

1th
Anniversary



AmCham Virtual Doorknock

Washington, D.C | June 23-25, 2021

REPORT



The American Chamber of Commerce Mongolia (AmCham) has been organizing its U.S. Trade Mission annually since 2014, to strengthen the commercial relationship between Mongolia and the United States. The AmCham U.S. Trade Mission lays the foundation for further engagement in Washington, D.C., in order to continue our efforts to strengthen U.S.-Mongolian commercial ties.

The first virtual U.S. Trade Mission to Washington, D.C. was successfully held on June 23 - 25, 2020. This year's Trade Mission was on target in terms of its agenda and the level of its engagements. The mission was organized virtually with key U.S. stakeholders in Washington, D.C.

AmCham Mongolia's first virtual Doorknock was attended by 11 delegates. The highlight of this year's event was meetings with Congressman Don Young and Congresswoman Dina Titus, as well as senior leaders of the Biden Administration. The meetings discussed ideas and opportunities for supporting and promoting bilateral economic and commercial relations between the United States and Mongolia. The delegation advocated for policies that will leverage the strategic partnership between the two countries.

AmCham Mongolia's key policy messages:

The key policy messages conveyed by AmCham Mongolia's Chairman, Vice Chairwoman, and delegates were:

- Stronger promotion for investment is needed for Americans to invest in Mongolia and for Mongolians to invest in America. Although U.S. investments have been gradually increasing, the numbers are still low (below one billion USD per year). In contrast, Canada, which is not a strategic partner, invested 8 billion USD in Mongolia. The top five countries investing in Mongolia since 1990 are Canada, China, the Netherlands, Luxembourg, and Singapore.
- Greater, swifter and easier access to competitive private sector financing through the Development Finance Corporation, U.S. EXIM Bank, and Millennium Challenge Corporation are critical.
- A bilateral tax treaty between the United States and Mongolia will bolster economic and commercial relations between the United States and Mongolia. Mongolia has already concluded bilateral tax treaties with over 20 countries, including the UK, Germany, France, Russia, and China. To that end, AmCham must call on Washington to enter into a bilateral tax treaty with Mongolia.
- A free trade agreement between the United States and Mongolia will bolster the economic and commercial relations between the United States and Mongolia. Mongolia has already concluded free trade agreements with Japan, Canada, and the Eurasian Economic Union, and negotiations are ongoing with Russia and South Korea to conclude similar agreements.
- It is essential to advocate for a focused and clear policy of economic diversification in Mongolia, encouraging the agriculture and energy (including renewable energy) sectors to utilize innovative and advanced American technology, machinery, and know-how.
- AmCham Mongolia appreciates Congress members Don Young and Dina Titus for their co-sponsorship of the Mongolia Third Neighbor Trade Act (MTNTA). The enactment of MTNTA

should serve as a means to grow bilateral economic and commercial relations between the United States and Mongolia, and to counterbalance China’s geopolitical capture of the Mongolian cashmere industry, which makes up a significant portion of the global industry. AmCham asked Congressman Young and Congresswoman Titus to continue their push for the MTNTA and offered our support.

- Expanding existing programs and launching new programs to support the legislative capacity of Mongolia’s Parliament, resolving policy issues, and addressing bilateral and regional partnership issues.
- Policy actions required from different stakeholders—the American government, investors, the Mongolian government, and the private sector—to advance bilateral commercial relations.

KEY TAKEAWAYS FROM THE MEETINGS

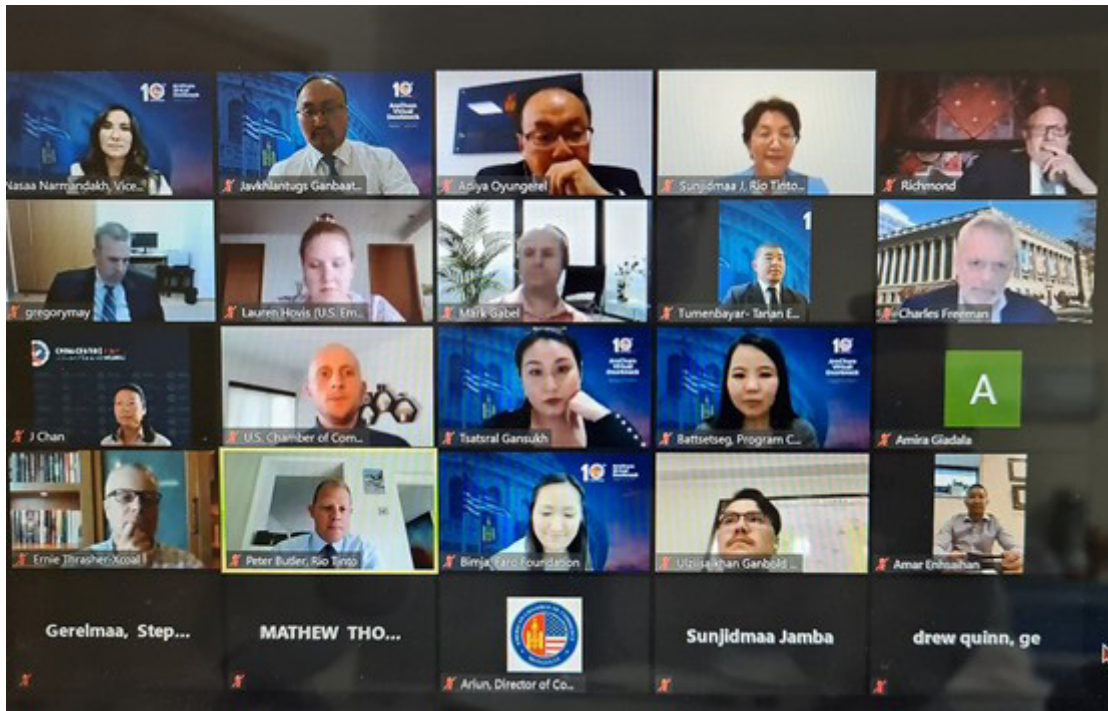
Virtual meeting with the U.S. Chamber of Commerce on June 23

A meeting with senior leaders of the U.S. Chamber of Commerce were held virtually. The meeting was chaired by AmCham’s chairman, Mr. James Liotta, and Vice Chairwoman Ms. Munkhnasan Narmandakh.



AmCham Vice Chairwoman Munkhnasan Narmandakh delivers her opening remarks during a meeting with members of the U.S. Chamber of Commerce.

The delegates met with Charles Freeman, Senior Vice President for Asia, and Jocelyn Chan, Executive Director (China), at the U.S. Chamber of Commerce, as well as Drew Quinn (Boeing), Radhika Bhalla, Mathew Thomas, Amira Giadala, and Kevin Zhang, and Ulziisaikhan Ganbold, Deputy Director of the Mongolian Ministry of Foreign Affairs (MoFA).



During the U.S. Chamber of Commerce meeting, key discussions were focused on more robust bilateral trade and investment, including digital trade and commercial relationships under the Biden Administration. The delegates asked whether Mongolia is planning to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which is a trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Deputy Director Ulziisaikhan (MoFA) stated that Mongolia is doing its best to diversify its economy. Mongolia signed its fifth free trade agreement with Japan; however, this agreement is not helping to increase Mongolia's exports to Japan. Mongolia is also planning to join the Asia Pacific Trade Agreement (APTA), which has six member countries, including China, South Korea, and Japan.



Charles Freeman, Senior Vice President for Asia, U.S. Chamber of Commerce

Mr. Charles Freeman (U.S. Chamber of Commerce) stated that increased communication, such as the Doorknock, is critical for the promotion of U.S.-Mongolia trade and commerce, providing the latest updates on the investment climate in Mongolia. He noted that Oyu Tolgoi is the primary ambassador for the investment climate in Mongolia.

To promote trade relations between the United States and Mongolia, Ms. Jocelyn Chan (U.S. Chamber of Commerce) stated that more virtual trade missions, including virtual Certified Trade Missions and roundtables, could be organized in the near future between Mongolian and American businesses. This would enable frequent updates on the business opportunities in Mongolia, policy changes within the Biden Administration and Indo-Pacific strategy, and give Mongolian companies access to U.S. events.

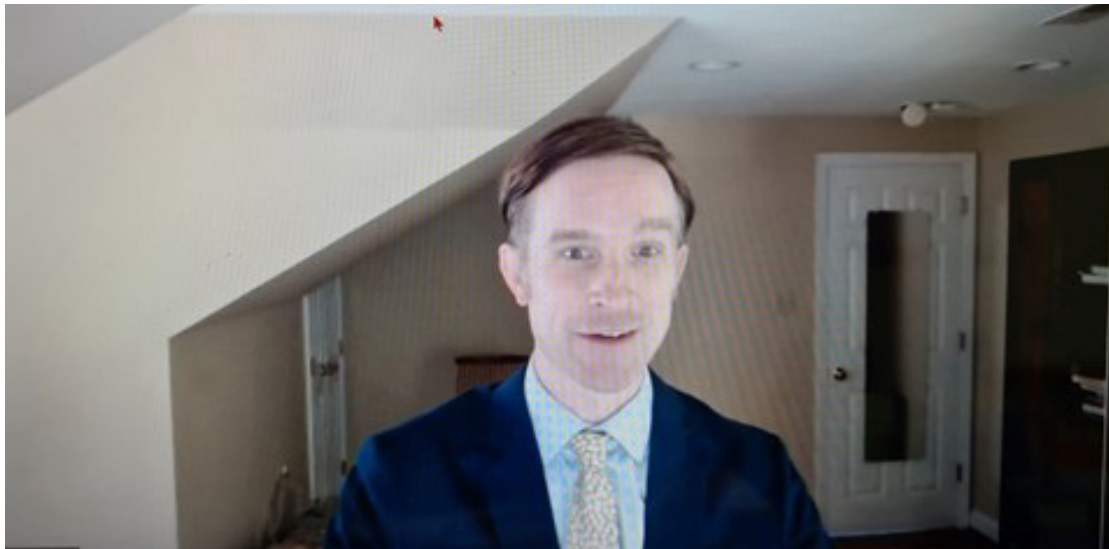
The following representatives of U.S. businesses attended the meeting with the U.S. Chamber of Commerce:

- Rio Tinto – Amira Giadala Mostafa, Policy Coordinator
- GE - Jorge Benavides, Consultant (on behalf of Drew Quinn)
- Viatrix
 - Toni Arce, Head of International Affairs for Emerging Markets & Head of Corporate Affairs for Latin America
 - Mathew Thomas, Head of Corporate Affairs, Emerging Asia
 - Radhika Bhalla, Head of Emerging Asia Alliance Markets
- Xcoal Energy & Resources – Ernie Thrasher, CEO

Drew Quinn (Boeing) stated that it would be a meaningful achievement for the U.S. to join the CPTPP, especially in regard to the renewable energy sector.

Meeting with the U.S. Department of Commerce, June 23

- Scott Tatlock – Acting Deputy Assistant Secretary for China and Mongolia
- Tyler Shields – Director of the Office of China and Mongolia
- Zhen Gong Cross – Head of Mongolian Affairs at the U.S. Department of Commerce



Mr. Scott Tatlock, Acting Deputy Assistant Secretary for China and Mongolia

During these meetings, both interest in and the potential of Mongolia’s commercial relationship with the U.S. was well-covered. More virtual roundtables with specific sectors can be organized. The U.S. Development Finance Corporation (DFC) works to promote U.S. jobs and export U.S. products, equipment, technology and know-how. AmCham delegates, including MSM Group and Tanan Express, raised the issue of the logistical bottleneck at Tianjin Port, where hundreds of cargo containers with perishable items have been stuck for months now. The delay has doubling shipping costs, resulting in a logistical crisis.

Mr. Scott Tatlock, Acting Deputy Assistant Secretary for China and Mongolia, stated that there are some global initiatives that the United States is leading, including Build Back Better World. Build Back Better World or B3W is an initiative being undertaken by G7 countries. Launched in 2021, the initiative is designed to counter China’s strategic influence by providing an alternative to the Belt and Road Initiative for the infrastructural development of low and middle-income countries. This initiative could address these logistical challenges, including shipping products from Mongolia to the United States.



The delegates also raised the issue of direct flight and cargo shipments between the United States and Mongolia. Ms. Lauren Hovis from the U.S. Embassy in Mongolia gave an update on the status of plans for the direct flight between the United States and Mongolia. Ten working groups with members from the Federal Aviation Administration, Transportation Security Administration, and Civil Aviation Authority have been formed.

The delegate representing Facebook inquired about the opportunity to bring in tech giants and data centers to Mongolia through World Trade Center Washington D.C., in connection to U.S. exports.

Meeting with Congressman Don Young on June 24

In his opening remarks, Mr. James Liotta, AmCham Chairman, stated that Mongolia, a democracy sandwiched between Russia and China, is uniquely positioned for containing China and Russia's economic and political influence, a top priority for the national security of the United States. He thanked Congressman Young for his co-sponsorship of the MTNTA and for his time during the trade mission. He offered AmCham Mongolia's assistance for expediting the passage of the MTNTA through Congress.



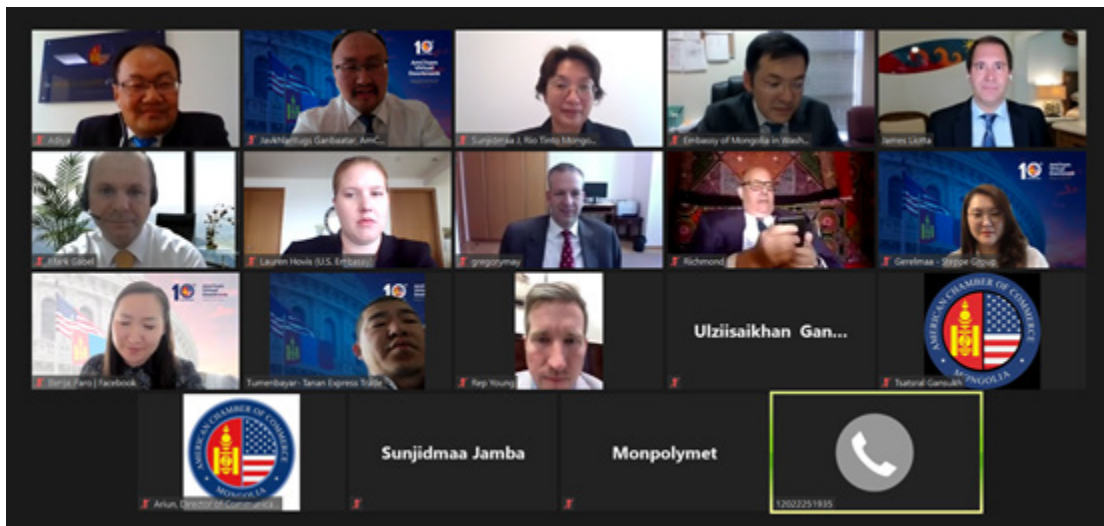
Mr. James Liotta, AmCham Chairman, delivers his opening remarks during the meeting with Congressman Don Young.

Mr. Ya. Bold-Erdene, from the Mongolian Embassy in Washington, D.C., and Mr. G. Ulziisaikhan (MoFA) also thanked Congressman Young for his co-sponsorship of the MTNTA, which is crucial for diversifying the Mongolian economy and increasing Mongolian exports to the United States.



Mr. Ya. Bold-Erdene, Consul, Mongolian Embassy in Washington, D.C.

Congressman Young stated that Mongolia is a strategic partner of the United States, and it has an important role in the U.S. Indo-Pacific strategy and geopolitics to contain China and Russia’s influence in the region, and he will do his best to get the MTNTA passed by Congress. Congressman Young also said that he would like to visit Mongolia, when the time is right. U.S. Embassy representatives stated that they would be happy to host him and his staffers in Mongolia anytime.



AmCham Mongolia is grateful to Congressman Don Young for his co-sponsorship of the Mongolia Third Neighbor Trade Act.

Mr. Mark Gabel (MSM Group) spoke about the possibility of importing new, duty-free American vehicles to Mongolia for the mining and agriculture sectors. Congressman Young requested more specific information and briefing materials regarding the issue.

Meeting with the U.S. Department of the Treasury on June 24

- Tim Dane – Strategic Policy, Department of the Treasury
- Audrey Lee – East Asia Office, Regional
- David Park – Anti-money Laundering and Terrorism Financing

AmCham’s key policy messages and agenda:

1. Bilateral tax treaties, advance talks with the U.S.
2. Global trends and developments in the U.S. financial sector in a post-pandemic context
3. Corresponding banks in the U.S. working with Mongolian banks for financial transactions
4. Global AML, the latest global developments, and emerging challenges in the virtual environment
5. The Treasury Department’s support for Mongolia in addressing the recent grey-listing and ways forward to continue reforms
6. Regulation of emerging virtual assets and cryptocurrencies



The U.S. Department of the Treasury was impressed with Mongolia’s quick removal from the Financial Action Task Force grey list. It was noted that Mongolia can play a big part in U.S. Indo-Pacific strategy by improving the business climate.

AmCham delegates raised the issue of a lack of U.S. corresponding banks working with banks in Mongolia, as it would speed up payment processes for businesses. In response to this question, a Treasury Department stated that they have no power over private bank matters, and it is up to the banks to decide if they want to act as a corresponding bank after calculating risks. The Treasury Department, like many other government agencies around the world, is also slower in accepting cryptocurrency as payment than the private sector.



Steppe Group raised the issue of the Double Taxation Agreement (DTA) and withholding taxes, and stated that the Department of the Treasury should make clear distinctions when defining applicable taxes. The Treasury Department representatives stated that they would get back to us on this.

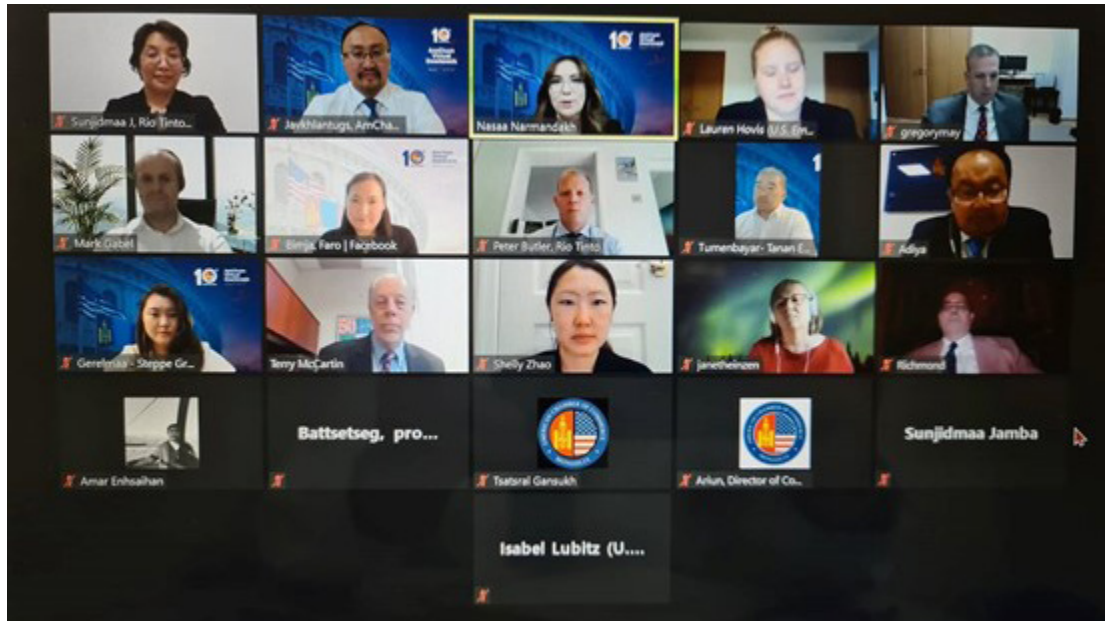
Rio Tinto and Oyu Tolgoi delegates, including Mr. Peter Butler, asked for more information on the U.S Indo-Pacific strategy and access to financing, particularly funding for mega projects.



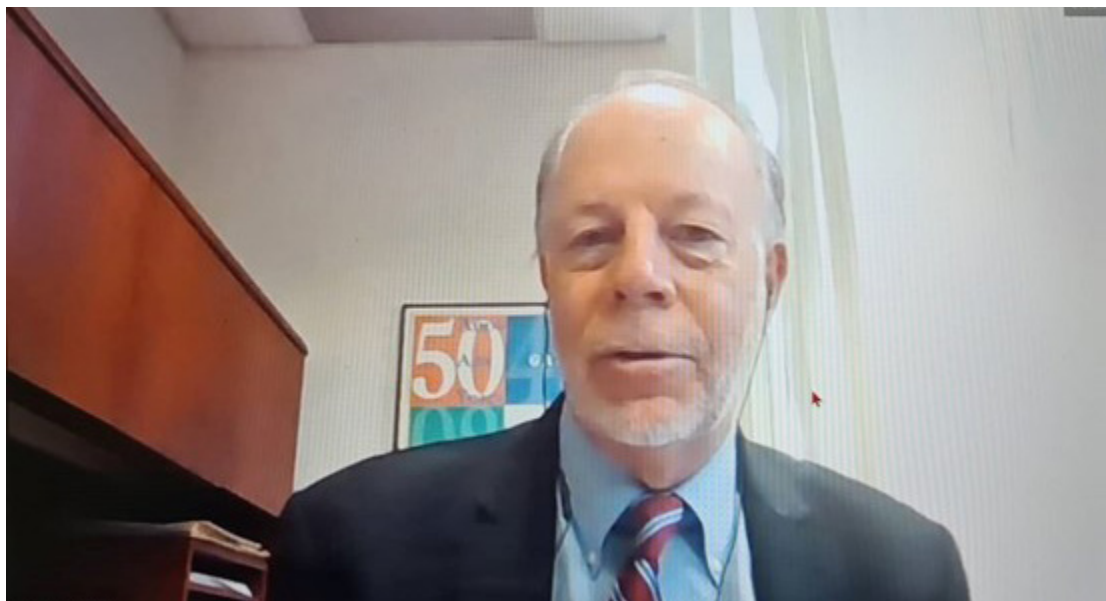
The Department of the Treasury asked Rio Tinto's Mongolia representatives to provide a list of upcoming milestones for Oyu Tolgoi and its underground mine.

Meeting with the Office of the U.S. Trade Representative (USTR) on June 24

- Terry McCartin – Assistant U.S. Trade Representative
- Shelly Zhao – Director for China Affairs at the Office of the U.S. Trade Representative
- Janet Heinzen – Textiles Office



Mr. Terry McCartin (USTR) advised us that MTNTA should not be the primary strategy for getting Mongolian cashmere to the U.S. market, as there is the issue of needing a World Trade Organization waiver.



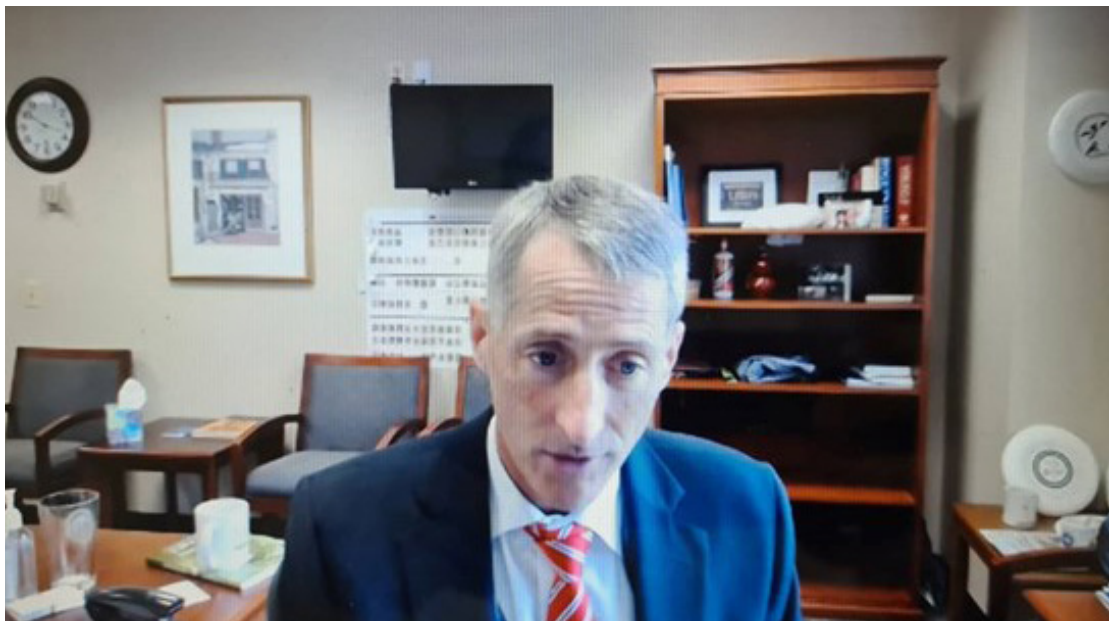
AmCham also requested more information regarding adding Mongolian cashmere to the existing General System of Preferences (GSP) to promote the export of natural, eco-friendly Mongolian cashmere to the American market. Ms. Shelly Zhao (USTR) stated that adding items to the GSP list requires a lot of work.

Mr. Mark Gabel (MSM Group) raised the possibility of importing duty-free American vehicles equipped with the latest technology to Mongolia for the mining agriculture sectors. He stated that every year, Mongolia imports 70,000 used vehicles from Japan.



Meeting with the U.S. Department of State on June 24

- Jonathan Fritz – Deputy Assistant Secretary



The following specific policy messages were conveyed by AmCham Vice Chairwoman Ms. Munkhnasan Narmandakh:

- Proactive initiatives in advancing the Economic Transparency Agreement between the U.S and Mongolia through building a broader coalition in Mongolia, mobilizing AmCham and other stakeholders. AmCham Mongolia is committed to being actively engaged in this process
- Expanding U.S. “vaccine diplomacy” to provide developing countries, including Mongolia, with access to U.S. vaccines, particularly for children and pregnant women, which are needed as soon as possible.
- Ways forward for leveraging the strategic partnership agreement concluded between the two countries. The declaration of the partnership indicates Mongolia’s successful utilization of its third neighbor policy, and makes the United States the fifth country to ink a strategic partnership with Mongolia. Mongolia has established strategic partnerships with Russia (2006), Japan (2010), China (2014), and India (2015).

Meeting with the National Security Council on June 25



Adam Farrar, Director for the Korean Peninsula and Mongolia at the National Security Council (NSC), stated that the U.S is not in competition with China, and Mongolia has a great role in U.S. Indo-Pacific strategy. He also said that addressing the COVID-19 pandemic is a number one priority for the United States, and it is investing 80 million USD in global health security.



Adam Farrar, Director for the Korean Peninsula and Mongolia at the National Security Council (NSC)

The following specific policy messages were conveyed by AmCham Vice Chairwoman Ms. Munkhnasan Narmandakh:

- U.S.-China commercial relations: major issues, ways to move forward, the impact on Mongolia
- U.S.-led regional initiatives to counterbalance the influence of China in the region, such as the Quad Alliance
- Expanding U.S. “vaccine diplomacy” to provide developing countries, including Mongolia, with access to U.S. vaccines, particularly for children and pregnant women, which are needed as soon as possible.

AmCham delegates also raised the issue of the prevalence of Chinese SOEs in the Mongolian market, which is threatening the existence of privately sector Mongolian companies, particularly those operating in construction and cement production.

Meeting with Congresswoman Dina Titus on June 25

During her opening remarks, AmCham Mongolia’s Vice Chairwoman, Ms. Munkhnasan Narmandakh, thanked Congresswoman Titus for her leadership in the U.S. Mongolia Friendship Caucus and her co-sponsorship of the MTNTA. She asked if there was anything that AmCham Mongolia could do to expedite the passage of the MTNTA through the U.S. Congress.



Mr. Joel Cohen, aide to Rep. Titus, stated that the MTNTA is with the House Ways and Means Committee, and unfortunately, Congresswoman Titus is not on the committee, so there is not much she can do to expedite its passage. However, she noted that AmCham could contact senators Cardin and McCartin regarding introducing the MTNTA to the Senate, and to follow up with them regarding its progress.

Mr. Cohen also stated that Congresswoman Titus has been on the Transportation and Infrastructure Committee since 2008, which oversees transportation issues, including direct flights and cargo flights to Mongolia. He offered us a new approach to working on establishing direct cargo flights to help minimize dependence on the Tianjin route. Upon learning that Congresswoman Titus sits on the Subcommittee on Aviation, AmCham Vice Chairwoman Munkhnasan asked for the Congresswoman's support in establishing direct flights from the United States to Mongolia. The current delays at Tianjin Port have left many containers full of now worthless perishable items after being stuck there for over three months. Many of these imports from the U.S. are orders from Mongolian SMEs. Due to this transportation bottleneck, in the future, many Mongolian businesses will look to importing from within the region, such as companies in China, to avoid financial losses. Having a direct cargo flight, utilizing unused passenger airplanes, could significantly increase trade between the countries. Mr. Cohen stated that he would bring this issue to the Congresswoman's full attention.

Mr. Mark Gabel (MSM Group) spoke again about the possibility of importing duty-free American vehicles, such as those produced by Ford, for use in Mongolia's mining and agriculture sectors. Mr. Cohen asked him to send follow-up documents.

Major Outcomes of the Virtual Trade Mission

The first virtual AmCham Trade Mission to the U.S. was successful and productive. The Mongolian team built a good foundation for further engagement with the Biden Administration, Senate, and Congress.

Key policy messages for strengthening Mongolia-U.S. trade and commercial relations were reinforced and well delivered throughout the Trade Mission.

Specific outcomes and follow-ups from the Trade Mission:

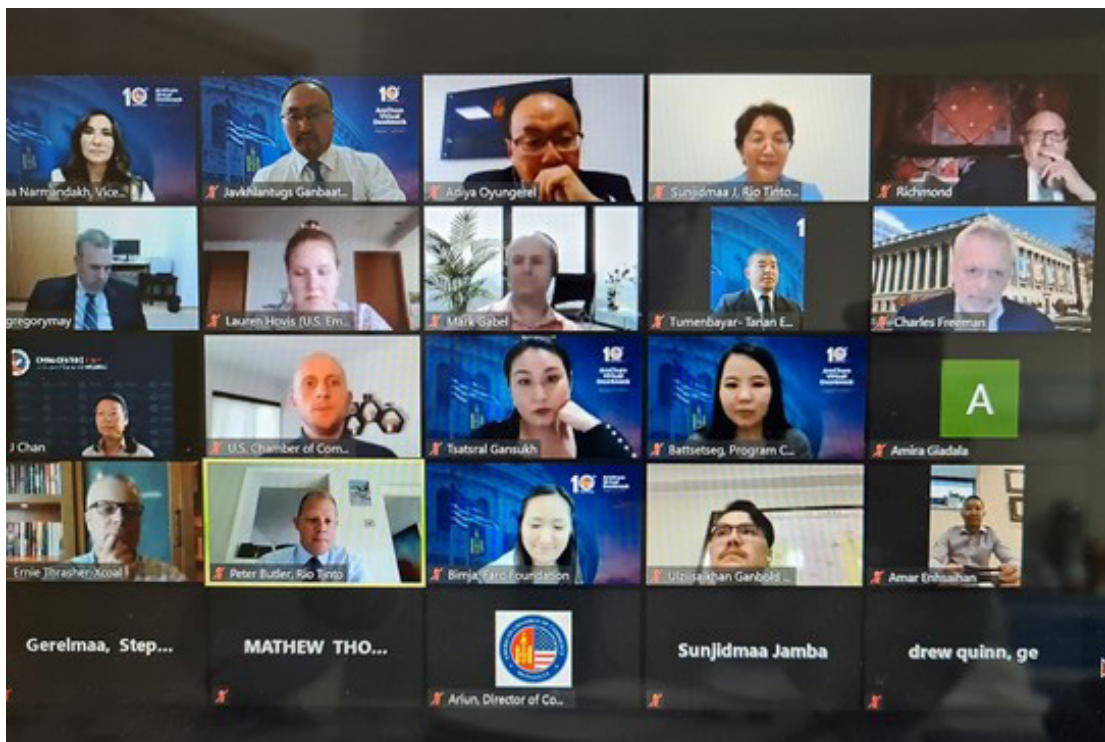
The Trade Mission reinforced the need for the passing of the Mongolia Third Neighbor Trade Act:

- AmCham Mongolia will contact U.S. Senators Cardin and McCartin regarding Senate introducing the MTNTA
 - More clarity is needed in regard to the specific requirements for adding Mongolian cashmere to the GSP list
 - AmCham Mongolia will maintain regular communication with Congressman Young and Congresswoman Titus regarding the progress of the MTNTA
- The event strengthened the foundation for continued engagement and relations with the Biden Administration and Congress.
 - Increased collaboration with the U.S. Chamber of Commerce is required to organize more virtual trade missions and briefings to raise more awareness of Mongolia's business and investment opportunities.
 - The participating businesses established new engagements and contact with businesses in the United States.
 - The possibility of importing new, duty-free American vehicles for the Mongolian mining and agriculture sectors was discussed. Congressman Young and Congresswoman Titus both requested more specific information and briefing materials regarding this issue.
 - The possibility of having direct passenger and cargo flights between the United States and Mongolia was discussed to help Mongolia's logistical challenges.
 - The issue of the DTA and the withholding of taxes was discussed, and it was stated that the Department of the Treasury should make clear distinctions when applying these taxes. Representatives of the Department of the Treasury stated that they will get back to us on this. AmCham Mongolia needs to follow up on this issue with the Department of the Treasury.
 - Rio Tinto Mongolia was asked to provide a list of upcoming milestones for Oyu Tolgoi and its underground mine to the Department of the Treasury.

Special thanks to AmCham Mongolia’s delegates

AmCham Mongolia’s first Virtual Doorknock was made possible thanks to the active participation and commitment of Rio Tinto Mongolia, Monpolymet Group, MSM Group, Tanan Express Trade, Ard Group, Steppe Group, and FARO Foundation Mongolia and Facebook, in cooperation with the U.S. Embassy in Mongolia, the Mongolian Ministry of Foreign Affairs, and the Mongolian Embassy in Washington, D.C.

Although it was their first Doorknock, many of the AmCham delegates expressed that all the meetings were very productive, with good participations and quality discussions, and they enjoyed them very much. Along with AmCham Mongolia, MoFA, the U.S. Embassy in Mongolia, and business representatives, they were very happy to promote Mongolia’s potential and support increased commercial relationships between the U.S. and Mongolia.



AmCham Mongolia delegates during the first Virtual Doorknock Trade Mission, held on June 23-25, 2021.