

**Brief introductory remarks by Amb. J. Enkhsaikhan at the opening of
Mongolian-Austrian business RTD**

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Vienna

Ladies and Gentlemen,

First of all, allow me to express my appreciation and gratitude to the Austrian Federal Economic Chamber and Dr. Schenz and his colleagues for organizing this event.

Active cooperation of business communities is of great importance not only in developing economic ties between countries but also in strengthening overall relations and people to people contacts. I believe that this meeting will prove useful in exploring Mongolia as a business destination and business opportunity, as well as an opportunity to exchange information and views on promoting a mutually beneficial economic cooperation, especially prior to the planned visit of the Austrian business delegation to Mongolia in early July.

Mongolia is committed to market economy and political democracy as a way of its development since early 1990's. Ever since then it has been introducing the needed profound changes in all walks of social life. Today, the private sector is producing over 80 percent of the GDP, while the per capita GDP has quadrupled in the past decade.

We have set ambitious goals to implement the Millennium Development Goals by 2015 and to build a knowledge based economy by 2021. With a view to achieving these goals, the Parliament of Mongolia has adopted policy decisions such as Comprehensive National Development Strategy, the industrialization program, broad legal reform, etc.

Presently, Mongolia is working to implement 15 major projects and produce value added products by processing its natural resources like gold, copper, molybdenum, coal, iron ore, uranium and oil so as to boost its economy and produce the revenues to address the social and economic challenges it is facing today.

Thus Mongolia has recently concluded the Investment Agreement with Rio Tinto of Australia and Canada on exploitation of Oyu Tolgoi, a mine with 31.1 million tons of copper and molybdenum. The total investment in this mine is estimated to be 5 billion USD at the very least. Field exploration is continuing with Areva of France on exploring uranium deposits. Roughly 9 billion tons of coal has been revealed at Tavan Tolgoi. With nearly 30 billion USD of investment projected in the coming 10 to 15 years, our national production is likely to grow 8 to 10 fold, which would provide an unprecedented opportunity for the country's development and people's prosperity.

Making use of our economic potential triggered by the economic growth and mineral exploitation, Mongolia is striving to build a world class capital market. Thus we are working closely with the London Stock Exchange Group to transform the Mongolian Stock Exchange into a vibrant capital market with modern facilities and fully integrated into the global financial community.

As standards are vital business facilitators, the Government of Mongolia is working together with the European Union and its member states to introduce European standards, norms and requirements in all the economic and social spheres of the society. We believe that the adoption of European standards would boost the country's economy by increasing the quality of its goods and services, boosting consumer confidence nationally and internationally, increasing efficiency and competitiveness of the products and services. Moreover, by adopting European Standards, Mongolia – a country whose economy so far mainly relies on export of raw commodities - will facilitate its trade and business activity with the members of the European community, the Eurozone and other nations adhering to the same standards. This coincides with the decisions of the Government of Mongolia to promote its 'third neighbor' policy, especially with the European Union and its member states, including Austria.

On the request of the Government of Mongolia the United Nations Industrial Development Organization (UNIDO) has recently produced a study entitled "Strategic directions on industrial policy in Mongolia", which is based on an extensive research on the performance of Mongolia's most important sectors: minerals, natural fibers and meat processing and made some concrete

recommendations. The study has concluded that “If the findings of this report are used strategically, in 20 years Mongolia will have a much more diversified economy. The manufacturing industry will be a major driver of the economic activity, with production taking place in modern, environmentally friendly and resource-efficient plants”.

Future looks optimistic but many challenges are ahead of us, in particular avoiding the so-called ‘resource curse’ and developing a diversified, industrialized and yet competitive economy based on knowledge.

Apart from investment and cooperation opportunities that arise from the mining projects, I think Mongolia has more to offer to the Austrian business community. Thus the abundance of the livestock /over 30 million/ forms a solid basis for a successful cooperation in the agricultural and light industry sectors, in particular in the fields of meat processing as well as textile industry such as wool and cashmere products.

For many Europeans Mongolia is still a terra incognita or an exotic place. Hence promotion of tourism, including eco-tourism and visiting of historical sites, could be interesting and attractive.

Today at this meeting we have Mongolian experts on these and other developmental issues as participants. They are here to discuss these issues and answer your questions and thus help the Chamber to prepare for its mission to Mongolia soon.

On a more broader scale, the geographical location of Mongolia, a landlocked country sandwiched between two market, which are southern Siberia and northern China, creates vast opportunities to serve these two markets. The immediate market of 40 million people is a large market of consumers which vie for services and products that can be provided by Mongolia and its business partners by making use of Mongolia’s vast resources mentioned above, available young workforce, internationally accepted standards and norms, and its proximity to and links with these markets.

These are some issues that I wanted to raise for you to ponder upon. I would like to reiterate once again the importance of such meetings in developing a mutually beneficial economic cooperation and thus in further broadening the relations between our two countries. In this sense I share the optimism of Dr. Schenz expressed in his opening remarks.

Thank you.