displayed exhibits showing problems facing product export and import.

Source: Montsame National Newsagency

### DARKHAN HOLDS TRADE FAIR

In Darkhan-Uul, a trade fair named 'Ulaanbaatar Darkhan Partnership-2007' will be held by in the 'Guch PR Agency' on December 7 to 10 to advertise business organizations' activities, strengthen business partnerships and select the best products and services. The trade fair is expected to be attended by producers of food products and consumer goods from Ulaanbaatar and Darkhan-Uul, Bulgan, Orkhon, and Selenge aimags, cell phone companies and banking and financial organizations. The trade fair will be hosted annually to develop inter-regional business ties.

Source: Montsame National Newsagency

### GOVERNMENT FACES INFLATION CONTROL

The government-working group on inflation reported its findings to Cabinet last week. Industry and Trade Minister and working group leader, Ts. Davaadorj delivered the report addressing inflation in August, September and October and recommended government strategies for inflation control. He said inflation was 10.6 percent by August, 12.2 percent in September and 13.2 percent in October. The working group concluded price rises were due price fluctuation of petroleum products on the world market; wheat price rises by 76 percent compared to the same period last year and high prices or high inflation rates in Russia and China.

They showed that 1.2 percent out of 13.2 percent price rises were due to transportation costs, 2.7 percent to meat price increases, 1.2 percent to institute and university tuition fees increases, 0.1 percent to fuel prices, 2.8 percent caused by imported goods prices and 1.8 percent to increased salary and pensions. Cabinet resolved to:

- Improve monitoring of preparation/storage of meat for capital city and soums demand;
- Allocate subsidies for bus fares to public transportation companies in due time for students and other passengers with discounted prices;
- Prepare/present a proposal on sources of funding required for purchase of 100,000 tonnes of wheat - a domestic demand in 2008 and 15,000 tonnes of flour
- Deposit funds in the state reserve fund to the parliament of Mongolia for approval;
- Urge parliament debate on bills and resolutions, submitted by the government to stabilize prices of flour and petroleum products;
- Initiate a bill on tax delay for imported petroleum products in reserve;
- Conduct a feasibility study on construction of oil refineries.

Source: Montsame National Newsagency

### SIGNS OF RAIL SAFETY CULTURE

The Federation of Mongolian Railway Workers Trade Union organised an open-air meeting at the central railway station to emphasize safety to management. 500 people took part. The union held a meeting at the locomotive depot with 200 locomotive drivers and highlighted railway safety; information about the ITF and the 'International Action Day.' Union activists leafleted passengers on five national trains departing from Ulaanbaatar. Local activities including safety lectures and inspections were held in different aimags.

Read more: [www.itfglobal.org/campaigns/SafetyFirst](http://www.itfglobal.org/campaigns/SafetyFirst)

## **POLITICS**

### PRIME MINISTERIAL NOMINEE SWEEPED IN UNNOTICED

*A view from a foreign source*

**NOTE: The new Prime Minister was appointed November 22.**

Mongolia will soon have a new Prime Minister. The implications are profound and could signal a changing political climate — one that is more stable and secure. This would bode well for trade, and investment, particularly in the largely untapped minerals sector where tens of billions of dollars in gold, copper, coal and other resources remain underground. If the new government can break the stalemate that has obstructed development of the minerals sector, billions of dollars in investment could flow, creating tens of thousands of jobs for Mongolians whose per capita income hovers just barely above US \$1,000 annually. The leadership change has escaped the western press.

Read more: [asiafoundation.org/in-asia/2007/11/07/](http://asiafoundation.org/in-asia/2007/11/07/)

## PRESIDENT VISITS GULF COUNTRIES

President N. Enkhbayar will visit three Gulf countries from November 24 to 26 on official visits. He will meet Gulf State leaders and sign cooperation agreement documents impacting on Finance, Environment, Road, Transport and Tourism, Industry and Trade, veterinary quarantine and protection of plants, and cooperation between National Chambers of Commerce and Industry. In Kuwait on November 26 to 27 he and his delegates will hold negotiations with the Kuwaiti Emir, leading politicians and the Director-General of the 'Kuwaiti Fund for Development', with heavy investments in Mongolia.

Sources: [www.gulfnews.com](http://www.gulfnews.com) and The Mongol Messenger

## **MONGOLIA STOCK EXCHANGE WEEKLY REVIEW**

For the week ended 16 November 2007, there were trades on Mongolian Stock Exchange involving 69 stock companies, 335.6 million shares with total transaction value of MNT 243.5 billion.

The 'Top 20' index decreased by 226.06 points or 2.2 % compared to last week, closing at 10098.60. APU, Zoos Goyol, Mongolian Telecom, Shivee Ovoo, and Gobi share prices were down.

The most actively traded shares were Genco Tour Bureau (150,500 shares), Olloo (77,100 shares), UID 20,900 shares), Moninjbar (15,500 shares), Shinest (14,800 shares).

Total market capitalization of 359 stock companies listed on the Mongolian Stock Exchange is currently MNT 671.1 billion, which is MNT 6.1 billion lower than last week.

## **ECONOMIC INDICATORS**

### CURRENCY RATES - November 22 2007

Currency name	Currency	Rate
US dollar	US \$	1172.57
Euro	EUR	1736.28
Japanese yen	JPY	10.80
British pound	GBP	2413.97
Hong Kong dollar	HKD	150.75
Chinese Yuan	CNY	158.22
South Korean won	KRW	1.26
North Korean won	KPW	8.20
Canadian dollar	CAD	1194.85
Australian dollar	AUD	1030.75
Taiwan dollar	TWD	36.25
Indonesian rupiahs	IDR	0.12
Malaysian ringed	MYR	346.86
Singapore dollar	SGD	808.56

### INFLATION

November 22 2007	
October	0.9
YTD	13.2
12 months	14.2