
RESOURCE-RICH MONGOLIA OUSTS PRIME MINISTER AMID ECONOMIC DOWNTURN

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04.11.2014

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Reuters

Out of 66 members of parliament who voted, 34 were in favor of ousting Altankhuyag, Mongolian television showed. Ten members of parliament, including eight members of his own coalition government, did not show up.

It will now be up to the coalition government to select a new candidate, who will have to be approved by the president and confirmed by parliament.

The government has been in turmoil over the past month, as seven ministers, including the ministers of mining and foreign relations, resigned after Altankhuyag won parliamentary approval to consolidate ministries from 16 down to 13.

That led to calls from the opposition Mongolian People's Party for the prime minister to stand down, and finally people from his own government demanded his resignation.

The political fight has distracted the government of the resource-rich country, landlocked between Russia and China, from passing a budget.

Parliament rejected a budget proposal for the second time on October 31 amid criticism of exorbitant spending and overly optimistic economic projections. Mongolia's Fiscal Stability Law takes full effect next year, which will cap debt at below 40 percent of gross domestic product.

"It's quite clear that whoever will run next year will have big, big troubles, with even paying state employees' salaries," said Luvsanvandan Sumati, head of the Sant Maral Foundation polling group.

Key to reviving foreign investment, which has slumped 59 percent this year, is a resolution of a long-running dispute over the huge Oyu Tolgoi copper mine that Mongolia shares ownership with mining giant Rio Tinto's Turquoise Hill Resources arm.

Rio suspended construction of a \$5.4 billion underground expansion project in August 2013 because of disagreements including construction costs. Altankhuyag had been expected to sign a memorandum of understanding before bankers release \$4 billion in project financing to help pay for the expansion.

China bought more than 90 percent of Mongolia's exports, mainly of coal and copper, and 49 percent of foreign enterprises registered in Mongolia were Chinese, China's Xinhua news agency reported in August.

(Reporting by Terrence Edwards; Editing by Nick Macfie)

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