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## Press Release

### AmCham Mongolia calls for reforming state-owned enterprises, promoting a free market economy to attract investors



ULAANBAATAR, Mongolia – The American Chamber of Commerce in Mongolia (AmCham Mongolia) organized its February Monthly Meeting, Mongolia: Free Market or State-owned Capitalism?, on February 28, 2023, at Shangri-La Ulaanbaatar.

The February Monthly Meeting featured a panel discussion with private sector leaders, including President of ONDO Anar Chinbaatar, President of MNCCI Amartuvshin Otgondavaa, and VP Industrial of MSM Group Matthew Metz, with Vice-Chairwoman of AmCham Mongolia Onchinsuren Dendevsambuu as moderator. The panelists shared their views on the current status of Mongolia's state-owned enterprises (SOEs), their involvement in the business sector, and the implications posed for a free market economy.



Moderator Onchinsuren Dendevsambuu opened the discussion by addressing the guests. She emphasized the need for the further privatization of SOEs, the risks of conducting private sector business as a regulator and participant, and the imbalanced competitiveness between state-owned companies and their privately-owned counterparts. Lucrative industries such as mining, energy, rail, and other sectors are still dominated by SOEs, perpetuating uncertainty in self-regulation, which concerns all stakeholders in a democratic, free-market economy.

Panelist Amartuvshin Otgondavaa, president of MNCCI, urged all government stakeholders to uphold the rule of law, reduce the direct involvement of SOEs, and make greater privatization efforts. He spoke about Georgia's success story, where privatization yielded positive outcomes. The country managed its portfolio well enough that over 90 percent of state-owned assets and companies became formidable private entities three decades ago. Amartuvshin noted, "Drawing on the patterns and similar symptoms of Georgia, if we do not act, we may never witness greater economic success without escaping the so-called 'circle of demise'." He emphasized the importance of the state not holding assets but instead acting solely as a regulator.



Matthew Metz, vice-president of MSM Group's Industrial Division, drew attention to the government's increasing involvement in the private sector, signaling a major concern for investors and stakeholders. He asked, "Why investors would be willing to invest in a country where the state is their direct competitor in multiple industries is a question many potential investors will be asking." He added that government corruption in SOEs remains a concern for prospects.



Panelist Anar Chinbaatar noted that the state's involvement in the information and telecommunication sector is limited due to the nature of the technological competency required. "The problem the bigger picture often poses is not just for specific industries but, as a whole, for the country," he added.

In her closing remarks, Vice-Chairwoman Onchinsuren Dendevsambuu stated, "Following up on this engaging discussion, AmCham Mongolia's stakeholders recognize the need to come together on issues as a community. Proactively submitting opinions and working in collaboration will play a pivotal role in future progress."

At the end of the meeting, Bogd Bank was introduced to the guests as AmCham Mongolia's newest member.

### About AmCham Mongolia

The American Chamber of Commerce in Mongolia (AmCham Mongolia) is an independent membership-driven organization that seeks to build, strengthen, and protect business between the United States and Mongolia, and actively promote Mongolia as a destination for American investment. AmCham Mongolia is accredited by the U.S. Chamber of Commerce as its official affiliate in Mongolia. Based in Washington, D.C., the U.S. Chamber of Commerce is the largest federation in the world, with over 3 million members.