

Mongolia 2011



Total: 62.79

Quick facts

Population:	3.13 million
Population growth:	1.49 %
Unemployment rate:	11.5 %
GDP:	11.02 billion \$
GDP growth rate:	6.1 %
GDP per capita:	3600 \$

Political Freedom

Free and Fair Elections : 8.93

Elections are generally free and fair. The last presidential elections in 2009 were considered to comply with 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 are 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. That the government does not always operate entirely transparently 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. Some journalists practice self-censorship for fear of being prosecuted under the controversial State Secrets Law. Sometimes, in the past, this law has been used to quell criticism towards the government. However, media restrictions imposed during the state of emergency in 2008 have been lifted. A new law on press freedom - aimed at improving the legal environment of the media sector - was discussed by government officials, media organisations, and civil society representatives in May 2011. Reporters Without Borders ranked Mongolia as position 76 of 178 in its 2010 index. This is a major improvement compared to the previous year's ranking where Mongolia held position 91 of 175.

Rule of Law

Independence of the Judiciary : 2.64

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

Corruption : 2.7

Corruption is a part of daily business. A report by the Asia Foundation found, in 2009, that 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 2010 Corruption Perceptions Index issued by Transparency International ranked Mongolia as position 116 out of 178 countries.

Protection of Human Rights : 6.89

Mongolia's human rights record which, to date, has been mediocre, is witnessing positive developments. After announcing a moratorium on executions in January 2010, Mongolian president Tsakhiagiin Elbegdorj successfully pushed for outright abolition of the death penalty. The Mongolian parliament is expected to approve a bill which will be the basis for the complete elimination of the death penalty from Mongolian laws.

Economic Freedom

Security of Property Rights : 5.63

The enforcement of laws protecting private property is weak. Judges tend either not to respect

contracts at all, or simply to ignore their contents. The same applies to the protection of intellectual property. Enforcement is lax, pirated products are readily available.

Size of Government: Expenditures, Taxes, and Enterprises : 7.11

Government spending (including consumption and transfer payments) is relatively high, equalling about 35 percent of the GDP.

Mongolia has a low top income tax rate of 10 percent and a moderate corporate tax rate of 25 percent. Other taxes comprise 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 : 7.48

The last years saw a restructuring of the banking sector, meaning 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. Additionally, 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, 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 : 6.98

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