

ELBEGDORJ SWORN IN AS PRESIDENT, MAKE FIRST APPOINTMENTS

According to Xinhua, Mongolian President-elect Tsakhia Elbegdorj took the oath of office on Thursday, June 18. In an inaugural speech, Elbegdorj, a two-time former prime minister, called for national unity and vowed to fight corruption to the end. He also pledged efforts to improve the people's standard of living. According to leading English weekly UB Post, he said "The years to come shall bring to the Mongolian society to an entirely new development. Large-scale megaprojects with tremendous developmental effects shall be implemented in Mongolia. Mongolia's mining and infrastructure sectors remain in the core of attention of business circles. The projects are associated with issue of pivotal importance for Mongolia people's fundamental rights and benefits, our national security, our social harmony and sustainable development. I do fully comprehend that respecting the supreme benefits of Mongolian people; we ought to engage in mutually beneficial and effective cooperation." On Mongolia's foreign policy, he said his government will give priority to boosting friendly relations with the two neighboring countries -- China and Russia. Elbegdorj, a member of the second largest Democratic Party, will serve a four-year term after winning the May 24 election with 51.21 percent of the vote. In related news, President Ts. Elbegdorj has made first appointment for his Administration. He appointed Mr. D. Dorligjav as his Chief of Staff (Head of Administrative Office), Mr. Ts. Sukhbaatar as Foreign Policy Advisor and Mr. G. Ganzorig as Legal Policy Advisor. Mr. Sukhbaatar was a Head of Foreign Relations of DP and Ambassador to UK. Mr. Ganzorig has graduated from University of California and has worked in a law firm he established in the USA.

MONGOLIA WILL HAVE A NEW INTERNATIONAL AIRPORT IN SIX YEARS

At current Chingghis Khan International Airport 16 flights from 100 get delayed because of weather. The new international airport at Khushig's Valley will have 99.6 per cent being accurate. This is one of the reasons the new airport is to be built at the new location 50 kilometers from UB. This project is being financed by 40 year soft loan from Japan in the amount of JPY28.8B. Agreement has been signed between Ministry of Road, Transport, Construction and Urban Development, Civil Aviation Authority of Mongolia and Azusa Sekkei, Oriental Consultants of Japan on project consulting services to the Airport Project. The Airport will begin operations in 2015, it will be 4 times bigger than current airport, able to receive 1.7 M passengers per year and serve 18100 flights.

PROGRESS ON SEVERAL ISSUES AT TALKS WITH IVANHOE, SAYS ZORIGT

Minerals and Energy Minister D. Zorigt has said renewed negotiations with [Ivanhoe Mines](#) on the [Oyu Tolgoi](#) investing agreement have led to progress on several issues raised by MPs, but those related to finance are eluding a consensus. These mainly center on how Mongolia will provide its 34 percent share of the investment expenses. Another contentious issue is that of the period of the initial agreement. The regular Government meeting last week discussed a letter from Ivanhoe Mines which sought to dispel the doubts raised by MPs that the draft investment agreement did not adequately protect Mongolian interests and could even damage national security. Mr. Zorigt said **Mr. Robert Shapiro, co-founder and chairman of Sonecon, a U.S. private finance**

consultancy, is in Mongolia again to help in reaching an agreement on investing in the Oyu Tolgoi project. He earlier provided the Government and Parliament with information and analysis on various aspects of the proposed agreement. Mr. Shapiro feels the best course for the Government would be to impose taxes on the investor for the entire life of the project, rather than own equity in it, but accepts that a national government will have its own compulsionshis Ministry is preparing a reply to this and when it is ready it will be sent to the mining company as well as to the Government and Parliament. In related news,. In another related news, Senior Democratic Party MP, Mr. E.Bat-Uul has blamed Mongolia's "two neighbors" for the delay in reaching an agreement on investments on the two Tolgoi deposits. "We wouldn't be begging everybody for money if mining there had begun," he said, adding, "We got to tell the truth to the people. The neighbors do not want to let us out of their control and do not wish western mining giants to work here, as they think that may then allow the governments of the USA, Japan, Australia and such countries to have more influence in Mongolia." (Source: Ardiin Erkh, Zuunii medee,[the Mineral News, MNMA](#), June 19)

RABOBANK LEADS ERDENET COPPER PRE-FINANCING

[Ocean Partners](#), Rabobank and Banco Espirito Santo have signed a USD55 million trader-led pre-payment financing for the Erdenet Mining Corporation.This is the first new metals structured commodity finance transaction in the region since late 2008.

The one-year deal is a club arrangement, with Rabobank acting as coordinating arranger and providing USD42 million of the funding. Banco Espirito Santo (BES) is providing the remaining USD13 million. Ocean Partners is the borrower of record, which on-lends to Erdenet. As such, there is a pass-through risk, with performance risk being taken on Erdenet to produce and deliver copper concentrate to OP at the Chinese border. Pricing on the deal is not being disclosed.

Denton Wilde Sapte (DWS) acted as legal counsel for the lenders.(Source:

: www.tradefinancemagazine.com, June 19)

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