

Remarks by Nicholas M. Hill
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U.S. Embassy Ulaanbaatar
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Mr. President, Mr. Mayor, Mr. Chairman, distinguished guests. Thank you for the opportunity to participate in this 19th Northeast Asia Economic Forum.

We at the U.S. Embassy in Ulaanbaatar are honored to support the important work of this regional, United States-based, organization and are extremely impressed by the breadth and depth of the issues you will tackle over the next two days. We are equally impressed by the range of participants who have traveled here to Mongolia and the countries they represent. I would like to extend a particularly warm welcome to those of you who traveled from the United States and are committed to engagement in this important region. Your attendance, and that of everyone here, makes it clear that it will be an exciting two days of discussion of important regional issues that affect us all.

I cannot imagine a more opportune time for Mongolia to host this event. Nearly one year ago the government of Mongolia signed the landmark Oyu Tolgoi mining agreement with Rio Tinto and Ivanhoe -- right here in this building, representing the start of what we all hope and expect will be an important new era in this country's development. The success in concluding the OT deal, as well as other projects of all sizes, demonstrates clearly the importance of both domestic leadership and regional and foreign collaboration.

Most importantly, the Oyu Tolgoi deal sent a clear signal that Mongolia is open to and actively seeks foreign investment. Development of the site over the past year has occurred side-by-side with critical and ongoing discussions about how to ensure that the population as a whole gains from the country's natural resources for decades to come. If the vast resources are managed correctly, those benefits can extend beyond employment and training for project workers and suppliers and have a dramatic multiplier effect on all of Mongolian society.

Even starting from the micro-level, it becomes clear very quickly just what OT can mean. I personally visited the mining site in May this year, and was immediately

struck by the hundreds of Mongolians working in extremely technical, high-level jobs. I don't recall the exact numbers, but I believe more than 90 percent of the 2,000 plus workers on site were Mongolian, working on the most transformational project their country has ever seen.

As I noted at last year's "Discover Mongolia" mining conference, however, the challenge before the people and the government and Mongolia is to ensure that the country's institutional framework is up to the broader development task. We believe that Mongolia is up to the challenge of building that framework, but it will take a carefully planned, closely collaborative effort on the part of the government and all its partners -- in business, civil society, and, of course, regionally and internationally -- to make it happen.

The need to address these challenges head on will become ever more important as other projects come on line. And there are good reasons to believe that OT is just the start. While that project is certainly transformational in its own right, we continue to pay very close attention to other mining developments, large-scale and small. On the large-scale side of the equation, for example, there are several firms with U.S. interests connected to Oyu Tolgoi, and St. Louis-based Peabody Energy also remains very interested in the Tavan Tolgoi coal deposit.

On the smaller -- but still substantial -- side, we routinely receive U.S. investors looking to partner with local and regional firms to develop the sector in economically sound and environmentally conscious ways. We are particularly delighted that a U.S. government agency, the Overseas Private Investment Corporation, has just awarded its first-ever loan in Mongolian, \$10 million to a U.S. firm to develop a placer gold mine a few hundred kilometers west of Ulaanbaatar.

Of course -- and as this Forum highlights -- management of regional issues and relationships will be essential in determining Mongolia's long-term economic success. We are not alone in the ability to highlight the interest and role of our firms in partnering with Mongolia to develop the economy. All of the countries represented at this Forum have an important role to play, in the full range of areas you will discuss -- not only mining but also the environment, logistics, and general assistance cooperation.

Here, too, our long bilateral partnership with Mongolia demonstrates clearly the country's desire to think and work beyond its borders and highlights the importance of regional cooperation. To illustrate, our bilateral relationship spans the full range of issues, not just in the economic and commercial areas I have been discussing but also including issues such as domestic and international politics, international peacekeeping, and development assistance. Our engagement in all of these areas has given us a unique and up-close view of the country's critical role in the region.

Politically, this year we celebrate the 20th anniversary of Mongolia embracing democracy. As with the economic challenges Mongolia now faces as mining takes off, two decades ago the country faced perhaps an even more daunting set of trials -- setting up its government, drafting a constitution, and changing a cultural mindset. Mongolia, however, did not embark on this path alone, and has reached out to an extraordinary range of partners in support of institution building. Others have much to learn from this experience on how to work regionally and globally to advance a nation's goals.

On the peacekeeping front, Mongolia has in less than a decade become a leading partner around the world, working with the United States and other countries in places as diverse as Iraq, Chad, and Haiti. Here, too, Mongolia has shown itself to be a skilled, equal partner, again providing a leading example for how to engage internationally.

We have also maintained an active development relationship with Mongolia. Our Agency for International Development has been here since the early 1990s, and has helped the country work through tough issues such as bank restructuring, energy production and policy, and good governance. Our \$285 million Millennium Challenge Compact, now about halfway through its five-year implementation process, is making significant contributions in transportation, training, health, property rights, and energy. But Mongolia has taken pains to ensure that U.S. development efforts are coordinated closely with that of other bilateral and multilateral donors. This has helped promote a cohesive and comprehensive approach which we all work to implement as effectively as possible.

That last point requires me to emphasize that we are but one of Mongolia's "third neighbors," with all of them -- along with the two near neighbors -- playing critical roles in all of these areas. That theme, of course, brings us back to the main purpose of this Forum -- to discuss how nations that share space on the map and want to support national and regional development can work together.

Our experience here tells us that Mongolia has a lot to share with you in this area, but also that you have a lot to share with Mongolia and each other to help achieve this important goal. Thank you again for the opportunity to join you, and my best wishes for great success in the coming days.

Thank you.