

MONGOLIA

**Speech by Mr. Batsuuri, Nantsag, State Secretary of the
Ministry of Food and Agriculture, Mongolia
at the High Level World Food Security Summit:
The Challenges of the Climate Change and Bio energy
03-05 June, 2008, Rome, Italy**

Your Excellency Secretary General,
Mister Chairman,
Distinguished guests,
Ladies and Gentlemen,

First of all, I would like to express our sincere gratitude on behalf of the Government of Mongolia to the organizers of the high level World Food Summit, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, the International Biodiversity Program, as well as the sponsors of this world event, the Governments of Italy, the Netherlands, Norway and Spain.

The recent dramatic increase in food prices, shortages, export restrictions and food limitations have caused tremendous difficulties and severe problems to the underdeveloped countries, especially those countries who import most of their food staples, and have become sensitive, priority issues, which may lead to political instability.

Mongolia, as a underdeveloped country, which imports over 70 percent of its annual domestic requirement in wheat and 100 percent of its requirement in rice and sugar, is one of those countries who has been affected the most by the world food price increase. Besides, as a country, overcoming the difficult period of transition to the market economy and with a transitional economy undergoing structural reforms, it has been heavily affected by erroneous privatization policy held in the agriculture sector, climatic changes and the impacts of global food crisis, which factors have made the food price inflation strong.

The food crisis and increase of food prices in Mongolia are directly linked with the inadequate supply to meet requirement, inflation of fuel of prices and the fall of the domestic agriculture sector.

Although Mongolia was a self-sufficient, exporter country before 1990 in terms of production of wheat, potato and vegetables, which could fully meet the domestic requirement and surplus be exported, but because of the erroneous privatization policy held in the agriculture sector the agricultural production entities have bankrupted in overall, as the result of which it has become today a country depending on imports in terms of food supply.

The global climatic changes are having a heavy impact on Mongolia, a bottle-necked country with harsh, continental climate, located at much distance from the ocean. The agricultural companies have incurred big losses of harvest in recent years, which led to bankruptcy for most of them, due to drought, lack of rains and humidity, which in the most critical moments of cultivated plants.

Since the banking and financial sector was in crisis for last 18 years and the sources of bank loans, financing were inadequate, with high interest rate and short maturity of loans, there were basically no opportunities for the agricultural sector to obtain investment loans, renovate the technology, build irrigation systems and improve the qualities of seeds.

Mongolia imports 100 percent of its fuel requirement from abroad, and since it is a net importer, the craze of the soaring fuel prices affecting the world is becoming one of the main factors for the Mongolian agriculture to kneel down.

Since these are the common difficulties and problems affecting most of the underdeveloped countries, it is understood that world regulation is ultimately required. We request especially, the international banks and financial organizations to assist the underdeveloped countries to overcome the mentioned problems and correct some of their wrong policies implemented in the past years.

The soaring world fuel prices are artificial and are caused by the ambitions of only a few number of petroleum products exporting countries. The increase of world prices of main food staples such as wheat, rice and sugar equally somehow related with the policies of the exporters. Several hundreds of millions of people are directly involved and suffering due to such ambitious policies. The sufferings of hundreds of millions of people are causing the major problems and miseries in the world.

Today, as the most influential people of the world have gathered in this hall, we hope that all these issues will be well discussed and wise decisions for the benefit and solving the problems of the hundreds of millions of people, who are suffering, be made, and thus it would be a good merit for the humanity.

I am wishing success to the high level World Food Summit to overcome the world food crisis.

Thank you for your attention.