



*The AMERICAN CHAMBER of Commerce in Mongolia*

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**Mongolia Third Neighbor Trade Act Introduced to the U.S. Congress  
*Opens the door to significant investment, jobs, and growth  
for Mongolia's cashmere industry***

**ULAANBAATAR** – The American Chamber of Commerce in Mongolia (AmCham Mongolia) praises the action taken today by the United States Congress to advance the Mongolia Third Neighbor Trade Act, a U.S. trade initiative that will grant Mongolian cashmere duty-free access to the United States – creating great potential for growth in Mongolia's cashmere and textile industry. AmCham Mongolia urges swift action by the U.S. Congress to approve the Mongolia Third Neighbor Trade Act (MTNTA), and for the Trump Administration to support and approve the legislation as well.

“Passage of the MTNTA is a potential game changer for Mongolia's cashmere industry,” said Mr. Oybek Khalilov, Chairman of AmCham Mongolia. Mr. Khalilov continued, “It's exactly the right thing to do and will greatly benefit both Mongolian and American businesses and workers.”

AmCham appreciates the bipartisan leadership in Congress that is supporting this legislation, especially the original sponsors and cosponsors, including Representatives Ted Yoho (R-FL), Dina Titus (D-NV), David Price (D-NC), James McGovern (D-MA), Steve Cohen (D-TN), Brian Fitzpatrick (R-PA), Ralph Norman (R-SC), and Don Young (R-AK), as well as Senators Dan Sullivan (R-AK), Ben Cardin (D-MD), Cory Gardner (R-CO), Sheldon Whitehouse (D-RI), David Perdue (R-GA), and Patrick Leahy (D-VT). Other co-sponsors are expected to join in the coming weeks.

“The list of U.S. Congressional leaders supporting the MTNTA is remarkable and reflects the strong support that Mongolia currently enjoys in Washington,” said Jackson Cox, founder of AmCham Mongolia and a strong advocate of the trade proposal. Cox continued, “Members of Congress appreciate the impact this legislation can have on Mongolia's economy and why that's important to American interests.”

The legislation (H.R. 2219 and S.) would allow certified Mongolian cashmere duty-free and quota-free access to the United States, by far the world's most lucrative market for such products. Mongolian cashmere is globally recognized for its high quality and softness. Unfortunately, the vast majority of Mongolia's cashmere is exported to China as a raw product at a very low price, providing little return for the Mongolian economy and, thereby, denying Mongolia a real chance to fully integrate its cashmere industry.

Mongolia produced almost 50% of the world's cashmere in 2017, with 9,400 tons of raw cashmere created, of which only 1,100 tons were processed domestically, while the remaining 8,300 tons were exported to China.

The elimination of U.S. import tariffs will create a strong demand for Mongolian cashmere in the United States. To meet this increased demand, Mongolian cashmere will be processed in Mongolia rather than in China, creating thousands of new jobs for Mongolian workers.

While the legislation undoubtedly strengthens American strategic interests, it also advances American competitiveness in the global market. Current Mongolian trade laws allow Mongolian cashmere to be exported tax-free to the European Union and Japan. The MTNTA allows the United States to have a more level playing field in competing in the Mongolian cashmere sector. This will provide American small businesses, retailers, and consumers new opportunities to participate in this exciting sector.

Total Mongolia-U.S. trade turnover in 2012 was measured at a record 707 million USD, whereas in 2017, Mongolia exported 9.4 million USD and imported 82.2 million USD in goods from the U.S. It is clear that there is extensive room for growth, for both U.S. imports and Mongolian exports. The Third Neighbor Trade Act will be a significant economic spur, as it is estimated the Act will create 40,000 jobs in the Mongolian garment sector, most of which will be filled by women. This is only a direct forecast – the indirect benefits are immeasurable, as over a third of the population works in the animal husbandry sector, and cashmere provides income for the majority of these people.

In 2017, Mongolia celebrated its 30th anniversary of diplomatic relations with the U.S. Being landlocked between Russia and China, Mongolia refers to the U.S. as a strategic "third neighbor". Since the fall of the Soviet regime in the early 1990s, the U.S. has supported Mongolia's democratic transition through various initiatives. Mongolia has recently been approved for a second Millennium Challenge Account compact. Mongolia has also supported the U.S. efforts in Iraq and Afghanistan since 2003, which highlights Mongolia's dedication to democratic ideals and the values of human rights, the rule of law, and a free market economy.

### **About AmCham Mongolia**

AmCham Mongolia is an independent membership-driven organization that works 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, located in Washington, D.C., 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.

