



## World War II remembered Mongolians and Russians lay wreath in tribute



### Two presidents talk on phone

On May 7, 2011, President Ts. Elbegdorj and D. A. Medvedev, President of the Russian Federation talked on the phone and exchanged opinions on issues of bilateral ties.

President Elbegdorj conveyed his greetings to President Medvedev on the occasion of the Great Victory Day and congratulated President Medvedev in relation to the three year anniversary of President Medvedev's assuming office and taking an oath.

President Medvedev noted that the people of the Russian Federation always remember the contribution and the donation of the people of Mongolia for the Great Victory. He highlighted that the 90th historic anniversary of the establishment of diplomatic relations

between Mongolia and the Russian Federation is occurring this year.

The Presidents exchanged views on the means to intensify bilateral economic and trade ties. Twenty years ago over 90 percent of Mongolian export was supplying the Russian market; nevertheless, according to last year's statistics only three percent of Mongolia's export is now going to the Russian Federation. The Presidents accorded that it is necessary to take noteworthy measures to change the stagnation of bilateral economic and trade relations and reduce the trade deficit of Mongolia. As a result, they agreed to give directions to their Governments on these matters. In addition, they discussed changing the 1949 contract on establishment of the

### Tribute paid at Zaisan tank monument

*On May 9, Russians marked the 66th anniversary of the Victory of the WWII. On occasion of the anniversary, D. Battulga, head of the Presidential Office, L. Bold, Defense Minister, and V.V. Samoilenko, Ambassador of the Russian Federation to Mongolia, and others were at the ceremony in Ulaanbaatar to lay wreath and pay tribute at the tank monument at Zaisan. The tank was part of a Russian tank brigade that was established with donations of Mongolians during the war.*

*During the celebration, honor guards saluted and the national anthems of the two countries were played.*

Ulaanbaatar Railway joint cooperative to adapt to current conditions and requirements, and establish an agreement of railway tariffs for transit through the Russian Federation territory. The two parties agreed to

organize a meeting of the chairmen of the joint commission between the Governments of Mongolia and the Russian Federation in the near future to intensify talks and agree on the issues.

## Mongolia to have a new airport by 2015

B. Ooluun

Mongolia has one international airport now, but intends to have one more by 2015. The new airport will be constructed in Khoshigt valley of Sergelen Soum, Tov Aimag, 53km from Ulaanbaatar. A plan of the airport has been completed by consortium of Japan's Azusa Sekkei and Oriental Consultants companies.

As the new airport is established, it is believed that difficulties occurring in existing airport service, such as flight delays due to inclement weather, wind direction, and low utilization of the airport will be eliminated, flight safety will be improved, air transportation will be regularized and economic growth and development of air transportation will be supported. Airport utilization now goes at 73 percent and it is intended to bring it up to 98 percent and reduce flight delays due to weather conditions from the current level of 2.3 percent to 0.5 percent.

At the request of Mongolia's government, Japan International Cooperation Agency (JICA) is rendering a soft loan worth 28.8 billion Yen for the construction of the new airport. The loan has a very favorable condition of a 40-year term with a grace period for the first ten years and annual interest rate of 0.2 percent. Also, the interest rate for money to be used for advisory service will be 0.01 percent. In return, a condition was put forward to the Mongolian side to hire Japanese companies and procurement preferences.

On May 4, a consultative meeting about the new airport, its construction and the process was held. N. Enkhbat, Head of the project to construct the new international airport in Ulaanbaatar explained that the new one will have some-fold larger capacity than the current Chinggis Khaan Airport in Buyant-Ukhaa and will be a modern airport that meets flight requirements and comfort for passengers, with

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## Mixed electoral system gets support

B. Ooluun

There is just one year left until the regular parliamentary election occurs. Parliament has the intention to amend the electoral law as soon as possible, before the election, however the issue of the electoral system has not been finally decided and it is still in dispute.

The Bill on parliamentary elections started being discussed almost just after the parliamentary election in 2008. However, groups of political parties in parliament spent much time determining the electoral system and reaching an agreement. Although heads of the groups of political parties said that they agreed to conduct the election with a mixed system, a dispute on the electoral

system occurred during the discussion of the Bill at the meeting of the State Structure Standing Committee in late April, and MPs could not resolve the Bill. At the meeting of the State Structure Standing Committee held on May 4, major members supported conducting the parliamentary election with a mixed system.

A year ago, two political parties with seats in parliament reached an agreement to no longer use the existing electoral majority system, but transfer to a proportional system, and choose a form so votes can have a proper influence on parliament. However, MPs from the two political parties submitted separate Bills on the election to parliament. A working group was set up to study and combine the Bills, one initiated by MPs including D.

Lundeejantsan (MPP) and another by MPs including L. Bold (DP). As a result, groups of two political parties in parliament mutually agreed and reached an agreement of "It is too early to choose a direct proportional system in Mongolia; therefore, it is appropriate to choose a mixed system containing elements of a proportional system". But later, the groups went back to their negotiation and still held discussions that resulted in a stalemate because some MPs are still interested to holding the election without spending a large amount of money in their small constituency according to an absolute majority system of election with 76 constituencies.

The State Structure Standing Committee discussed a revised Bill on elections and reached a unified

understanding to discuss the Bill based on a mixed electoral system. The mixed electoral system means a certain number of MPs will be nominated for mandated constituencies and elected to the parliament by people's votes; but the remaining seats will be proportionally distributed to parties. There are 26 constituencies throughout the nation and one member from each constituency will be elected by direct votes of electors. For the remaining 50 seats, members of the political parties will take seats in accordance with the percentage of winnings of the party. The DP and CW-Green Party are supporting this 26:50 electoral system. MPP supports the mixed system;

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### Bloomberg commodity price 2011/05/12

		Price
GOLD	USD/t oz.	1491.500
COPPER	USD/lb.	388.700
SILVER	USD/t oz	39.170
BRENT CRUDE	USD/bbl.	112.940
SUGAR	USD/lb.	20.940
WHEAT	USD/bu	753.500

## NEW S-IN-BRIEF-From The MONTSAME AGENCY

● On May 7, during a telephone conversation between Ts. Elbegdorj, the President of Mongolia and D. Medvedev, the Russian President, the two leaders discussed current bilateral cooperation issues in light of the official visit by the Mongolian President to Russia scheduled for late May. Mr Medvedev and Mr Elbegdorj exchanged congratulations to Russian and Mongolian people on Victory Day, informed by Press Office of Russian President Medvedev.

● On May 4, the Municipal Privatization Commission called a meeting and discussed an issue to put some buildings and properties up for auction. The commission considered that there are still unsold buildings and properties although they have been auctioned a few times and it was an irresponsible job by relevant staff. G. Monkhubayar, Ulaanbaatar Mayor and head of the MPC, assigned to organize auctions with public participation and attention of mass media.

The city administration takes frequent measures to encourage property ownership and take legal action on proprietors and users who treat properties irresponsibly and do not fulfill duties as stated in the agreement. Within frames of the actions, the commission discussed the results of the management agreement of 'Ulaanbaatar Times' municipal-owned entity. At the end of the discussion, it was decided to annul privatization of the Ulaanbaatar Times management team because it did not fulfill the duties given under the agreement and relevant clauses of the Law on State and local properties and the contract of purchasing and selling that was established in 2008. In conjunction with the annulment, relevant officials were given duties to study and work-out a proposal on how to deal with the building, equipment and debt of 'Ulaanbaatar Times' old printing house and other issues. It was considered necessary to resolve the issues by means of an open auction that is beneficial for the State and public.

● A mutual understanding memorandum was signed between Claude Bodart, Resident Representative in charge of Social health development program of the Asian development bank (ADB) in Mongolia, B.Khurenbaatar head of the Aids and cooperation policies department of the Finance Ministry, and J.Tsolmon, Deputy Minister of Health

The "Program of Health sectors development-4" project is to be implemented within the memorandum. To start, ADB delegates met representatives of Ministries of Health, of Finance, project implementing units, related organizations, agencies and companies to introduce the project's aims and discuss some of the problems.

The project, funded in frames of ADB's nonrefundable aid, will be realized in various stages from 2011 to 2016 to assure medical safety, trigger hospital renovation, and to refine the education system

● Authority of Ulaanbaatar city together with the United Nations Children fund (UNICEF) handed-over computer sets, equipment and apparatus to the city districts' Children's associations. This aid will be given by the UNICEF to 21 aimags as well.

Ts.Tsogzolmaa, head of the city's "Together for children" council says that "Children-targeted policies are the core of the State's strategies. It is important to implement these works together with children themselves." The children's associations have promised to implement various works with help of the aid.

● A Business Development Center has opened in Dalanzadgad Soum of Omnogobi Aimag. The aim of the center is to support and train local businessmen who want to become suppliers of the Oyu Tolgoi LLC. They will receive all kinds of services such as learning how to take part in a small loan program that has been realized by Oyu Tolgoi LLC and Xas bank with one million U.S. dollars.

The center consists of a computer training room, conference hall, sewing workshop, and kitchen. Oyu Tolgoi spent USD 700 thousand for implementing this project, and eight companies of the soum erected the center's building.

For the time being, 103 businessmen from Khanbogd and Dalanzadgad soums have been supplying products and services to Oyu Tolgoi LLC with USD 1.5 million in contracts.

● On May 5, Parliament speaker D.Demberel received authorities of the National statistical office (NSO). At the meeting, S.Mendsaikhan head of the NSO, spoke about how Mongolia was elected into membership of the Statistical commission of the UN on April 27, during the UN Economic and Social council forum.

D.Demberel noted that the election of our country is a herald of its high reputation in the international arena, and congratulated NSO authorities. Mongolia will assume the obligations of a member on January 1, 2012.

● On May 5-9, representatives headed by Lee Sang Hi, rector of the National science museum of South Korea visited Mongolia at the invitation of Mongolia's Presidential office.

On May 9, D.Battulga, head of the Presidential office received them and gave Mr. Sang Hi a pass that proves that the latter has been selected as a member of the Sciences policy's sector council under the Presidential office.

The Koreans also met authorities of Mongolia's Nature history museum to sign a cooperation memorandum. The sides will now cooperate in running an international conference, forums, surveys, exhibitions, and trainings for children.

Lee Sang Hi was granted the title of Honorary Doctorate by Ulaanbaatar University as well.

● On May 3-4, according to the Ministry of Foreign affairs activity plan for 2011, a training-seminar ran for State employees of Khovd Aimag. Over 150 officials from the province's administration and State organizations, and soums' representatives participated in the training.

Authorities and officials of the departments of the Ministry spoke about Mongolia's foreign policy, relations, and ways to improve foreign relations' united coordination, developing cooperation, contracts, collaboration with neighboring countries within the Asia Pacific region.

G.Nyamdavava, Governor of Khovd Aimag and L.Batbayar, head of the province's administration received the delegation of the Ministry to exchange opinions and to thank them for holding the training in their locality in the center of the western zone.

● A forum themed "Doing business in Mongolia" was held in Brisbane city, Australia, co-organized by the Embassy of Mongolia to Australia and Trade and Investment of Queensland of Australia (TIQ).

The forum brought together some 100 people such as Ts.Jambaldorj, Ambassador of Mongolia to Australia; Steve Bredhauer, Queensland government's Special Trade Representative to China and Mongolia; Rob Whiddon, Managing Director of the TIQ; David Lawson, Trade Commissioner to Mongolia at the Australian Trade Commission; Peter Long, Executive General Manager in Asia of Sedgman; Jane Thomason, CEO of JTA International; and delegates of companies and entities. Mongolia was represented by O.Amartuvshin, Director General of the UFC Group; B.Bolorchuluun, Deputy Director; and Yo.Gantulga, leader of the Union of Mongolians in Queensland.

Steve Bredhauer expressed willingness to cooperate with Mongolia's, "rich in mineral resources nation", and emphasized that bilateral collaboration has been activating in recent years in the minerals sector.

Ambassador Ts.Jambaldorj gave a report about business and investment opportunities in Mongolia. Others spoke about Mongolia-Australia cooperation in the mineral and mining fields and introducing their activities in Mongolia. B.Baatarsogt, head of the General Agency for Specialized Inspection's department of geology and mining inspection presented his works and environmental rehabilitation measures.

The Australian side said they want to cooperate with Mongolia in mining, infrastructure, education, and health spheres, adding that business delegates of Queensland intend to visit Mongolia in September this year. To this, Mongolia's Embassy said they want to provide them with the information needed and help them form ties with Mongolian businessmen.

After the forum, the Ambassador held a meeting with Mongolians who work or study in Australia.

## Three appointed to Constitutional Court

Three members who were again nominated for the Constitutional Court were supported and appointed by parliament. The State Supreme Court nominated J. Amarsanaa and the President proposed N. Jantsan and D. Naranchimeg as members of the Constitutional Court. The President, Parliament and Supreme Court nominated 3 members each (for a total of 9 members) to the Constitutional Court and parliament appointed them for 6-year terms. The term for four out of the current eight members is now complete and the appointment of two

members is left.

To the question whether it is necessary to amend the Constitution or not, candidate J. Amarsanaa said that it should be amended in accord with social development although it is the main law. D. Naranchimeg said that it can be amended along with the demands of social life. N. Jantsan said that any country should be open to amending their constitution and it should be considered in all aspects. N. Jantsan was appointed for the Constitutional Court for the fourth time since 1992.

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The Mongol Messenger is operated by the government news agency  
MONTSAME and is printed by the MONTSAME

ISSN 1684-1883

## WEATHER

Sunrise: 05:43  
Sunset: 20:15

n Ulaanbaatar and Central Aimags: Night temps between 0°C and -5°C. Day time temps between 4° and 9°C. Precipitation on May 8.

n Eastern Aimags: Night temps between 1°C and 6°C. Day time temps between 17°C and 22°C. Precipitation on May 8.

n Western Aimags: Night temps between -1°C and -6°C. Day time temps between 3°C and 8°C. Precipitation on May 9-10.

n Gobi Aimags: Night temps between 4°C and -1°C. Day time temps between 6°C and 11°C. Precipitation on May 11.



## Opening held for Development Bank

On May 12, an opening for the Development Bank of Mongolia was held at which State officials including Prime Minister S. Batbold attended.

At the opening, the Prime Minister underlined that the Development Bank will have a very important role in Mongolia's economy. He mentioned that just one month ago, Mongolia established a management agreement with the London Stock Exchange; but today, the Development Bank is opening at a time when it is most needed. "We are taking step by step measures to improve the lives of people and have talked about it enough. But now, we need to realize this work and must produce effective results. One of the solutions is to establish the Development Bank. Through this bank, major projects and programs such as 'Program for great construction and mid-term goals', 'State Policy on railway transportation' and 'Sainshand industrial park' will be funded. Mongolia is at the start of rapid economic development. At this time, we are establishing a specific financial institution for development which will foster economic growth in the future," said the PM. He advised that a professional skilled team that is internationally competitive needs to manage this bank and wished the bank's authorities success.

Government allowed the Development Bank of Mongolia to trade bonds worth Tgs800 billion domestically in connection with implementing the abovementioned major projects and programs. The Development Bank of Mongolia will be an



At the opening ceremony

organization that issues long-term, low interest credit to leading sectors of the country under the development policy of Mongolia and will establish a new economic system for the nation.

## Foreign Minister meets with Japan's Ambassador

On May 10, Foreign Minister G. Zandanshatar met with Mr. Kidokoro Takuo, Ambassador of Japan to Mongolia in respect of a request by Japan's side. They shared views on bilateral cooperation and other issues.

To begin the meeting, the Foreign Minister mentioned that a bilateral agreement on developing strategic partnership and issuance of joint statement during the visit of Mongolia's President to Japan last year had vital significance in the development of bilateral relations. He emphasized that the two countries have a great opportunity to deepen strategic partnership cooperation in all sectors.

In turn, the ambassador said that Japan's government is holding a position to contribute to the acceleration of Mongolia's development, render assistance as before and cooperate with Mongolia. Mr. Kidokoro added that Japan's government will continue its implementation of many economic projects and programs in frames of its official assistance for development.

The sides said that the economic partnership agreement has a vital role to widen trade and economic cooperation between two countries



FM G. Zandanshatar meeting with Ambassador Takuo Kidokoro

and expressed their satisfaction with active preparations for establishing the agreement.

Concluding the meeting, the both sides noted that an article published in, Japan's 'Mainichi' newspaper on establishing storage for spent nuclear fuel in Mongolia is groundless news, and mutually confirmed that there have not been any talks on this matter between two countries.

## IAEA Director-General meets with Mongolian Permanent Representative

Yukiya Amano, Director-General of the International Atomic Energy Agency (IAEA) met with Ambassador J. Enkhsaikhan, Permanent Representative of Mongolia to the Agency. During the meeting, they discussed issues that are to be considered at the Board of Governors meeting of the IAEA at the beginning of June, including the Fukushima nuclear accident, its consequences and the way to strengthen nuclear security in general. They also exchanged views on the possible content of the final document to be adopted at the Ministerial Conference on nuclear security on 20-24 June in Vienna.

Taking the opportunity, the Permanent Representative expressed gratitude to the Agency for organizing the consultants' meeting to diagnose, prevent and combat foot-and-mouth disease (FMD) in Mongolia. He pointed out that it was agreed at the meeting to implement a joint project to establish a vaccine reserve bank and



J.Enkhsaikhan (L) and Yukiya Amano

work on technology to irradiate vaccines that would not only help combat and prevent FMD in Mongolia but in the region as well.

## Forum held for Mongolians in the UK

On May 7, the Embassy of Mongolia to the UK and the Union of Mongolians in Britain co-organized the 7th annual forum called 'For development of Mongolia' in London.

B. Altangerel, Mongolia's Ambassador to the UK said the forum is in its seventh year and has a purpose to create a proper system for utilizing the intellectual capital of Mongolians abroad for Mongolia's development, and that the number of participants is growing year by year.

A sub-meeting was held themed 'Proposals about development' and 'Finance and economy-Information Technology' ran in scope of a key topic 'Development based on knowledge'. One of the attendees, Ch.Enkh-Erdene, Secretary of the Cooperation Council with Mongolians abroad under the Prime Minister, introduced the

gathered to State policy concerning Mongolians abroad and implementation of the 'Beehive' program.

B. Enkhmandakh, Mongolia's Ambassador to the Kingdom of Sweden also delivered a key report themed 'Feature of social development in Mongolia'. Then, reports were given by youths, scholars and researchers who work in the UK, Germany, Netherlands, Ireland, Poland, Portugal, Sweden and Russia.

Leaders of the Unions of Mongolians in European countries shared views on objectives and activities of the forum, and issued a proposal to establish a united association of Mongolians in Europe. They decided to submit this proposal to relevant Ministries and agencies.

# Govt meets with locals in eastern aimags



PM visits the secondary school he attended in Dornod

Prime Minister S. Batbold continued his rural trip to eastern aimags from Monkhkhuaan soum of Sukhbaatar Aimag on May 5, where he held a meeting with citizens and spoke about governmental policies and goals and then heard the opinions of citizens. On the day he arrived in the aimag center, he laid a wreath to the statue of D.Sukhbaatar, visited the #1 secondary school and a water purifying plant. In the school, he said that the best pupils will receive scholarships from the Sukhbaatar Fund.

The same day, Mr. Batbold took part in a ceremony to give the aimag's health center the latest technology and completion of maintenance work of the health center that was implemented with financing of the government and the Asian Development Bank (ADB).

On May 6, Mr. Batbold arrived in Sukhbaatar Soum of Sukhbaatar Aimag where he laid a wreath at the statue of military commander D. Sukhbaatar and paid his respects. There, the Prime Minister visited a secondary school founded in 1922 and promised to give attention to having the school connected with the Internet and building an annex to the school.

The same day, PM S.Batbold arrived in Choibalsan city of Dornod Aimag where he visited a secondary school 'Khan-Uul' where he studied from his 1st to 4th grade, and met with his primary school teacher N. Dolgormaa. He said, "The government is taking the first steps to introduce Cambridge standards. Highly skilled and internationally accepted trained staffers will be prepared when the

standards are introduced nationwide. Educated people are the key to development, so it is important to give children a high quality education".

Afterwards, the Prime Minister got acquainted with an amusement park which is expected to open this summer and said the cabinet will try to give some money for it when the Aimag authorities ask him to help complete its construction.

That day, S.Batbold held a meeting with Choibalsan citizens and attended a consultation with the eastern region's 'National Program on Mongolian livestock-rural development' which brought together more than 200 participants.

On May 8, the Prime Minister arrived in Khalkhol Soum of Dornod Aimag and met with citizens. Citizens requested to resolve their pressing issues such as connecting with cellular phone service and building a paved road. The Prime Minister stressed that the government and citizens have the same positions for development. He also added that the government will give certain support for the aimag to develop tourism by taking advantage of its beautiful landscapes such as the Buir River and Khalkh Gol River and historical monuments.

On May 10, during his visit to eastern aimags, the Prime Minister saw activity of 'PetroChina Daqing Tamsag' LLC in Matad Soum, Dornod Aimag. At the meetings with Dornod Aimag's citizens, issues in connection with this company were touched upon many times. Media criticized this 100 percent Chinese-invested company many times, especially about its

unpaid royalties, deficiency of natural rehabilitation, and other issues.

Gao Wenbo, the company's Chinese president, reported that the 'PetroChina Daqing Tamsag' LLC invested USD 1.1 billion so far, intensified exploration, identified a reserve of oil, and introduced it to Mongolia. He added that the company plans to exploit 4.6 million barrels of crude oil.

After hearing him, the Prime Minister and ministers, MPs and heads of agencies who accompanied the PM requested to answer their many inquiries on insufficient performance of paved road construction, natural rehabilitation and connection to energy as stipulated in the agreement.

The company's authorities responded that construction works are now sluggish because the professional council of mineral resources has not approved the reserve of some parts, and the company will continue construction works after approval of the oil reserve.

Mentioning that the State is paying special attention to augmenting extraction works and processing oil for providing domestic fuel needs, the Prime Minister underlined that it is time to refine upon the legal environment and create an environment with competitiveness. He assigned including a statement on the rate of royalty in the production sharing agreement.

The Prime Minister firmly warned the company, other related organizations, and the aimag administration about neutralizing the liquid waste in accordance with standards and doing high-quality environmental rehabilitation work. "The cabinet will control the realization of these works," he added.

Mr. Batbold also emphasized that establishing an oil processing factory is one of the biggest goals of the government, and the company has to maintain the contract on constructing small and middle-sized factories in the eastern and central regions although the oil resource has not been fixed yet, rendering investment assistance and supplying oil to factories.

The next issue that Prime Minister discussed was about the discrepancy of wages between Mongolians and foreigners. "If they do same work, the wage must be the same without discrimination between domestic and foreign workers," said the PM. He warned that it is important to train Mongolian workers in oil prospecting and extraction and provide them with jobs.

## CABINET MEETING

At its regular meeting on May 11, the Cabinet discussed the following matters:

### Duty on diesel fuel cut by Tgs 200,000

In accordance with a cabinet decision, the excise tax on A-80 auto fuel imported through Sukhbaatar, Zamyn-Uud, Ereentsav and Altanbulag border checkpoints has been reduced from Tgs 140,000 per tonne to Tgs110,000.

In addition, the excise tax on AI-92 auto fuel has decreased from Tgs 230,000 to Tgs 170,000; and diesel fuel from Tgs210,000 to Tgs10,000. The decision came into force on May 9, 2011.

The excise tax on auto and diesel fuel imported through other remote border checkpoints has not changed. By the way, the Russian Rosneft company has increased prices of A-80 fuel by USD 28, of AI-92 by USD 59, and diesel fuel by USD 96.

### Oil reserves to be brought to normal level

Minerals and Energy Minister D. Zorigt introduced cabinet members to the demand, supply, and current situation of oil products.

According to a report given by oil importers, by May 5, Mongolia had a 19 day oil reserve of oil products —A-80 auto fuel for 22 days, AI-92 fuel—26 days, and diesel fuel—11 days.

The cabinet obliged the Ministers of Mineral Resources and Energy and of Finance to hold a meeting with officials of the Russian Federation on the supply of oil products and to bring it to a normal level. The report will be submitted to the National Security Council.

### Production sharing agreement's principles to be followed

Minerals and Energy Minister D. Zorigt also talked about oil exploration and mining license activity. Government considers that it will be more appropriate to follow principles of a production sharing agreement in activities of exploration and mining. Therefore, the minister was assigned to urgently organize works to refine currently effective laws and regulations in the oil sector.

At the meeting, Ch. Khurelbaatar, head of the Cabinet Secretariat of Government, discussed transferring rights and duties of the production sharing agreements.

Minister D. Zorigt was given a duty to transfer rights and duties after receiving a permit from the government by studying the reason and consequence and reporting back to government.

As of April 30, 2011, there were 14 domestic and foreign companies operating on 19 oil prospecting fields under the production sharing agreement.

The cabinet supported a draft agreement of production-sharing to be established between the Oil Authority and the 'Space Geology Exploration' Company in principle. With proposals from the cabinet, the contract is to be

introduced to the National Security Council.

### Dalanzadgad regional diagnostic center to be established

It was resolved to establish a regional diagnostic and treatment center in Dalanzadgad, that will serve Omnogobi, Dundgobi and Dornogobi aimag citizens, relying on human resources and the logistics of Omnogobi Aimag's central hospital.

Health and Finance ministers were ordered to work-out a plan and project and include the required money in the State Budget for restoring and building the diagnostic center's building and providing it with the required facilities.

15,000 ha area to be owned by citizens in 2011

Based on the proposals of the citizens' representatives meeting of the aimag and city, the cabinet made a resolution on the total size, location and purpose of land to be owned by citizens in 2011. The Minister for Road, Transport, Construction and Urban Development was given the duty to oversee the resolution's implementation.

Since the law on land ownership by Mongolian citizens came to effect or by December 31, 2010, 245,345 citizens own 27,349 ha land for family needs.

### National 'Classic art' program

The cabinet discussed a national program, 'Classic art-II' and decided to reflect the required money in the sector's budget for implementing the program.

The program aims at developing, promoting and spreading classic arts and culture, creating a favorable legal environment, management and finance, strengthening of the human resource capacity and satisfying a social guarantee.

### In brief

- In connection with a Bill on e-signatures submitted on December 19, 2010 by government to parliament, as well as other Bills worked-out in conjunction with the e-signature bill were taken back. This decision was made because there have been many suggestions to amend the Bill while discussing Bills at the Justice Standing Committee of parliament.
- The Cabinet made a decision to establish a fire fighting department in Bulgan Soum of Khovd Aimag. Bulgan Soum is a remote area with 2,100 citizens. By car, it takes 12-14 hours from the aimag center and could take 2-3 days if mountain passes are blocked by snow. The soum is highly likely to be affected by forest and steppe fires.
- Fulfillment of 5,648 clauses of 3,728 resolutions including parliamentary resolutions, presidential decrees, recommendations of the National Security Council, government resolutions, ordinances of the Prime Minister and minutes of government meetings go at 74.9 percent.

# Mixed electoral system gets support

Continued from page 1

however, it did not make a decision to choose how many of the 76 members will be elected by majority system and how many by the proportional system. Additionally, it is uncertain whether MPs will be elected through their parties or directly by citizens where using the proportional system.

Members of the standing committee discussed almost 30 suggestions and proposals sent by the working group because they already agreed on the electoral system. The revised Bill stated "to elect 'X' member of the Parliament from X mandated constituency", "to elect 'Y' member of the parliament from one constituency with multiple mandates in accordance with the name list of political parties". Also, according to the Bill, the election will be organized to elect 'X' member of parliament from X constituency with an X mandate, and elect 'Y' members of parliament in accordance with the name list of parties and a coalition from one constituency with multiple mandates; establish X constituency of X mandate of the parliament by considering the population of aimags, cities and districts earlier than 6 months, to set the number of the constituency, territory and center, and make a constituency involving the territory of neighboring aimags and district of Ulaanbaatar if the population of the aimag and district of Ulaanbaatar is less than what the State average requires for establishing a constituency. Also, the party and coalition will nominate just one member for one



Hand-counting ballots leaves room for error and misuse

constituency with X mandate; and an issue on nominating members for a constituency with X mandate will be discussed at the party's congress or a meeting of central representing body and be resolved by secret ballot in accordance with the Article 13.7 of the law on Political Parties. The General Electoral Committee will also register candidates from the name list and electoral units of constituency will register candidates for X mandated constituency.

Combining the two Bills, the working group has prepared about 200 proposals that have principle differences for polling. It is apparent that the first discussion of the Bill may take longer.

MPs Z. Enkhbold and S. Erdene submitted a Bill to amend the criminal law in connection with the election. The Bill was worked-out to eliminate

serious breaches and illegal acts occurring during the election by means of amending the law. The current punishment imposed on persons who violate the election law is too light. Initiators considered that illegal acts should be carry strict legal enforcement because the constitution bans acts or attempts to seize State power illegally. For this reason, the Bill stated that it will be illegal to attempt taking or transferring State power by means except by ways stated in the law.

The Parliament Speaker received the Bill and underlined that cash promises and distribution of material goods that can influence the electoral process occurred during last elections and eliminating such illegal acts will be one of vital factors to conduct the election fairly. He expressed his view that legal actions should be taken in case such illegal acts occur.

## ADB to finance big development projects

On May 6, a Mongolian delegation led by S. Bayartsogt, Minister of Finance, attended the 44th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) held in Hanoi, Vietnam.

During the meeting, Finance Minister S. Bayartsogt met with Mr. Hiroshi Kodera, Vice President of the Japan International Cooperation Agency (JICA) and shared views on guidelines of the Mongolia-JICA cooperation and on progress of the projects that are now being implemented.

Japan plans to update its assistance program and the Japanese side reported to cooperate with Mongolia in the three directions of priority. The Finance Minister expressed willingness to discuss issues with JICA's representatives on detailed directions and spheres within the frames of basic cooperation directions.

The Mongolia's delegation held meetings with Kazu Sakai, Director General of ADB's Strategy and Policy Department; and K. Gerhausser, Director General of ADB's East Asia Department for discussing augmentation of Mongolia's credit rating and the opportunity to finance Mongolia with ordinary sources of the ADB.

The Finance Minister also heard

about the process of the ADB's research working group. If Mongolia has an opportunity to get financing from ADB's ordinary source, it will be possible that the biggest infrastructure projects can be realized. A strategic document is being drawn up on cooperation between Mongolia's government and the ADB until 2015. Thus, the credit rating of Mongolia and the matter of financial sources are important to finally establish the strategic document.

Mr. Sakai reported that the ADB's Board of Governors is working to augment the Mongolia's credit rating within this year. The Mongolia's delegation and Mr. Gerhausser shared views on implementation and the course of the projects realized in Mongolia with ADB's financing.

The Finance Minister also met with Hiroshi Watanabe, President of the Japan Bank for International Cooperation (JBIC). S.Bayartsogt heard a briefing about present activities and structure of the JBIC, and introduced to Mr. Watanabe the reforms and policy of Mongolia. They also exchanged views on the opportunity to finance the biggest projects and programs with great importance for the development of Mongolia. The ADB side expressed willingness to collaborate with Mongolia in these matters.

## Mongolia, China sign currency swap agreement

On May 5-6, Zhou Xiao Chuan, Governor of the People's Bank of China, paid a working visit to Mongolia. During his visit, Mongolia and China signed a currency swap transaction as a result of 2-year's discussion. The swap deal can become a significant step in bilateral cooperation and development of banking and financing relation.

The People's Republic of China is the main external trade country of Mongolia and CNY is the second most valuable currency in Mongolia's FX market. The swap transaction would bring high importance to the Central Bank of Mongolia to ensure MNT stability by immediately providing the market with CNY in unsustainable cases.

After the signatory ceremony, Parliament Speaker D. Demberel received a delegation led by Mr. Zhou Xiao Chuan. To begin the meeting, Parliament Speaker D. Demberel said, "China's successfully overcoming the financial crisis that covered the world in recent years positively influenced Mongolia's economy" and emphasized the importance of refining a regulation of settlement and swap transaction of



D. Demberel meeting Zhou Xiao Chuan

the national currencies and creating a proper mechanism in times of widening Mongolia-China relations and cooperation.

He said that a roundtable meeting for exchanging experiences between the central banks would have been important, and said the China's help with financial and banking experts would be appreciated.

In turn, Zhou Xiao Chuan noted the main role of the central bank in making the currency settlement proper,

protecting it from crisis as well as in encouraging support to investment and trade to develop an objective economy. He added that the meeting held between authorities of the central banks and signing the contract of swap transaction has become an important step to ensuring financial stability and supporting an objective economy.

The Speaker expressed agreement with the issue of the importance of banking organizations to restoring a real economy.

## Czech forum held to stimulate trade

On May 11, the Embassy of the Czech Republic to Mongolia and Mongolia's National Chamber of Commerce and Industry (MNCCI) co-organized a business forum at the Chinggis Khan Hotel with the purpose to encourage exporting products and services.

The forum was opened with remarks of honourable guests and a short cultural performance by Mongolian artists.

Inaugurating the forum, Vaclav Jilek, Czech Ambassador to Mongolia offered his thoughts. To begin, Ambassador Vaclav Jilek expressed thanks to the guests for participating in the forum. He said, "Both countries marked the 60th anniversary of establishment of diplomatic relations between the two countries last year and embassies of the countries organized a number of activities, recalling the prosperous history of bilateral relations and cooperation."

"During the years, foreign policies of Czech Republic and Mongolia have had many changes and the Czech Republic became a member of the EU and NATO. However, it remained as one of the few countries of the Council



Czech's feel trade with Mongolia is lacking

for Mutual Economic Assistance which did not interrupt its relations with Mongolia. The country is making efforts to determine new possibilities of trade and economic cooperation with Mongolia and renders official assistance for development in Mongolia. However, negative attitudes appear in bilateral relations in recent years. Although the Czech government has increased its assistance for development cooperation in Mongolia year by year, trade and economic cooperation between the two countries has declined. Even meetings of the joint inter-governmental commission and business meetings did not bring excellent changes. We have a

lack of activation, interest, initiatives and information exchange of business and trade companies of the two countries. It is necessary to inspire the interest of business and trade sectors to intensify relations. I hope today's event can contribute to achieve this goal."

During the business forum, presentations were held to introduce Czech companies that operate in water development, hydrogeology, geology, environment, transportation, construction, equipment, air transportation, defence, and security spheres.

## Mongolian Mining Service Company signs a 2 year Contract in Kazakhstan



AIDD, the Mongolian Mining Services Group, is very pleased to announce that it has signed a large long term drilling services contract with an International conglomerate in Kazakhstan. The AIDD Group subsidiary (AIDD LLP) underwent a contract renewal tender process in line with the stringent open tender laws that were put in place in Kazakhstan in 2010. AIDD was selected as the International Drilling service provider for a two year multiple drilling rig exploration and mine site drilling contract. The contract could be one of the largest standalone contracts awarded in the international exploration drilling market in 2011.

Mr. Polson the CEO of the Mongolian group commented, "this is not only a major achievement for the AIDD Group but a large milestone for the Mongolian Mining Service sector. AIDD LLP the groups Kazakhstan subsidiary competed against two of the largest global drilling services companies being the Canadian domiciled Major Drilling and ASX listed/US domiciled Boart Longyear to win this project. AIDD was selected in front of its global competitors based on its track record and ability to operate at the standards expected and set by large international companies."

AIDD believes that being selected in front of the two largest global exploration drilling companies was solely based upon its ability to build and show its international clients that there are regional service providers that have the ability and local commitment to deliver a quality product to some of the largest projects the industry has to offer. AIDD focuses on providing a product that is equal or of a superior quality to that of its international competitors. AIDD strategy revolves around focusing on local human capital development and competency based technical training.

AIDD LLC was founded as a Mongolian Company in 2004 and over the past 7 years AIDD has completed extensive drilling projects across Mongolia, PRC and Kazakhstan and has established itself as a credible market player in the rapidly growing North East and Central Asian drilling industry. The European Bank for Reconstruction and Development invested in AIDD Group in 2007 and currently holds a 39.4% stake in the company. The remainder is held by the co-founders of the business.

The AIDD Group's goal is to become Mongolia's leading international mineral drilling service provider in the North East and Central Asian region by offering high quality services at best value to mineral exploration, mining, and geotechnical companies operating in the region. AIDD Group continues to build its market presence and reputation by continually striving to develop local human resource capacity through in-house training programs to equip staff with the skills and expertise to constantly meet the needs of their clients, the local and international mining companies.



## 1st Quarter Economic Report indicates steady growth

### World Bank: "Mongolia has promising growth prospects"



Mongolia's prospects in the medium term look excellent from a growth perspective as well as a fiscal management perspective. Staying the course in the medium term means implementing the landmark Fiscal Stability Law (FSL) passed last year, and adopting a supportive integrated budget law this spring session of parliament. This ensures a path of counter-cyclical budgets, thereby avoiding some of the macroeconomic "Dutch Disease" issues typically seen in resource rich countries. Unfortunately, the crux of the FSL—abiding by a structural fiscal deficit of 2 percent of GDP calculated using long-term mineral price projections—does not come into force until 2013, after the 2012 election year. Until that time significant risks exist, emanating from both domestic as well as external sources.

The economy grew 6.1 percent year-on-year (yoy) in 2010, following a contraction of 1.3 percent in 2009. The last quarter of 2010 ended with a broad-based recovery, supported by transportation, construction and wholesale and retail trade. Unfortunately for the employment of the poorest segments of society, the agriculture sector (down 17 percent yoy in 2010) experienced double digit contractions in all four quarters in 2010. However, the upward trend in consumer prices was broken by declining meat prices—the result of sales under a government-subsidized meat reserve scheme. March data show a moderation in the headline UB inflation to 7.4 percent yoy, following

a 11 percent yoy increase in the previous month. However, food prices are rising in Russia and China, from where Mongolia imports the bulk of its main food commodities.

The latest fiscal data show continued improvement in the budget outturns. On a 12-month rolling basis, the fiscal surplus increased to 2.4 percent of GDP in March 2011, up from a 5 percent deficit in March last year. This reflects the recovery in broad based economic activity, imports and favorable commodity prices. Revenues have improved markedly, increasing annually by 56 percent in real terms in March. However, the 2011 Budget of Mongolia envisages a steep increase in government spending to an unprecedented MNT 779 billion (over 52 percent of GDP). The financing of the resulting deficit (around US\$400 m) will be difficult as it depends mostly on yet uncertain revenues to be received from the Tavan Tolgoi (TT) agreement (discussed in Box 1). If the agreement fails to fund the deficit, and given that the government is cognizant of the difficult environment for sovereign bonds, the funding would have to come from the domestic market in its entirety. This could crowd out the private sector which is especially in need of credit during this period of economic expansion.

Imports increased to record levels of 86 percent yoy in March as the trade deficit continued to widen reaching US\$ 646 million. Exports were up 71 percent yoy supported by the upward momentum in metal prices

and large coal and copper imports by China, which absorbs 90 percent of Mongolia's exports. As a result of the increased goods trade deficit, the current account deficit is expected to widen further in the first quarter of 2011. The average monthly exchange rate against the US\$ appreciated by a percent in April, before depreciating by 6 percent in early May. The accumulation of reserves by the Central Bank leveled off as there was no need to intervene in the market.

In the banking sector, the steady rise in NPL ratios in 2009 has been reversed. However, there continue to exist solvency concerns for small and medium banks. Loans in arrears declined to MNT 81 billion in March from MNT 90 billion in December. However, the ratio of NPLs and loans in arrears to total outstanding loans still stand at high at 13 percent, and the actual stock of NPLs increased in March by 3.2 percent from February. Excluding the two failed banks, whose NPLs largely remain unresolved, NPLs increased to MNT 204 billion, up 8 percent in March from MNT 189 billion in February. In the meantime, the stock of loans outstanding is on the rise since December 2009, up 35 percent yoy in March 2011 or 29 percent in real terms. With credit growing this fast, as was the case prior to the 2008 crisis, regulatory and oversight issues among Mongolian banks (along with capital adequacy) remain crucial. MNT deposits continued to rise, and hit a new peak of above 2.3 trillion in March, fuelled by currency appreciation expectations

and supported by the blanket deposit guarantee. Out of the total banking sector liabilities of MNT 6.3 trillion around MNT 4.5 trillion comprises deposits and current accounts for which the government has issued a blanket guarantee. Further reforms are needed to create an efficient, adequately capitalized and well-regulated banking sector.

The latest survey conducted in informal labor markets in March 2011 revealed no changes in the total number of casual workers compared to December. However, due to the increased activity in the construction sector, the number of informal workers in construction material markets rose while the number of informal workers declined in the other markets. Workers' real informal market wages on average increased by about 18 percent from December to March 2011. The previous decline in real wages is attributable to reduced job opportunities during the winter months and rising inflation. This situation has improved with better weather and moderated inflation. However, of the most vulnerable in society, about 40 percent of those surveyed continue to indicate that their earnings do not meet their basic needs, while the rest rely on these markets for food and shelter only.

A comparison of the macroeconomy of Mongolia now with trends that prevailed in the country in 2008, prior to the crisis, suggest similarities. These similarities are in no small measure due to the expansionary 2011 budget plans. First, the plans

include large cash handouts, exerting upward pressure on prices for the second half of 2011, with the risk of substantial second-round effects in the form of a wage-price spiral. Second, while real interest rates are currently positive due to the fall in inflation, upward pressure on prices warrants a close watch on these rates, which could return to negative territory as was the case before the crisis. Finally, as mentioned above, with the trade deficit continuing to widen with the mining boom, the current account is also in deficit—as was the case prior to the crisis. Consequently, there is a risk of returning to the boom-bust scenario that prevailed before 2008 (illustrated in Box 4). Additionally, high domestic inflation will cause the currency to appreciate in real terms, ultimately hurting the export sectors, and possibly creating a macroeconomic scenario called the Dutch Disease (discussed in Box 2).

Mongolia has promising growth prospects. It has the opportunity now to exercise prudent fiscal and macroeconomic policies so it can steer clear of the mistakes made by other resource rich economies and achieve its potential. The Integrated Budget Law, which reforms the budget process and supports the implementation of the FSL, will be debated in Parliament's spring session and would be an important step in permanently locking in prudent fiscal policies and mechanisms.

(The full report can be downloaded at <http://www.worldbank.org/mn>)

# Mongolia to have a new airport by 2015



Architectural model of new airport and airport city

Continued from page 1

the possibility to be enlarged in the future.

Annually, Chinggis Khaan Airport receives 668,000 passengers, 4000 tonnes of luggage and 11,600 flights. However, it is estimated that the new airport will annually receive 1,654,000 passengers, 12,000 tonnes of luggage and 22,000 flights by 2019. Japanese specialists made a prognosis of passenger demands. N. Enkhbat said that the work will be conducted in accordance with the prognosis because there was not much difference in 2006-2010.

The flight strip of new airport will be 3,600 meters and it will be capable to receive 4E aircrafts such as the Boeing 747's that are currently impossible to land at the Chinggis Khaan Airport which now receives only 4D aircrafts including the A310.

The main building of the 33,300 square meter- airport will be the center for passengers and service. It will be 3-story fully glass building and have a structure to ensure passengers to walk straight to get their destination with the purpose of making them comfortable. Also, sources for heating, water purifying and a pure water supply will be resolved independently and nature-friendly state-of-the-art technology will be selected.

It is estimated that construction of the new airport that will contain many construction projects for flight and aircraft space, control tower, passenger and service as well as techniques that require USD414 million in total. In

addition to Japan's soft loan worth USD320 million (28.8 billion Yens), the Mongolian government will issue USD 94.2 million (8.4 billion Yens). The cost of the new airport construction compares to similar capable airports that were recently built. For instance, USD336 million was spent on enlarging Astana Airport of Kazakhstan, USD200 million on building a passenger and service building at Phuket Airport of Thailand, and USD415 million on constructing the Kuito Airport in South America. Mr. Enkhbat said that compared to them, the cost of the Khoshigt valley airport project is acceptable and has good planning. Specific areas for buildings for system to provide aircrafts with fuel, cargo and food-preparing workshops, and transit passengers have also been planned to be built with private investment.

Mongolia's government is solely responsible for works to stretch 110kw electricity tension lines from Ulaanbaatar into Khoshigt valley, establish an electrical sub-station, connect the new airport with hi-speed fiber optics, and link the valley with Ulaanbaatar by a super highway. Relevant plans for these works have been drawn up and actions have started to be implemented. Construction of a 53-km four-way auto road to link the airport with Ulaanbaatar will be executed by BOT type (build, operate and transfer) of the concession. A second phase of the tender will be announced in June and the winner will be selected in July.

An airport city will be established along with the new airport. Urban

planning was also touched upon during the consultative meeting. It is considered necessary to have a city because business activities such as services and freight transportation will develop due to international flights. The city to be established within 10km of the airport is being planned to have just 100,000 citizens. A general plan and feasibility study on the airport city has been completed and is now ready to be introduced to the Ministry of Road, Transport, Construction and Urban Development and the Government.

"One feature of the airport city was that it must be located 15-20km from the airport, but now this principle is no longer needed. By world standards, it comes to new stage of planning to build the airport city parallel to the airport. The 21st century is a century of air transportation and with it comes the problem to not only transport passengers, but freight as well. According to air transportation development in recent years, 3.2 billion people in developed countries used to travel by air transportation few years ago; however, it has now increased to 8.2 billion. Freight increased by some-fold and air transportation became a main international transportation means of modern times. Therefore, the airport city should be developed along with the new airport.

Government made a resolution that the new airport and city to be established in Khoshigt valley of Sergelen Soum, Tov Aimag will cover a 12,000 hectare area in total. Now, there is no buildings and that is an area where farming was managed many years ago and now stopped because it has a low harvest yield. Thus, a low-efficient area is being used. Urban planning needs to be made stage by stage. Financing of it may be resolved by concession law. An issue to develop the airport city will not be the sole work of government organizations. It will be possible to find money from non-government investment organizations of big domestic companies. According to the plan, it must be started in 2012. When the airport comes into operation, buildings such as apartments for workers, services and others have to be completed. Except buildings, there are many issues including roads, transportation, energy and communication," said architect Ya. Sharkhuu. It is intended to complete the first phase of the airport city by 2015, the second phase by 2012-2020, and the third phase by 2025-2030. It is preliminarily estimated that USD 3.2 trillion will be spent on construction of the city. The first phase requires USD1.2 to 1.6 trillion.

## Minerals Minister D. Zorigt will not be dismissed

B. Ooluun

Parliament is discussing an issue on dismissing Minerals and Energy Minister D. Zorigt second time this year. Parliament first discussed the issue last January when MPs including S. Erdene, Ts. Sedvanching and Ts. Batbayar submitted a proposal to parliament citing seven reasons for dismissing Minister D. Zorigt, and it did not support his dismissal.

However on May 5, MPs S. Erdene, D. Gankhuyag and G. Bayarsaikhan submitted a proposal to dismiss the minister to parliament again. Again, MPs cited seven reasons for dismissing the minister. For instance, Minister D. Zorigt made the Oyu Tolgoi investment agreement profitable for investors, did not correct a contradiction that the license for the Tavan Tolgoi deposit, whose reserve was identified in the State Budget and was issued to Energy Resource LLC illegally by changing the deposit's exploration license to a mining license; State control on strategic deposits as stated in parliamentary resolution #27 is weak; issuance of licenses is unorganized; the sector's ministry and agency work is insufficient for implementing laws; and other reasons that were the same as stated in the previous dismissal proposal.

MP S. Erdene who forwarded the proposal to dismiss the minister for the second time explained, "The first proposal to dismiss minister D. Zorigt contained seven grounds. However not one of these has been resolved so far. Parliament has the full right to control implementation of laws and take legal action. Parliament did not use its rights until today. We consider that parliament has to take legal action and put forward the issue for the second time". MP G. Bayarsaikhan said, "Laws and resolutions adopted by the parliament must be enforced in reality. Not implementing the law is a crime against the State. Since 2008, 43 mining workers lost lives in the Nalaikh coal mine. However there has not been any legal action by anyone. Today, we submitted the issue to the Parliament Speaker to ascertain whether a position is expensive or a human life. Secondly, the president issued a resolution to stop issuance of licenses for mineral resources for a certain period. But the relevant body ignored this resolution and issued a license. There is a necessity to establish a fifth thermal power station in order to resolve air pollution in Ulaanbaatar.



However, this issue just became a model on paper and was not implemented in reality".

MP D. Gankhuyag, blames Minister D. Zorigt about agreements regarding two major strategic deposits. "Parliament approved its 57th resolution in regard to the Oyu Tolgoi investment agreement. The resolution assigned the government to negotiate with the investor

on increasing Mongolia's equity to no less than 50 percent after recouping its first investment by means of creating a favorable legal environment. However, it established the Stability Agreement for a 30-year term. It was an action that did not fulfill the parliamentary resolution and the agreement has been profitable for investors. To explain it with just one example, the investment can be recouped within 4.7 years if the price per tonne of copper is USD 4,000, and within 1.7 years if it costs USD 9,000. Second is the issue of Tavan Tolgoi. We will only have empty land with holes in it if the issue of 15 strategic deposits is resolved in an unprofitable manner for the Mongolian people."

On May 11, MPP and DP groups in parliament each discussed the proposal to dismiss minister D. Zorigt and both groups did not support dismissal. Prior to a meeting of the MPP group in parliament, MPP Steering Committee called a meeting and issued a resolution not to dismiss D. Zorigt and introduced the resolution at the meeting of the MPP group in parliament. D. Dondog, Deputy head of the MPP group said that the proposal to dismiss minister D. Zorigt has political characteristics. Therefore, the MPP and its parliamentary group treated this issue from a political perspective. The MPP group in parliament also considered it necessary to issue a conclusion to give people a correct understanding because there are many critics and differences of understanding about construction work about Oyu Tolgoi and Tavan Tolgoi among the public.

When the DP group in parliament conducted a poll on whether or not minister D. Zorigt should be dismissed, the majority of members did not support dismissal. The issue will finally be resolved at the plenary meeting of parliament after being discussed by relevant standing committees of parliament. Minister D. Zorigt likely not to be dismissed because MPP and DP groups that cover most seats in the parliament did not support the dismissal.

# Revised Law on Health adopted

## More attention given to public health and disease prevention

B. Ooluun

On May 5, Parliament adopted a revised Bill on Health. "Previous health laws mainly regulated legal relations dedicated to treatment of ailing people. However, this revised Bill focuses on preventing the population before illness and making them healthy. For this purpose, health assistance and service has been defined in two parts; social health and hospital assistance. Social health assistance or preventive hospital service was legislated as a priority. It becomes a step to satisfy the financial policy of health care to ensure conditions for people to be free from illness," said Health Minister S. Lambaa.

The health law determined State policy on health and its basic principles while regulating relations in connection with roles of organizations, officials and citizens. It also ensures rights so citizens can be protected, receive medical assistance, service, and benefit from activities of health organizations. Since its adoption in 1998, amendments were made in 2002, 2006 and 2009. Since its adoption, there have been some breakdowns, including uncertain status. The scale of service in first-stage health organizations had insufficient standards and quality, shortage of physicians in rural areas

due to insufficient social guarantee for medical workers, and uncertain issues on permits to conduct medical activity by those who were educated in health. It led to the necessity to revise the law with the purpose to develop State regulations on health and improve finances of State-run health organizations.

According to the revised law, soum-level and family hospitals have been named as health centers and will visit families of the responsible region to conduct preventive examinations and take tests. Family hospitals are private health organizations that execute State medical assistance and service by contract. Although the family hospital's current status remains unchanged, it will be provided with a building free of charge and its physicians will receive their salary from the State Budget and soum health centers will be funded from the State Budget. On the other side, it was legislated that government will accurately set the number of citizens per family hospital. The revised law reinstates a structure to improve qualifications of soum and family hospital physicians once every five years from the State Budget.

Hospital assistance and services to treat those who are already sick will be given by central hospitals of aimags and districts. According to

the law, all central hospitals will have unified standards that they must give professional services of no less than 7 sorts such as surgery and childbirth.

Moreover, the law mandates that regional diagnostic centers, the national center and central hospitals will have a board of directors. By doing so, heads of the hospitals will not resolve issues independently and the board of directors will resolve issues regarding investment, plans, financing and tender.

The previous law legislated that physicians of soums, baghs and villages will be given an allowance equal to six month's salary once every five years and physicians of aimag central hospitals and regional diagnostic centers were unable to receive it. According to the revised law, it was changed. All physicians and nurses working in aimag centers and regional centers will receive an allowance equal to their six-month salary once every five years while physicians and nurses working in soum, bagh and village will receive an allowance equal to their six-month salary once every three years.

Amendments were made to the revised law on issues to create a legal environment to give paid service; issuing bonuses by health organizations to its workers from profits they gained, resolve social



Hospitals will have more autonomy to manage illness

issues, improve working conditions, create a condition so hospitals can purchase equipment and facilities required, as well as restore, provide, and encourage development of health organizations.

There is much criticism and many complaints about quality of services by citizens. New clauses have been included in the law to employ non-staff council on health quality supervision under the central health administrative organization with a purpose to improve service quality, and operate services responsible for making domestic control on service quality and safety at health organizations. To the question about what the revised law states

about a system of responsibility to be held on physicians and health organizations, Health Minister S. Lambaa answered, "It is a very fresh law that touches upon multilateral issues. For instance, the law legislates that only accredited specific obstetric hospitals will have the right to perform abortions. Previously, hospitals for women did it freely. It has higher fines and strict punishment. We believe it to be very significant if the law is strictly followed and relevant accurate rules are issued."

Government also has submitted a Bill on civil health insurance to parliament. The parliament will soon discuss it.



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SU-564	1,3,6	A-320	ULN-MOW	07:10	09:50	27MAR-25JUN 19SEP -29OCT
SU-563	Every days	B-767	MOW-ULN	20:00	06:00+1	25JUN -17SEP
SU-564	Every days	B-767	ULN-MOW	07:25	09:50	26JUN -18SEP
SU-485*	4,7	A-310	MOW-ULN	19:45	05:45+1	27MAR-15JUN 15SEP-29OCT
SU-486*	4,7	A-310	ULN-MOW	08:20	10:55	27MAR-05JUN 15SEP-29OCT

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**Gandirs Tower**



**FOR SALE**

3-room apartment (in the 5th floor) and 3-4 room apartments (in the 6th floor) in Gandirs Town, in east to the State Department Store for sale. Ph: 70117070, 99181556

# All Mongolia comes online

## World Bank supports internet services in rural Mongolia

Financing of private sector information and communications technology (ICT) services for rural Mongolian operators has resulted in 100% of Mongolia's soums (districts) coming online and 34 prime soum centers with broadband Internet services for schools, commercial customers and Internet cafés.

The status is a result of World Bank Information and Communications Infrastructure Development Project that started in 2005 to subsidize private sector operators.

The project was strategic because less than 30% of the soum center villages had reliable telecommunications, even though one-third of Mongolia's population lives in such small centers.

World Bank financed subsidies provided to private sector operators motivated the expansion of their coverage area so that all 335 soums were provided with mobile voice service and a satellite-based network of public telephones that serves herders in remote areas beyond the mobile network.

Additionally, 34 prime soum centers (selected based on population, availability of commercial power and fiber optic connectivity) have broadband Internet access for public and private users, schools are connected at discounted rates, and there is wider access to Internet cafés.

Herder Batbayar said, 'I can get connected everywhere and speak to my relatives and to people while staying right at home.'

Challenges to be overcome centered on Mongolia's vast and challenging geography and high costs to provide a rural communications

infrastructure. Mongolia is the world's least densely populated country: 2.8 million people live across 1.5 million square kilometers—almost half the size of India.

At the project's inception, Mongolia's ICT sector was structured so that most of the long-distance network was government owned and controlled with a limited capacity to expand rural services. Private mobile operators were not mandated to provide services to rural areas that appeared commercially unviable. These operators were investing heavily in urban areas and their reach was gradually growing but the networks' expansion of coverage to the rural areas was inadequate. The lack of ICT services affected the rural population in multiple ways, limiting social communication and access to both information and education media, and delaying response time in the case of emergencies.

The Bank supported the government's fresh approach and its Universal Access policy, developed with World Bank support, which included establishing a fund to provide subsidies for the expansion of ICT services into rural areas.

After mobilizing financing for a successful pilot project from the Global Partnership on Output-Based Aid (GPOBA), the Bank helped Mongolia's Communications Regulatory Commission to manage and finance several 'least-cost' subsidy competitions. Subsidy recipients were private operators responsible for installing and operating the rural voice and Internet services. This approach harnessed private sector power by providing incentives to deliver services in rural areas.

Through its work with the government and the Communications Regulatory Commission, the Bank projects created and supported mobile base stations to serve the population of 90 soum centers and the surrounding herder areas without mobile telephone service and a network of 152 satellite public telephones to serve herders in remote areas beyond the reach of the mobile networks and Internet services for schools, commercial customers and Internet cafés in 34 prime soum centers.

The project's yielded the following benefits:

- Mongolia's 335 soums have been provided with access to mobile voice service, in many cases also enabling a medium-speed Internet service. Although only 90 soums benefited directly from IDA financed subsidies, a large number of additional soums benefited indirectly as the Universal Access program demonstrated that demand for services in rural areas is significantly higher than originally expected.

- The herder public access network, combined with the mobile services, reduced the average travel distance required to make a call for herders to 15 km from 39 km.

- 34 prime soum centers have broadband Internet access for public and private users at the same tariffs as in the capital, Ulaanbaatar; schools are connected at discounted rates, and in all 34 communities benefit from access to public Internet cafés.

With the infrastructure and service now in place across the country, many more rural residents are able to communicate more easily, and benefit from educational and commercial

access to the Internet. It also opens a range of opportunities for the government, private sector firms, civil society organizations and development partners to enhance service delivery by using new technologies.

The total IDA funding in support of the Universal Access program was US\$6.2 million including US\$670,000 for consultancy in all stages of development and implementation, US\$260,000 for pilot projects and US\$5.3 million for the main investments. A Japanese PHRD grant of US\$2 million also supported the project.

Local private telecommunication and data service providers have partnered in this project including G-Mobile and Unitel, Mobicom and Skytel (mobile telephone service providers), Incomnet LLC (a satellite communication service provider) and Sky C&C and Mobinet (high speed internet services providers). The Bank provided subsidies for the operation of information and telecommunication services in remote rural areas while the partners invested basic infrastructure and the necessary equipment. This partnership mechanism ensures a delivery of telecommunication services to herders and rural communities for 5- 10 years, after which the services will be self-sustained.

The Government and ICT operators have expressed their appreciation to the Bank for its support to the program and have asked it to consider continuing its support for this initiative. Next steps would be to assist initiatives to improve the quality and reach of the mobile network infrastructure, and to extend the broadband services to more soum centers.

# German program contributes to art and Journalism in Mongolia

## Goethe institute signs MOU with arts council of Mongolia

The Goethe Institute (GI) and Arts Council of Mongolia (ACM) are signing a Memorandum of Understanding (MOU) to promote cultural dialogue, understanding, and exchanges between Mongolia and Germany for the period 2011-2013. During the period of the MOU, the Liaison Office Mongolia GI and ACM will initiate and implement a series of capacity-building and subject matter exchanges in the field of film, theater, arts journalism, arts administration and policy.

On April 20, in the presence of H.E. Pius Fischer, Ambassador Extraordinary and Plenipotentiary of the Federal Republic of Germany to Mongolia and Jantsannorov.N, Chairman of the Arts Council of Mongolia, Ms. Heike Michel, Executive Director of Goethe-Institute of Mongolia, and Ms. Ariunaa Tserenpil, Director of the Arts Council of Mongolia, signed a MOU on Cultural Cooperation between the Goethe-Institute, the Liaison Office Mongolia and the Arts Council of Mongolia.

For the period of 2011-2013, the

partnership of the two organizations is going to focus on film and arts journalism within the GI "Climate and Cultural Change" program. Within the Mongolian part of this program, GI and ACM will conduct a series of training programs for emerging filmmakers on the subject of modern filmmaking led by experts of German Film Academies. After the training, participants who have written scripts or have produced short films (5-10-min) under the theme of "Culture Change", will be eligible to compete for participation in international film festivals and other special prizes provided by GI and ACM.

Another facet of the program focuses on Journalists who will get the opportunity to attend special writing seminars and hone their skills on reflecting arts in the media. These series of seminars will feature renowned writers in their field that will share their experience and expertise.

The Goethe-Institute, as the cultural institute of the Federal Republic of Germany, brings the multifaceted image of Germany to the world stage. The GI monitors



Pius Fischer (C) with members of the Art Council and Goethe Institute

trends in Germany, encourages cultural collaboration across the globe by organizing programs of events, and contributes to various festivals and exhibitions in the fields of film, dance, theatre, journalism and other specialized topics. The Liaison office has been operating in Mongolia since 2008 and officially opened [www.goethe.de/mongolei](http://www.goethe.de/mongolei) in October 2009.

The Arts Council of Mongolia is a non-government organization (NGO) founded in 2002 with the mandate to ensure that the art and culture of Mongolia is sustainably developed, promoted and preserved — [www.artscouncil.mn](http://www.artscouncil.mn)

## What's on May 13-20

OBT=Opera/Ballet Theatre; PT=Puppet Theatre; TDAMAG=Tsagaan Darium Museum/Art Gallery; UMA=Union of Mongolian Artists; XAG=Xanadu Art Gallery; ZFAM=Zanabazar Fine Art Museum

**Fri 13** 9am-6pm Hidden Japan photo exhibit (ZFAM)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
11am-10pm Ts.Odgerel exhibit (XAG)

**Sat 14** 9am-6pm Hidden Japan photo exhibit (ZFAM)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
Noon-7pm Ts.Odgerel exhibit (XAG)  
5pm Tears of the Lama (opera, OBT)

**Sun 15** 9am-6pm Hidden Japan photo exhibit

(ZFAM)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
5pm Geser Nomun Khan (ballet, OBT)

**Mon 16** 9am-6pm Hidden Japan photo exhibit (ZFAM)  
9am-5pm Action 11 Fine Arts Institute exhibit (MAG)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
11am-10pm Ts.Odgerel exhibit (XAG)

**Tues 17** 9am-5pm Action 11 Fine Arts Institute exhibit (MAG)  
9am-6pm Hidden Japan photo exhibit (ZFAM)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
11am-10pm Ts.Odgerel exhibit (XAG)

**Wed 18** 9am-5pm International Museum Day (MAG)  
9am-6pm Hidden Japan photo exhibit (ZFAM)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
11am-10pm Ts.Odgerel exhibit (XAG)  
3pm The Ugly Duckling (PT)

**Thurs 19** 9am-6pm Hidden Japan photo exhibit (ZFAM)  
9am-5pm Action 11 Fine Arts Institute exhibit (MAG)  
10am-7pm Ts.Nasantsengel exhibit (UMA)  
11am-10pm Ts.Odgerel exhibit (XAG)

**Fri 20** 9am-6pm Hidden Japan photo exhibit (ZFAM)  
9am-5pm Action 11 Fine Arts Institute exhibit

(MAG)  
10am-7pm D.Purevdori/D.Enkhtaivan exhibit (UMA)  
11am-10pm Ts.Odgerel exhibit (XAG)

**Live Music**  
Detroit Bar (9pm): Wed One Way; Fri UFO  
Grand Khan (9pm): Mon One Way; Tues Lemons;  
Wed Khulan; Thurs Ganga; Fri/Sat Beer  
Ikh Mongol (9.30pm): Tues L-Guards; Wed Fire;  
Thurs Altan Urug; Fri Fire; Sat X-Vit; Sun Altan Urug  
Strings (10.45): nightly Ka-24

Tengis Theatre  
Someone Else's Child (Mongolia)

## The lawyer's advice



Hanns  
Seidel  
Foundation

In cooperation with Hanns Seidel-Foundation Project Mongolia and its "Legal Education" Academy

**-My sister has been ill for a long time and I want to adopt her child. What documents must I submit to do so?**

-As provided for in Article 56 of the Family Law, the consent of parents to give adoption of their child and the application to adopt the child must be made in writing and certified by a notary public. If the child has reached the age of seven years, his/her consent should also be obtained. A prospective adopter shall submit his/her application for adopting a child to the Governor of the Soum or District where the child is residing. The Governor of Soum or District shall review the application for adopting a child and make a decision whether or not to give the child for adoption within 20 days after receipt of such application.

**-I want restore the fatherhood of my child. Where must I approach?**

-The court shall consider the application to restore the rights of parents who have lost their parental rights and may restore the parental rights for the sake of the child's rights and interests. If the child was adopted during the period where parental rights were surrendered, parental rights shall not be restored. If it has been determined that the decision to restore parental rights could harm the interests of the child, the court may decide not to restore parental rights considering the opinion of a child who is over seven years of age.

**-When does child maintenance come to an end?**

-As provided for in Article 53 of the Family Law, the duty to maintain shall be terminated in the following cases:-the maintenance contract term has expired;-the maintenance receiver has married or become able to earn a living;-the maintained child has been adopted by other persons or has reached the age of 18 years;-the maintenance payer or maintenance receiver has died.

**-Our organization has concluded an employment contract with workers from a foreign country for a period of one year. How shall these workers pay their taxes?**

-The individuals working for your organization shall be taxpayers according to the provisions of Articles 2 and 3, Section 1 of the Personal Income Tax Law of Mongolia. A taxpayer should go to the tax office located in the district where he/she resides, register with that office, receive a taxpayer's registration number and get a taxpayer's income tax form. The taxpayers who regularly report and pay their taxes have the right to enjoy tax credits in accordance with the provision of Article 13, Section 9 of the Personal Income Tax Law.

**-Is there any legal provision that one should work without pay for the first three months when recruited for a job? I was also told that the salary for the first three months may only be paid in case the work plan is fulfilled. Is this right?**

-The Labor Law has no provision about working without pay for the first three months of work. However, the Labor Law does contain a provision that a new employee or an apprentice may work for a specific probationary or training period set by the employer in their internal labour regulations. A probationary or training period shall not exceed six months.

Address : Sukhbaatar District,  
Khoroo 6, Sukhbaatar Street  
11-2,  
Office of the Legal Education  
Academy (inside the court of the  
Children's Art Center, in the right  
side) Tel : 321294

# ARTS COUNCIL OF MONGOLIA



presents

## Carmen Suites elegantly performed



Mongolian composer N. Jantsannorov (L)

Carmen, the unfaithful gypsy, has seen many incarnations. She was first described by Prosper Merimee in a short novella (possibly influenced by a narrative poem by Alexander Pushkin) and was then brought to the stage and music in an opera by Georges Bizet followed by the ballet by Rodion Schedrin. Now she is being presented by the Morin Khur ensemble of the Mongolian State Philharmonic, as

arranged by N. Jantsannorov. It is a long and impressive journey for the young Spanish gypsy.

The Carmen Suite, at 57 minutes long, was the focus of a lovely musical evening. However, before the Morin Khur ensemble played Carmen, they introduced some of the different instruments of the ensemble with performances by the Morin Khur (horse-head violin), the yatga (zither), the Yochin (dulcimer or box zither), the Ever Buree (horn) as well as the flute and the piano. The music performed came from Mongolian films and from the traditional Mongolian musical repertoire.

It is a rare opportunity to see and here this beautiful array of instruments and the glorious sounds they make. The yatga quartet plays brilliantly and with such speed and delicacy it truly amazes. The different tones of the three different sized horse head violins is stunning; it sounds like the range from violin to double bass, and yet different. The military tunes played on the Ever Buree were rousing, but fascinating. The Ever Buree is a reed instrument, with a sound reminiscent of an oboe and yet it plays the role of the military horn in traditional Mongolian music.

For the performance of Carmen, the Morin Khur ensemble was joined by the percussion ensemble from the Music and Dance College. These young musicians were energetic and enthusiastic. The array of xylophones, marimbas, tympanis, bells, cow-bells, steel drums, cymbals, snare drums and other instruments took up half the stage. The members of the ensembles moved between instruments throughout



The Morin Khur ensemble of the State Philharmonic

the suite and it was an interesting and impressive dance of its own. The percussion instruments perfectly complemented the strings and wind instruments of the Morin Khur ensemble.

The Carmen Suite arrangement by N. Jantsannorov was beautifully and

elegantly performed. The heartache of Jose, the whimsy of Carmen, the pride of Escamillo was all delightfully portrayed by the ensemble. As an example of western classical music brought to traditional Mongolian instruments, it was an amazing success.

## Mongolian art on display



Gallery at the Union of Mongolian Artists

Ulaanbaatar is littered with small exhibition spaces for modern artists. The art gallery for the Union of Mongolian Artists is one example. Just south of Sukhbaatar Square, in a black and white two story building, it is frequently overlooked. But it should not be. In April the gallery exhibited "Interior Accessories", pieces by D. Otgonbayar and students.

On entering the exhibition, one's eyes were drawn to the bright colours of Ts. Battulga's three panels - Khuree khatan (Queen of the encampment), Ertii khatan (Ancient Queen) and Mord (To the horse). The three large canvasses took up one wall of the exhibition in brilliant reds, purples and blues. The vertical lines of the paintings slowly morphed into women in traditional dress and a horse in the third piece. The contemporary style of the bold colours and the strict vertical lines contrasted with the images of women in deel and traditional hats, a possible comment on the difficult relationship of traditional life and modern life, or traditional culture and modern art.

Continuing through the exhibition B. Shatarsaikhan's Neg, khoyor, goraw (one, two, three) combined western art with traditional Mongolian crafts. A felted background in reds, greens, blues and purples had a still life of lilies, Klimt's kiss and butterflies painted over it. The painting was a lovely piece of art in itself, while as a comment on the interaction between traditional culture and western influence;

it showed a chance of harmony and adaptation without the need for conflict.

Life in nature, and the seasons were common themes of the artwork displayed. B. Monkhtsetseg's Neg zhil (one year) was one of a series of pieces representing the seasons. This piece combined four felted panels in different colours. Throughout the exhibition, cushions in different colours, images of women and panelled paintings were all used to represent the seasons. The bright colours in these pieces were highly emotive of the changes in the year.

The sculptures and installations in the exhibition were no less striking. B. Ariunbolor's Salkhi (Wind) - a woman with her head thrown back as the wind blows through her hair is a delightful small piece. The installation Golyn chuluud (River stones) by B. Bayanduurun was a beautiful brook with pebbles made of felt. The river and pebbles, around a metre in length, were beautifully made and very realistic.

The pieces on display were auctioned on Thursday April 28. It was a lovely opportunity to buy a beautiful piece of Mongolian art.

Until May 5, the gallery exhibited 'Bichig soyol 2011': the 80th anniversary of Dornogobi Aimag; will exhibit on June 6-12, a solo exhibition by Ts. Nasantsengel on June 13-19, and a joint exhibition by D. Purevdorj and D. Enkhtaivan on June 20-26.

## 'The Child of Someone Else' drama film

A unique drama film directed by Amarsanaa.B, the film stars the famous Mongolian singer Dashdondog.B, and famous actors Ariunbulag.T, Sukhbold.B, Magsarjav and Sukhee. Set in the 1970-90s, the film is a true story about Ankhbayar, a real Mongolian man.

These days, almost 85-90 percent of

films are love stories, comedies or thrillers in Mongolia. But people want to see other topics from the film industry. This movie shows real life and human heart and sense.

Every day in Tengis, Urguu, and Soyombo cinemas

## 'Hidden Japan' exhibition

The famous Japanese artist Kijuro Yahaki has many talents-architect, land and product design, furniture design, photography, visual art, sculpture, critical art, and love art.

Since 1995, his artworks have become famous in many countries being exhibited in museums and libraries of the USA, England and Japan.

In this exhibition, there are 85 photographs with black and white images that are presented. Kijuro Yahaki shows his artwork of Japanese people's heart, dreams, happiness, sadness mixed architecture, city construction, organization, the shining

sun, and Japan's beautiful nature.

Zanabazar Fine Arts Museum is co-organizing an exhibition with the Japanese embassy and Japan Foundation in Mongolia, the third such international travel exhibition for Mongolian viewers. This traditional exhibition was successfully presented in Ulaanbaatar named "Japan doll" in 2007 and "Japan ceramic" in 2009.

In this exhibition hall, it also organizes a donation box for Japanese tsunami victims. The opening was held on May 2, and the exhibition is open until May 31 in the Zanabazar Fine Arts Museum.



Compelling photographic art of Kijuro Yahaki

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