

**ADDRESS BY H.E.MR.MIYEGOMBO ENKHBOLD
DEPUTY PRIME MINISTER OF MONGOLIA**

**World Leaders Investment Summit 2010
7 September 2010**

Your Excellency Secretary General Dr. Supachai Panitchpakdi,
Your Excellency Vice President Xi Jinping,
Honourable Delegates,
Ladies and Gentlemen,

Good morning to all of you.

At the outset, I wish to express, on behalf of the Government of Mongolia and on my own, deep appreciation to UNCTAD for organizing the Second World Investment Forum and heartfelt gratitude to the Government of the People's Republic of China and its people for their warm hospitality and excellent arrangements, which comfort our stay in this beautiful city.

I am particularly honoured to take part in the Forum and the Investment Summit and pleased to take the opportunity to humbly share my views with all of you.

The Government of Mongolia attaches an exceptional importance to this Forum and its theme. The Forum is a commendable event, which creates a unique and timely opportunity for all of us to gather here and exchange our views on the ways to ensure international economic growth in the aftermath of the global economic crisis and, at the same time, to promote "green investment" to fight global climate change that troubles us and to foster cooperation in these fields.

The recent studies show that the global economy is recovering after the crisis and some positive signs have emerged in the first half of this year. However, they also show that this sign is uneven in space and in time and for many countries the economic growth is slow and investment is not increasing at the level and with the speed as everyone is expecting.

The global economic crisis has hit hard our economies. It slashed the GDP of Mongolia to -1.6% that is 10 points drop in one year period (2009). Nevertheless, as of the end of July this year, the gross industrial output of the country grew by 16% and trade turnover by 60% over the same period of last year. Despite the crisis, FDI to the country has been on the increase, which was mainly due to the inauguration of the large-scale mining projects.

The Government of Mongolia has been implementing the MDGs-based Comprehensive National Development Strategy since 2008. The Strategy has set the priority areas for national development not only in terms of accelerated private sector-led economic growth, but also human development and environmental protection. Within this framework, it aims at making

the country a middle-income country through promoting high technology-based and environment-friendly industries and services.

Although Mongolia is rich in natural resources, its economy is dependent on few sectors based mainly on raw materials. Therefore, it is heavily dependent on the world commodity price fluctuations. All of these negatively impact on the sustainability of the country's socio-economic development.

Ladies and Gentlemen,

Presently, 77% of the land of Mongolia is affected with low, medium or strong degrees of desertification. The negative impact of the global climate change coupled with the inappropriate activities of human beings on the environment has become an actual and pressing issue for the country, which subsequently deepens the social instability. Therefore, in parallel with ensuring the economic growth, the Government is taking a comprehensive socio-economic-ecological policy involving fighting desertification, ensuring appropriate exploitation of natural resources and rehabilitating the environment.

It is evident that the climate change and the inappropriate use of natural resources affect the less advantaged countries doubly. Therefore, these countries need to be given a special consideration.

We were more interested in high economic growth. However, today, there is an urgent need for a closer interaction among ourselves and exchange of views on the ways and opportunities for constructive resolution of pressing issues resulting from the recent global crisis and climate change.

The ever changing climate, the old-fashioned financial system, the trends of international flow of investment and the changing mentality of investors, investment recipients and consumers show that there is a need for reform based on mutual understanding that would better ensure and facilitate sustainable development.

Until recent past, there has been an understanding that Mongolia can reach high development relying solely on the income from minerals such as gold, copper, coal, zinc, etc. No doubt, the mining sector plays an important role in the country's economy making about 70% of our total exports. Therefore, we consider that a comprehensive and sustainable policy embracing the social, economic and environmental protection issues has to be the core and the basis of our middle and long term objectives. We pursue the policy of supplying a more value-added and knowledge-based products.

It has to be noted that despite the large-scale mining projects, and the natural resources attract the investors' interests, no sufficient investment is being made in environmental rehabilitation. Thus, we pay a particular attention to environmental rehabilitation and protection issues in our cooperation with investors in the industrial, first of all the mining sector.

The Forum today provides a commendable opportunity for us to exchange views on the ways and means of ensuring the balance between the regulators' and investors' interests that would provide for mutually beneficial and pro-sustainable development partnership.

Ladies and Gentlemen,

Taking this unique opportunity, I wish to inform that a wide-range of projects and business opportunities are being created in the energy, roads, transportation, trade and services sectors surrounding the large-scale mining projects inaugurated in Mongolia. I call on you to cooperate with us in the implementation of these projects and take advantage of these opportunities as well as the favourable investment environment of Mongolia.

Since the country embarked on to develop a market-oriented economy, the successive Governments have been pursuing a pro-active policy to attract FDI. In this light, we work hard to create a more stable and favourable legal environment for investors. Foreign and domestic investors are provided with an equal treatment with regard to possession, use and disposal of their investment. Besides, this year is announced as the Year of Business Environment Improvement Reform. Within this framework, measures are taken to create even more favourable environment for investment.

I believe that this Forum play an important role in streamlining the international investment policy towards sustainable development and substantial ideas, views, comments and proposals will be born at this Forum.

I wish every success in the work of the Forum as well as in all your endeavours.

Thank you for your attention.