

# Mongolia 2010



Total: 63.52

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## Quick facts

Population:	3.09 million
Population growth:	1.5 %
Unemployment rate:	2.8 %
GDP:	10.16 billion \$
GDP growth rate:	7 %
GDP per capita:	3300 \$

## Political Freedom

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### Free and Fair Elections : 8.93

Elections are generally free and fair. The last presidential elections in 2009 were considered as conforming to democratic standards by independent international observers. A point of criticism are the frequent changes made to voting procedures in parliamentary elections: In the last few years, the subdivision of electoral districts has been varying between multi-member and single-member districts. Critics are concerned this could lead to instability. Political participation and pluralism are constitutionally granted and also protected in practice. Civil society groups can usually operate without governmental restrictions. Trade unions operate legally and are protected by the government.

### Absence of Unconstitutional Veto Players : 8.33

There are no unconstitutional veto players in the political system of Mongolia. Civil control over the military has been established. Business interests or other pressure groups remain subordinate when it comes to policy-making. But the government does not always operate entirely transparently which has been the cause of some concern. Nevertheless, the integrity of the government is by no means threatened by extra-legal powers.

## **Freedom of Press : 6.1**

The freedom of the press is generally respected by the government. But some journalists practice self-censorship for fear of being prosecuted under the controversial State Secrets Law. In the past, this law has sometimes been used to quell criticism towards the government. However, media restrictions imposed during the state of emergency in 2008 have been lifted again. Reporters Without Borders ranked Mongolia on position 91 out of 175 in its 2009 index.

## **Rule of Law**

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### **Independence of the Judiciary : 2.56**

The independence of the courts is constitutionally granted. But, in practice, corruption plays a major part in judicial decision-making. Moreover, the enforcement of rules regarding the judiciary's independence is insufficient. This is also reflected in the score that Mongolia achieves in this section despite its rather good performance in terms of political freedom.

### **Corruption : 2.7**

Corruption is a part of daily business. A report by the Asia Foundation found that in 2009 one out of five households had used bribes when dealing with official bodies. An anti-corruption agency, the Independent Authority Against Corruption, was created as late as 2007 to deal with the problem - so far with limited success. The 2009 Corruption Perceptions Index by Transparency International ranks Mongolia on position 120 out of 180 countries.

### **Protection of Human Rights : 7.09**

Even though the country - at least in theory - respects and protects human rights, its record is shaky. Mongolia does not only adhere to the death penalty as punishment. Capital punishment is carried out secretly - according to Amnesty International there is no data available on the number of executions in 2009. During the post-election period in the same year, violent protests resulted in the arrest of about 700 people. Many reported having been denied access to a lawyer and medical care.

## **Economic Freedom**

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### **Security of Property Rights : 5.71**

The enforcement of laws protecting private property is weak. Judges tend to either not respect contracts at all or to ignore their contents. The same applies for the protection of intellectual property. Enforcement is lax, pirated products are readily available.

## **Size of Government: Expenditures, Taxes, and Enterprises : 7.71**

Government spending (including consumption and transfer payments) is relatively high, equaling about 38 percent of the GDP. Mongolia has a low top income tax rate of ten percent and a moderate corporate tax rate of 25 percent. Other taxes comprise a VAT, an excise tax on alcohol and vehicles, and a dividend tax. Overall tax revenue reaches about 33 percent of the GDP.

## **Regulation of Credit, Labour, and Business : 7.23**

The last years saw a restructuring of the banking sector which means that private access to credit is now easier. By and large, the government stays out of the financial sector and foreign investors enjoy a mostly unconstrained access to the domestic capital market. Ten of the 16 private banks currently operating in the country are foreign-owned. The number of state-owned banks has been reduced. Adding to the number of banks, there are 72 smaller, mostly unregulated lending institutions. To start, run, and close a business is protected by the country's regulatory environment. Starting a business takes a mere 13 days which is less than half the world average of 35 days. But declaring bankruptcy can be a lengthy and burdensome process. Labour regulations are comparatively flexible. The non-salary cost of a worker is average whereas firing an employee is a straightforward and costless procedure. Regulations on work hours, however, are not flexible.

## **Freedom to Trade Internationally : 7.16**

Mongolia's weighted average tariff rate is about 5 percent. International trade is relatively free, liberalisation progressing. But import and export restrictions and taxes, weak enforcement of intellectual property rights, and inefficient and corrupt customs implementation pose an obstacle to international trade.