



MONGOLIA'S FOREIGN TRADE REVIEW

April 2013

Total trade turnover: \$2,953 millions

As of April 2013 the total cumulative trade turnover from the beginning of the year fell by 12% (USD 409.0 millions) from that of the previous year and reached USD 2,953.3 millions. The decrease in the trade turnover was due to the decrease in imports by USD 339.8 millions and in exports by USD 69.2 millions.

The annual growth rate declined by 38 percentage points from that of the previous year as a result of the decrease in the growth rate of imports by 50 percentage points and that of exports by 22 percentage points.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 50% or USD 1,464.3 millions and (ii) trade with Russia: 16% or USD 460.3 millions. The trade volume between Mongolia and China decreased by 12% and the trade volume between Mongolia and Russia declined by 28%.

Trade balance: -\$528 million

As of April 2013, the cumulative trade balance decreased by 34% (USD 270.6 millions) from that of the previous year and reached USD -528.3 millions. Although during the reporting period the total exports decreased by 5% from that of the previous year the trade balance improved due to the decline in imports by 16% from that of the previous year.

The value of the three-month moving average of the difference of annual growth rates of exports and imports has been decreasing since September 2012 and as of April 2013 it is -10%. Picture 1 shows that the annual growth rates of exports and imports have been declining since October 2011.

Trade balance of paid trade flows: -\$368 million

The state of the trade balance of paid trade flows is one of the main variables that determines the pressure on the domestic foreign exchange market.

As of April 2013, the trade balance of paid trade flows decreased by 17% from that of the previous year and reached USD -368 millions. Paid imports during the reporting period declined by 10.4% which means that the rate of the decrease in paid imports is by 4.2 percentage points higher than that of exports.

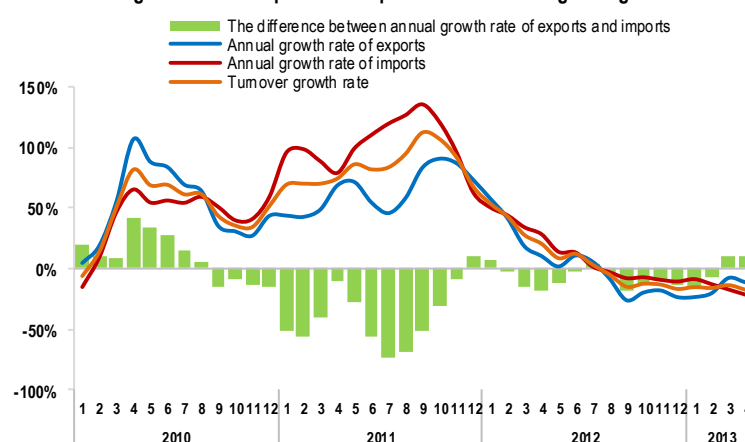
Terms of trade: 1.491

As of April 2013, terms of trade index (2000 base year) decreased by 7.5% from that of the previous year and reached 1.491. This decrease in the terms of trade is mainly attributed to the increase in import prices of oil products and to the fall in export prices of exporting commodities.

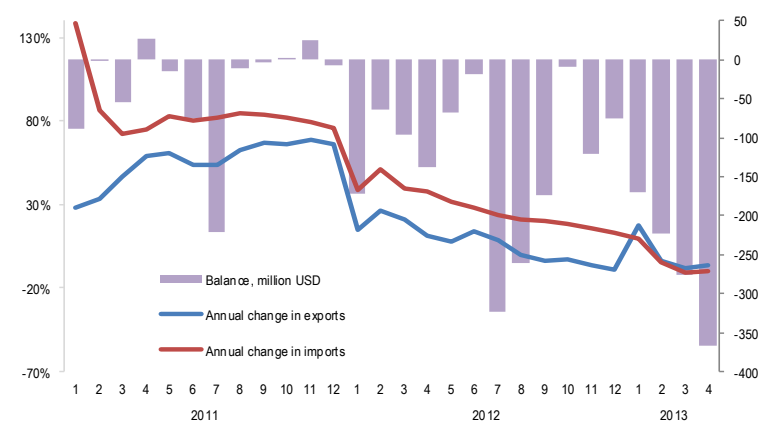
Table 1. The foreign trade performance /million USD/

Type	First 4 months			Changes			
	2013	2012	2011	2013/2012		2012/2011	
				Amount	%	Amount	%
Turnover	2,953.3	3,362.3	2,746.8	(409.0)	-12%	615.5	22%
Export	1,212.5	1,281.7	1,162.7	(69.2)	-5%	119.0	10%
Import	1,740.8	2,080.6	1,584.1	(339.8)	-16%	496.5	31%
Balance	(528.3)	(798.9)	(421.4)	270.6	-34%	(377.5)	1.9x

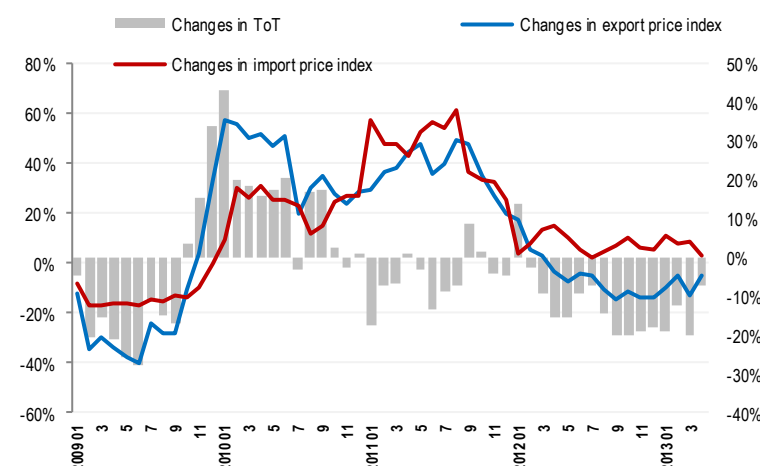
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



Picture 3. Changes in terms of trade



Composition: 91%+ 9%

The share of mineral exports in total exports was 91% of the total export and decreased by 2 points from that of the previous year.

Coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 88% of total export and 80% of mining export.

In addition, these 4 products share in the mining exports decreased by 3.3 points from that of the previous year, share in the total exports decreased by 4.3 points..

Growth: -5.4%

Mongolian export decreased by 5.4% from that of the previous year, which was mainly affected by 7% decrease in mineral exports. Exports of iron ore, concentrate and crude oil increased by 58% and 31%, respectively, which crude oil increased by 31% accounting for almost 7% and 3% in growth of mining export. On the other hand, coal export decreased by nearly 41% and because of this mining export decreased by 19% from the first 4 months of 2012.

Changes

In first 4 months of 2013, Mongolian export decreased by 69.2 million USD from that of the previous year. The decrease in export commodities' prices (USD 127.3 millions) offsets increase of export commodities' quantities (USD 58.1 millions).

Because of the increase in crude oil and non monetary gold quantities total export would've increased by 76 millions USD. However, coal, crude oil, monetary gold's prices, coal, iron ore and spar, leucine, nepheline' quantities decreased in reporting period, so total mining export decreased by 82 millions USD.

Cashmere and cashmere product exports increase in prices equal to decrease in quantities. For other exports, prices and quantities both increased, so total of other export increased by almost 13 millions USD.

World market prices for primary commodities

As of April 30 2013, gold price reached 1,476.7 USD, decreased by 11.3% from that of the previous year and decreased 7.5% from that of the last month.

As of April 30 2013, copper and zinc prices reached 7,021.2 and 1,834.2 USD, decreased by 6.5%, 1.6% from that of the last month, 17.7% and 10.7% from that of the previous year, respectively.

Table 2. The performance of export of goods (million USD)

	2013			2012			Changes		
	Quan/unit (thou. tonnes, kg)	Amount	%	Quan/unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
1. Minerals	1,107	91%		1,189	93%		(82)	-7%	-6%
Coal	5,007	339	28%	5,207	571	45%	(232)	-41%	-19%
Copper concentrate	187	277	23%	186	269	21%	7	3%	1%
Iron ore /conc.	1,933	223	18%	1,978	141	11%	82	58%	7%
Crude oil	1,421	134	11%	1,008	102	8%	32	31%	3%
Zinc ore/concentrate	47	48	4%	40	39	3%	8	22%	1%
Non monetary gold	1,339	55	5%	586	26	2%	28	107%	2%
Spar, leucine, nepheline	86	20	2%	119	26	2%	(5)	-21%	0%
Molybdenum ore/conc.	1	11	1%	1	14	1%	(3)	-19%	0%
2. Cashmere	36.8	3%		36.8	3%		0	0%	0%
Washed cashmere	606	32	3%	620	27	2%	4.5	17%	12%
Combed cashmere	55	5	0%	102	10	1%	(4.5)	-47%	-12%
3. Other	69	6%		56	4%		13	23%	1%
Total amount	1,212			1,282			(69.2)	-5.4%	

%2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

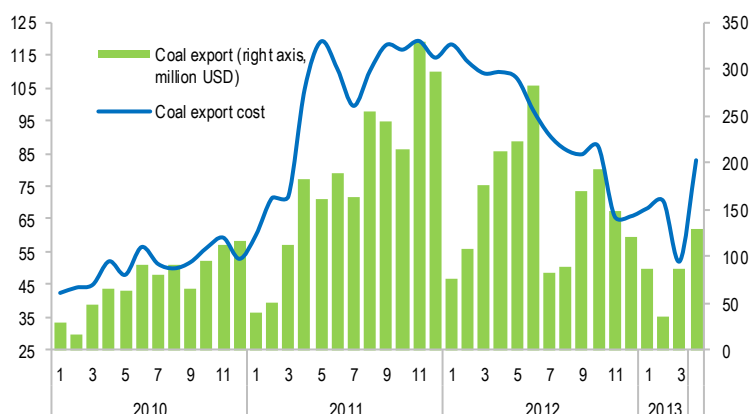
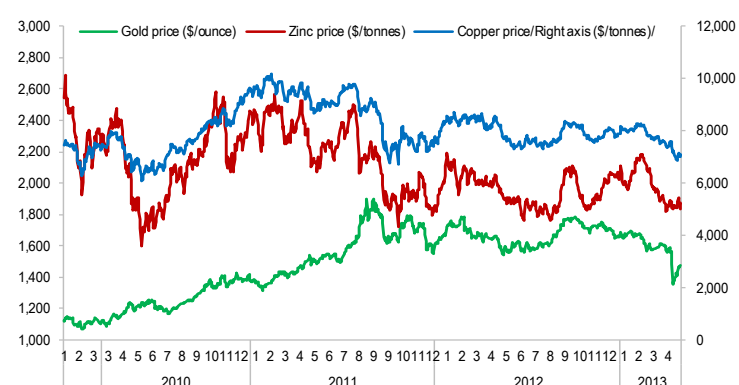


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
1. Minerals	51		(133)		(82)	
Coal	(22)	9%	(210)	91%	(232)	335%
Copper concentrate	1	10%	6	90%	7	-10%
Iron ore /conc.	(3)	-4%	85	104%	82	-118%
Crude oil	42	132%	(10)	-32%	32	-46%
Zinc ore/concentrate	8	91%	1	9%	8	-12%
Non monetary gold	34	120%	(6)	-20%	28	-41%
Spar, leucine, nepheline	(7)	133%	2	-33%	(5)	8%
Molybdenum ore/conc.	(1)	50%	(1)	50%	(3)	4%
2. Cashmere	(5)		5		0	
Washed cashmere	(0.6)	-14%	5.2	114%	4.5	-7%
Combed cashmere	(4.4)	97%	(0.1)	3%	(4.5)	7%
3. Other	12	97%	0	3%	13	-19%
Total	58.1		(127.3)		(69.2)	

Picture 5. Market price of gold, zinc, copper



Composition: 29% + 24%

As of first 4 months of 2013, 53% of total imports were oil products and industrial inputs' imports, 15% were consumer goods and food imports, rest 32% were other products' import.

Share of oil products and industrial inputs' imports in total imports increased by 3% from the first 4 months of 2012. This increase affected by oil products' import, which increased by 2 points, and industrial inputs' imports, which increased by 1 points.

Growth: -16%

Mongolian imports decreased by 16% from that of the previous year. Main contributors of this decrease were industrial inputs' decrease, which equal to 3% of the total decrease, and decrease of other products' import, which equal to 8% of the total decrease.

Other products' and industrial inputs' imports decreased by 22% (157 millions USD) and 11% (65 millions USD) respectively, thus total import decreased from that of the previous year.

Changes

Prices and quantities of import goods both decreased by 55.5 and 284.3 millions USD respectively, thus total imports decreased by 339.8 millions USD from that of the previous year.

The primary reason behind the decrease in imports of oil products was a decrease of quantities by 58.0 millions USD, although oil price on the border increased by 4.2 millions USD. The oil price on the border decreased in begin 2012 but in august 2012 increased back again. Since then, the oil price increased slightly, but in 2013, it decreased again. (Figure 6).

69% of decrease in consumer products' import were quantity related causes, 31% were price related causes. At the same time, industrial inputs' imports price increased and quantity decreased, thus industrial inputs' import declined by almost 65.2 millions USD.

Import of the primary consumer products*

As of first 4 months of 2013, growth of primary consumer products' import, which calculated by 3 month moving average method, decreased to -25%. Main reason of this was a decrease in electronics import / Figure 7.

Annual growth of electronics import has been increased since 2011 but since then it has been dropped and reached -32% in the reporting period.

Table 4. The performance of import goods (million USD)

Types	2013			2012			Changes		
	Quant/unit (tonnes, thousand of units)	Amount	%	Quant/unit (tonnes, thousand of units)	Amount	%	Amount	Percentage	Percentage
Industrial inputs		508	29%		573	28%	(65)	-11%	-3%
Heavy mechanism, equipment	4,464	286	56%	1,292	321	56%	(35)	-11%	-6%
Cars other than passenger	305	183	36%	293	206	36%	(23)	-11%	-4%
Ironwork, steel prod.	9,355	13	3%	12,005	18	3%	(5)	-27%	-1%
Other products	160,944	26	5%	33,422	28	5%	(2)	-7%	0%
Oil		411	24%		465	22%	(54)	-12%	-3%
Diesel fuel	197,247	243	59%	231,399	280	60%	(37)	-13%	-8%
A-92, A-95	72,583	91	22%	87,583	110	24%	(19)	-17%	-4%
A-80 and other	59,461	77	19%	58,871	75	16%	2	3%	0%
Consumer goods		209	12%		267	13%	(58)	-22%	-3%
Passenger car	14	114	54%	15	151	56%	(37)	-25%	-14%
Electronics	331	37	18%	334	52	19%	(15)	-28%	-6%
All types of medicine	588	19	9%	557	26	10%	(7)	-27%	-3%
Other consumer goods	5,124	39	19%	4,526	39	14%	1	2%	0%
Nutrient		50	3%		55	3%	(5)	-10%	0%
Powder, rice, bread	14,009	14	27%	35,152	18	33%	(5)	-26%	-9%
Dairy produce	1,968	7	14%	2,058	8	14%	(1)	-14%	-2%
All types of fat	7,400	10	19%	6,757	9	17%	1	5%	1%
Alcohol	6,366	5	11%	6,170	5	9%	0	3%	0%
Vegetable	24,509	5	9%	25,728	4	8%	0	4%	0%
Other	17,700	10	19%	18,372	10	18%	(0)	-4%	-1%
Other imports		563	32%		721	35%	(157)	-22%	-8%
Other		563			721		(157)	-22%	-22%
Total amount		1,741			2,081		(340)	-16%	-16%

%2 - Contribution to the growth

Picture 6. Import of oil products, average border price

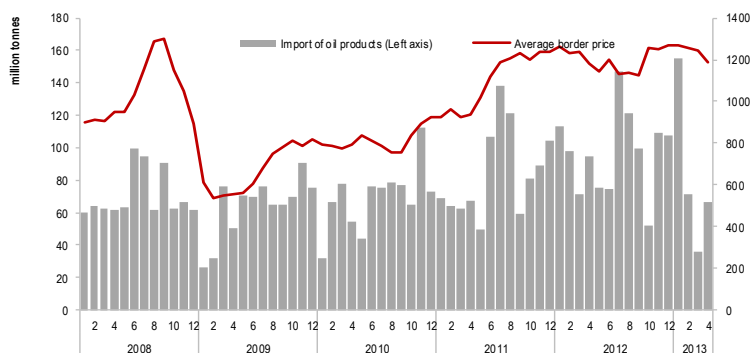
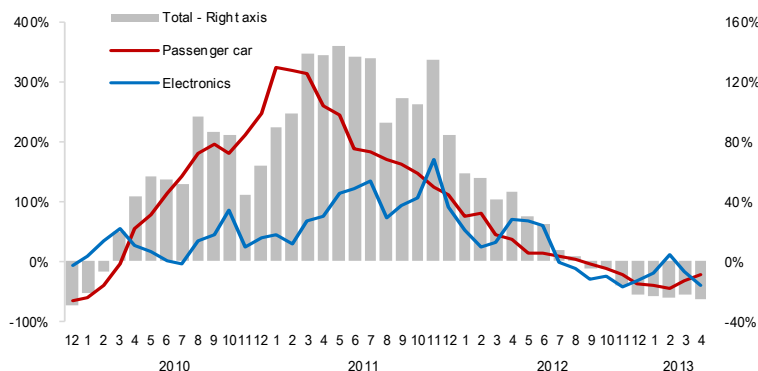


Table 5. Changes in import goods (million USD)

Types	Changes in quantity		Changes in price		Total changes	
	Quantity	%	Price	%	Changes	%
Industrial inputs	(106.4)	163%	41.2	-63%	(65.2)	
Heavy mechanism, equipment	(77.4)	218%	41.9	-118%	(35.5)	54%
Cars other than passenger	(23.3)	101%	0.3	-1%	(23.1)	35%
Ironwork, steel prod.	(5.1)	107%	0.3	-7%	(4.7)	7%
Other products	(0.6)	30%	(1.3)	70%	(1.9)	3%
Oil	(58.0)	108%	4.2	-8%	(53.8)	
Diesel fuel	(41.3)	111%	4.2	-11%	(37.1)	69%
A-92, A-95	(18.8)	99%	(0.2)	1%	(18.9)	35%
A-80 and other	2.1	94%	0.1	6%	2.2	-4%
Consumer goods	(40.0)	69%	(18.0)	31%	(58.0)	
Passenger car	(24.2)	65%	(12.9)	35%	(37.1)	64%
Electronics	(7.7)	52%	(7.0)	48%	(14.7)	25%
All types of medicine	(7.5)	108%	0.5	-8%	(7.0)	12%
Other consumer goods	(0.6)	-78%	1.4	178%	0.8	-1%
Nutrient	(2.9)	54%	(2.5)	46%	(5.4)	
Powder, rice, bread	(3.3)	71%	(1.4)	29%	(4.7)	87%
Dairy produce	(0.4)	31%	(0.8)	69%	(1.2)	21%
All types of fat	0.6	114%	(0.1)	-14%	0.5	-9%
Alcohol	(0.1)	-63%	0.2	163%	0.1	-3%
Vegetable	0.2	128%	(0.1)	-28%	0.2	-4%
Other	0.0	-12%	(0.5)	112%	(0.4)	8%
Other imports	(76.9)	49%	(80.4)	51%	(157.4)	
Other	(76.9)	49%	(80.4)	51%	(157.4)	100%
Total amount	(284.3)		(55.5)		(339.8)	

Picture 7. Import of consumption goods /3 month moving average/*



*In this calculation, among the all consumer products' import, main 48 goods is chosen and used.