



The AMERICAN CHAMBER of Commerce in Mongolia

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Mongolia needs to seize opportunity to break boom-and-bust cycle

ULAANBAATAR- The American Chamber of Commerce in Mongolia held its May Monthly Meeting hosting a panel discussion with International Finance Corporation, International Monetary Fund, and World Bank Country Representatives. The May Monthly Meeting was held on Wednesday May 8, 2019 at Shangri-La Hotel, Ulaanbaatar. AmCham's members and investors attended the event and discussed recommendations to regulators on policy reforms, and challenges and opportunities in the finance and economy sectors. The panelists emphasized the importance of increasing private sector-led economy as the way to move forward to secure the current economic growth and foster stable development in the long run. They also stated that although public investments and public sector jobs are helpful in the short-term, they are not sustainable in the long-term.

The newly appointed World Bank's Country Representative Andrei Mikhnev highlighted that mission of the World Bank is to contribute to poverty reduction since poverty significantly increased after the economic crisis. He mentioned that if current policies are stable, it is predicted that GDP will grow by 7.2% in 2019, thereby increasing employment. "Private-sector led growth and creation of jobs should be our foremost priority to manifest steady results in the long run." He also mentioned various risks on the horizon; political uncertainty exacerbated by the 2020 elections, effects of an escalating trade war between China and USA on the global commodity market, money laundering issues, and climate shocks such as drought or harsh winter.

International Monetary Fund's Country Representative Neil Saker stated the Extended Fund Facility Program is moving forward and expected to be completed in 2020. In terms of the banking sector he noted that Mongolian banks need to support economic growth and that he sees immense potential in fintech and mobile banking. Neil's main concern is uncertainties in policy and regulators. "Policy consistency is much needed - changing everyone in the public sector every time there is an election interferes with policy." He also suggested Mongolia needs to foster capital market development to boost economic growth and welfare.

International Finance Corporation Country Representative Rufat Alimardanov highlighted the fact that economic growth varies in context, and what may work for one system may not work for another. "Diversification is not necessarily needed for growth, but it is needed to have a balanced economy. Especially in countries like Mongolia, where they had recent shocks, diversification immensely helps to increase employment and build institutions. Foremost, Mongolia needs to clearly articulate what their objectives are and how to get there. FDI's are also crucial in Mongolian economic growth but let's move away from OT - for example, there are almost no investors in the banking sector." Rufat emphasized ways forward for the Mongolian economy is to focus on financial and environmental sustainability.

About AmCham Mongolia

AmCham Mongolia is an independent membership-driven organization that seeks to build, strengthen, and protect business between the United States and Mongolia, and to actively promote Mongolia as a destination for American investment. AmCham Mongolia is the official local affiliate of the U.S. Chamber of Commerce, the largest business federation in the world with over 3 million member companies. AmCham Mongolia is also a member of the Asia-Pacific Council of American Chambers of Commerce, consisting of 29 American Chambers of Commerce in the Asia-Pacific region.