

OYU TOLGOI LLC
VENDORS FORUM

Speaker: N.NARANBAATAR,
GOVERNOR OF THE PROVINCE

Greetings of the day to all the guests and delegates attending the Oyu Tolgoi LLC Vendor's Forum. Therefore, I would like to express my gratitude to Oyu Tolgoi LLC for organizing the event, and wish you a good luck!

The total area of Southgobi province is 16,5 million km square. It consists of 15 soums and 58 bags. The Southgobi province is located in a 570 km distance from Ulaanbaatar and borders with Bayankhongor, Uvurkhangai, Dundgobi and Dornogobi provinces, as well as Alasha and Bayannuur provinces of the Inner Mongolian Autonomous Region of China. The residents of the province are 63.6 thousand people and we have 2.3 million livestock.

Everyone knows that we are the biggest province in size, and we have the largest number of camels in Mongolia. Owing a beautiful land known worldwide and rich in natural resources, we are one of the self-financing provinces, with a vast development of mining sector relying on the strategic mines.

Livestock industry is one of the main economic sectors of the province. The number of livestock of our province increased steadily during the recent years by reaching 2.3 million. 5.6% of them are camels, 3.7% horses, 67.2% goats, 1% cow, and 22.5% flock of sheep. 27.3% of all households are engaged in agricultural sector. In other words, a total of 9.8 thousand herders of 5647 households are engaged in livestock industry.

We are implementing a policy to develop tourism sector by successfully using our beautiful landscape, the unique cultural and historical findings to ensure the economic development of our province. We have 23 tourist camps which is capable to receive 1513 tourists at a time. We are aiming to receive an average of 15000 tourists annually, by organizing traditional events such as Camel Festival, Ox of Saikhan Soum, Khongor Horse Race, Horse Festival and Airag Festival etc. annually and develop these events as tourism attraction.

One of the leading economic sectors of Southgobi province is mining sector. Leading strategic mines, such as Tavan Tolgoi, Oyu Tolgoi and Nariin Sukhait are under operation. 3.2% of the total land is used by 90 mining licensed sites, and 11.3% of the land is under licensed exploration by 180 sites.

Among them, we have one of the world's leading mines - Oyu Tolgoi mine which is located in Khanbogd soum of South Gobi province is of great importance in our local economic development.

Since the start of its operation Oyu Tolgoi LLC has implemented several projects for social responsibility. In April, 2015, Southgobi Province concluded an *Agreement on Cooperation* with the company, and implemented joint events which contributed to the social and economic development of the province.

Oyu Tolgoi LLC cooperates with local vendors and focuses on their capacity building. As a result, the local supply increased year by year from 0.5 million USD in 2010, to 70 million USD in 2016, which takes 18.5% of the company's domestic purchase.

Therefore, 14.7% of all Mongolian employees of Oyu Tolgoi LLC and 25% of the executive companies are from our Southgobi province. It is about 3% of the total population of our province. We hope the number will be increased eventually.

During the last years, our province has accomplished activities in every social and economic sectors. Thus, during the years of 2017 to 2020, we have planned to identify and implement MAN-centered approaches directed to the health, education, household development and stable income.

In the coming 4 years, we have put a purpose to create 5000 new jobs/workplaces. We have planned to develop and conclude agreements of cooperation with all the mining operation companies in our province, as part of our purpose.

Therefore, we will be implementing many other objectives, such as:

- 50% of the products and services for the mining companies and economic entities, which implements large projects, supplied and executed by local citizens and local companies;
- creating permanent jobs and increasing the employment rates;
- implementation of family development programs, and further improving the living conditions of our citizens.

I would like to emphasize on the importance of the contribution of Oyu Tolgoi LLC and the our cooperation in order to reach the above mentioned goals.

With this Forum, I consider that Oyu Tolgoi LLC increases the possibility of creating the supply chain of domestic producers rather than imported goods.

I wish good luck for the Forum and calling upon a more active cooperation!

All the Best!