

### III. ECONOMIC FOREIGN POLICY

15. The fundamental objective of Mongolia's policy concerning foreign economic relations lies in the optimal use of external factors to adequate solutions to long-term and current economic goals in the light of the concept of sustainable development and in eventually securing a proper place for its economy in regional economic integration.

16. In developing economic relations and cooperation with foreign countries, Mongolia, while safeguarding against any adverse impact on its economic security and against becoming dependent on any given country, shall pursue a policy designed to ensure conditions leading to equality, mutual benefit and faithful fulfillment of obligations, freedom political and other pressures, based on the principles and norms of international economic relations.

17. In the implementation of projects connected with establishing economic, customs and trade special zones, joint ventures or enterprises with full foreign investment or with granting concessions, their political and economic consequences shall be thoroughly examined to ensure that they do not adversely affect the country's economic security and that they will bring economic gains.

18. In selecting partners in the implementation of projects of crucial importance to the national interests, political interests shall have a significant role to play.

19. External debt issues shall be settled without detriment to national economic security, and loans will be accepted on the basis of a thorough assessment of guarantees of their repayment and effective utilization.

20. In developing foreign economic relations. Mongolia shall adhere to the following main guidelines:

a) Foreign economic activities should be focused on enhancing the country's potential,

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increasing export resources, developing economic infrastructure and producing import substituting goods;

b) Mindful of the need to modernize the economy, presently dominated by raw materials production, and to develop basic sectors conducive to building a rational structure, measures will be taken to achieve the most effective level of processing minerals as well as raw materials of animal and plant extraction and to produce that are competitive on the world market;

c) Pursuing the policy of modernizing existing industries by re-equipping them with advanced technology and techniques, and developing export-oriented industries such as food, light, mining and chemical industries as well as biotechnology and new products on the basis of raw materials available in the country;

d) In enhancing its export potential, Mongolia shall promote cooperation with foreign countries in the fields of processing mineral resources, including gold, copper, molybdenum, uranium, and of manufacturing finished products thereof, as well as in the area of full processing agricultural raw materials and producing goods which are capable of competing on world market;

e) Expanding markets for Mongolia export commodities;

f) Developing fuel, energy, transportation, communication and other necessary components of economic infrastructure and creating favorable conditions for securing access to sea ports and transit to them;

g) Integrating in the international transportation, information and communication networks, particularly those in North-East Asia;

h) Pursuing a policy of securing foreign assistance and technology for developing small and medium industries oriented towards the production of import substituting goods;

- i) taking advantage of Mongolia's natural, historical and cultural heritage, international tourism will be developed by enhancing its material basis and raising its service level to world standards;
  
- j) Securing most favored nation treatment in foreign trade and retaining for a certain period the status which enables Mongolia to get soft loans and grants.