

DANGERS OF EXTRACTIVISM
– MONGOLIA CASE

OYU TOLGOI WATCH

D. SUKHGEREL

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MONGOLIA – NOMADIC SOCIETY



- LAND 3 TIMES **FRANCE**
- **2/3** – DESERT-SEMI DESERT
- **6** MONTHS COLD
- ARIDITY - SENSITIVE ECOLOGY
- **NOMADISM** – NECESSITY
- **DO NOT DIG** - HIGH SEISMICITY - HIGH MINERALISATION

HOW DID IT START?

- Mongolia became a member of the World Bank Group in February 1991. Since then, the World Bank has provided US\$808.17 million to Mongolia.
- As of April 2016, the Bank's portfolio in Mongolia has total commitments of \$188.14 million, composed of 8 operations financed by IDA credits totaling \$163.45 million and 12 trust funds totaling \$24.69 million.
- The majority of the projects support **infrastructure development, economic governance (policy reform) and institutional strengthening of the mining sector.**

ECONOMIC POLICY REFORM

- LIBERALIZATION -
- INVESTOR FRIENDLY POLICY FRAMEWORK
- DIVERSIFICATION

- JOB CREATION – MINING 5%, Ag – 40%
- ECONOMIC GROWTH – GDP – 17% in 2011, 7.6% bankrupt
- ACCESS TO GLOBAL MARKETS – single market - CHINA
- GLOBAL RECOGNITION - FAME – WELLKNOWN BANKRUPT

WB COUNTRY STRATEGY FOR MONGOLIA

“MONGOLIA – A COUNTRY ON THE VERGE OF AN UNPRECEDENTED MINERAL-LED TRANSFORMATION” – 2013-2017

- Mongolia received an IMF [bailout loan](#) in 2009 after “teetering on the verge of economic collapse” and requests again in Feb 2015

FT: “Economically, Mongolia sits on the razor’s edge: Proceed with mega projects and resume rapid growth, or enter an economic ice age...”
“It’s unclear to us what the IMF can do until they know what will happen” with developments such as [Tavan Tolgoi](#) and phase 2 of the Oyu Tolgoi project...”.

WHAT NOW?

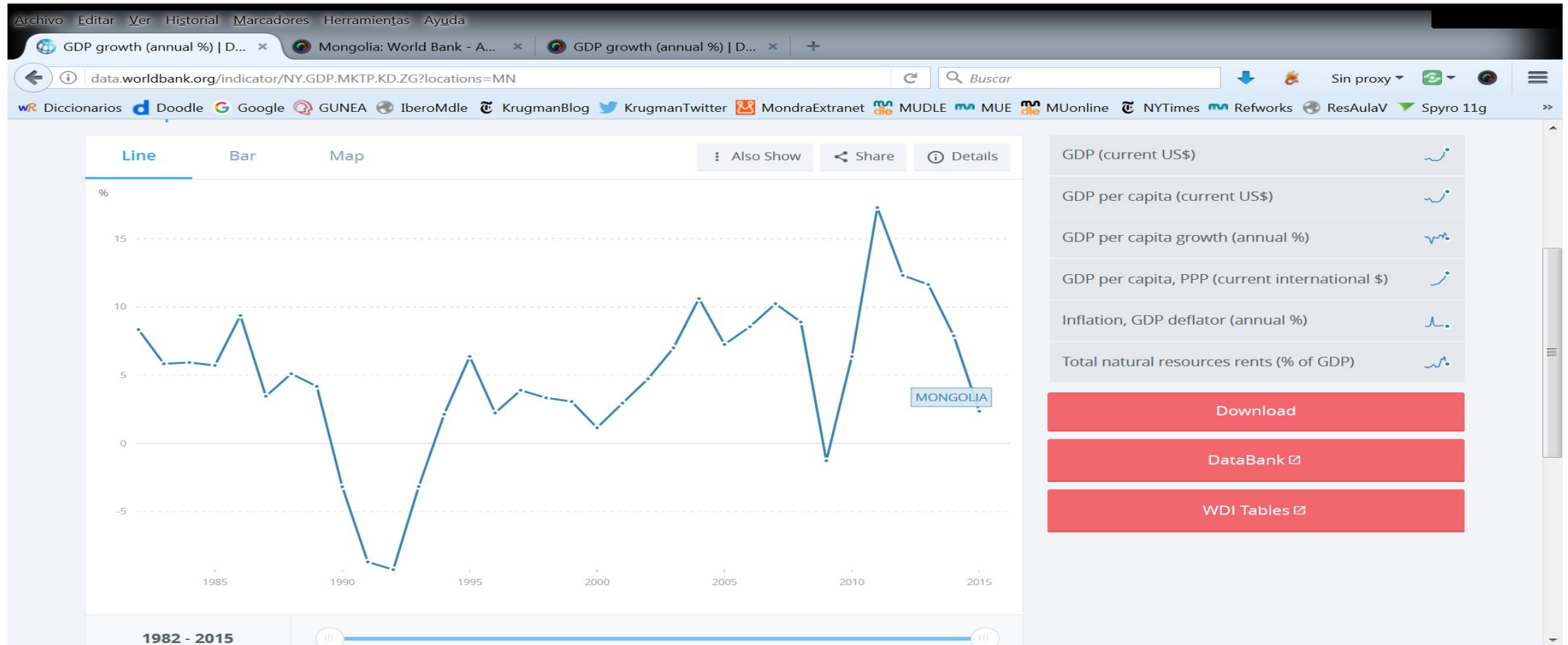
- Feb 2017 – IMF agrees to give a \$440M bailout in Extended fund Facility program
- Dr. Pascale Hatcher wrote: “... the country’s mining regime is riddled with **orchestrated contradictions**, whereby the government is attempting to merge a strict socio-developmental narrative with an unequivocal neoliberal framework geared to attract large-scale foreign mining investors.
- Conditionalities? – **March 2017 – Mongolia creates a Council for Protection of Investor Rights**

DEPENDENT ON ONE MARKET – CHINA

ONE PRODUCT – MINERALS

- CHINA'S SHARE IN MONGOLIA KEY ECONOMIC VARIABLES
- 84% OF EXPORTS (2015)
- IMPORTS 35% (2015)
- TOURISM 45% (2015)
- REGISTERED FOREIGN COMPANIES – 50% (2015)
- FDI – 25% (2005-2013)

MONGOLIA vs MINEGOLIA: PAYING THE PRICE

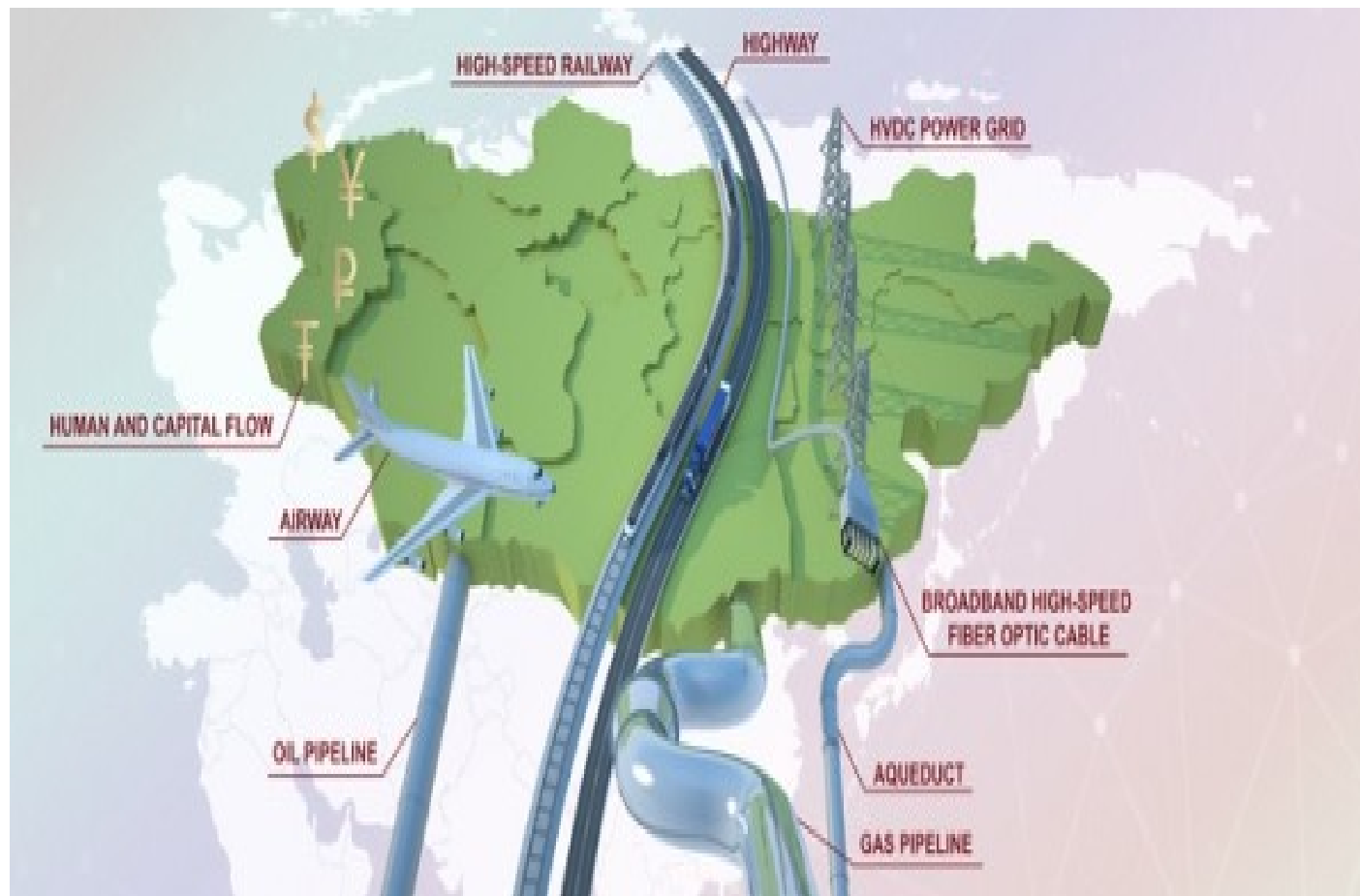


EXTRACTIVISM = LOSS OF INDEPENDENCE

- CAPTURED BY CAPITAL?

- IMF
- WORLD BANK GROUP
- ADB
- EBRD
- AIIB

- RIO TINTO
- BHP
- CAMECO
- ANGLO-AMERICAN
- CHINALCO
- CHALCO



THANK YOU FOR YOUR ATTENTION

- OT WATCH
- otwatch@gmail.com
- www.minewatch.mn