



MONGOLIA'S FOREIGN TRADE REVIEW

August 2013

Total trade turnover: \$6,960 millions

As of August 2013 the total cumulative trade turnover from the beginning of the year fell by 8% (USD 571.0 millions) from that of the previous year and reached USD 6,960.1 millions. The decrease in the trade turnover was due to the decrease in imports by USD 402.7 millions and in exports by USD 168.3 millions.

The annual growth rate declined by 15 percentage points from that of the previous year as a result of the decrease in the growth rate of imports by 20 percentage points and that of exports by 7 percentage points.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 51% or USD 3,522 millions and (ii) trade with Russia: 15% or USD 1,032 millions. The trade volume between Mongolia and China decreased by 11% and the trade volume between Mongolia and Russia declined by 21%.

Trade balance: -\$1,554 million

As of August 2013, the cumulative trade balance decreased by 13% (USD 234.3 millions) from that of the previous year and reached USD -1,553.6 millions. Although during the reporting period the total exports decreased by 6% from that of the previous year the trade balance improved due to the decline in imports by 9% 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 June 2013 it is -5%. Picture 1 shows that the annual growth rates of exports and imports have been declining since October 2011. In beginning of 2013, it slightly increased, but since May, it has been declining again.

Trade balance of paid trade flows: -\$1,224 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 August 2013, the trade balance of paid trade flows increased by 7% from that of the previous year and reached USD -1,224 millions. Paid imports during the reporting period decreased by 2.1% which means that the rate of the decrease in paid exports is by 3.8 percentage points higher than that of imports.

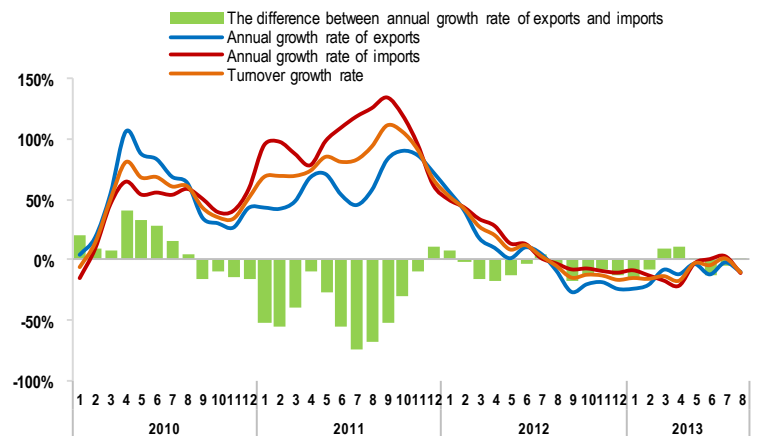
Terms of trade: 1.422

As of August 2013, terms of trade index (2000 base year) decreased by 7.0% from that of the previous year and reached 1.422. This decrease in the terms of trade is mainly attributed to the fall in export prices of exporting commodities.

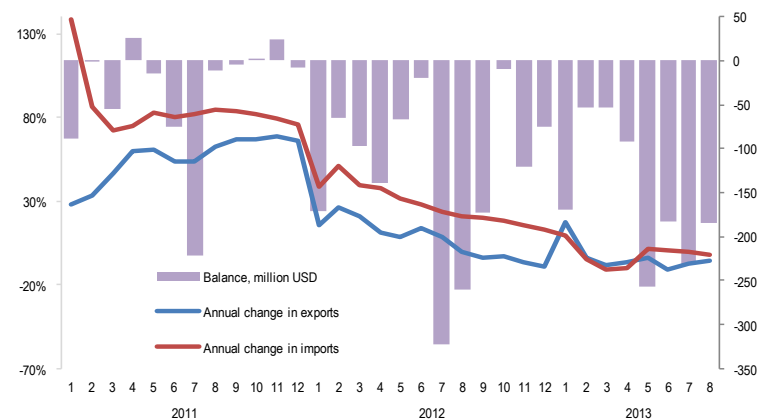
Table 1. The foreign trade performance /million USD/

Type	First 8 months			Changes			
	2013	2012	2011	2013/2012		2012/2011	
				Amount	%	Amount	%
Turnover	6,960.1	7,531.1	7,038.8	(571.0)	-8%	492.3	7%
Export	2,703.2	2,871.6	2,847.7	(168.3)	-6%	23.9	1%
Import	4,256.9	4,659.5	4,191.1	(402.7)	-9%	468.4	11%
Balance	(1,553.6)	(1,788.0)	(1,343.4)	234.3	-13%	(444.5)	33%

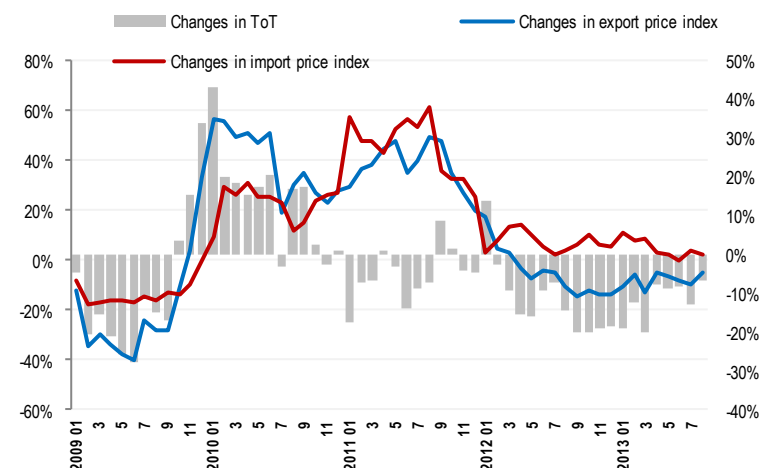
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



Picture 3. Changes in terms of trade



Composition: 87%+ 13%

The share of mineral exports in total exports was 87% of the total export and decreased by 3.4 points from that of the previous year.

Coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 74% of total export and 85% of mining export.

In addition, these 4 products share in the mining exports decreased by 6.3 points from that of the previous year, share in the total exports decreased by 8.6 points..

Growth: -5.9%

Mongolian export decreased by 5.9% from that of the previous year, which was mainly affected by 10% decrease in mineral exports. Exports of iron ore, concentrate, crude oil and non monetary gold increased by 24%, 44% and 221%, respectively, which accounting for 12% in growth of mining export. On the other hand, coal export decreased by nearly 49% and because of this mining export has decreased by 21% from the first 8 months of 2012.

Changes

In first 8 months of 2013, Mongolian export decreased by 168.3 million USD from that of the previous year. The decrease in export commodities' prices (USD 204.2 millions) offsets increase of export commodities' quantities (USD 35.8 millions).

Because of the increase in crude oil, zinc ore, concentrate and non monetary gold quantities, total export would've increased by 258 millions USD. However, coal, copper concentrate, monetary gold's prices, coal and spar's quantities decreased in reporting period, so total mining export decreased by 583 millions USD.

Cashmere and cashmere product exports' both prices and quantities increased by 25 and 22 million USD, respectively . For other exports, prices and quantities both increased, so total of other export increased by almost 31 millions USD.

World market prices for primary commodities

As of August 30 2013, gold price reached 1,395.3 USD, decreased by 17.5% from that of the previous year and increased 5.3% from that of the last month.

As of August 30 2013, copper and zinc prices reached 7,077.5 and 1,868.5 USD, increased by 3.0%, by 3.6% from that of the last month, respectively. Copper decreased by 7.0%, zinc increased by 3.6% from that of the previous year.

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	2,348	87%		2,594	90%		(245)	-9%	-9%
Coal	9,593	693	26%	12,084	1,247	43%	(554)	-44%	-21%
Copper concentrate	395	563	21%	382	558	19%	5	1%	0%
Iron ore /conc.	4,327	442	16%	4,309	356	12%	86	24%	3%
Crude oil	3,052	298	11%	2,146	207	7%	91	44%	4%
Zinc ore/concentrate	86	80	3%	77	73	3%	7	10%	0%
Non monetary gold	4,727	195	7%	1,413	61	2%	134	221%	5%
Spar, leucine, nepheline	221	56	2%	282	66	2%	(9)	-14%	0%
Molybdenum ore/conc.	3	21	1%	3	26	1%	(6)	-21%	0%
2. Cashmere	210.6	8%		164.3	6%		46	28%	2%
Washed cashmere	3,915	181	7%	3,418	137	5%	43.4	32%	26%
Combed cashmere	309	30	1%	297	27	1%	2.9	11%	2%
3. Other	144	5%		114	4%		31	27%	1%
Total amount	2,703			2,872			(168.3)	-5.9%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

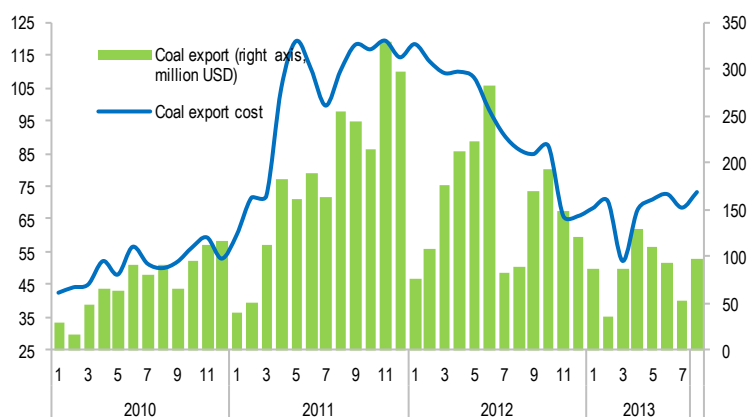
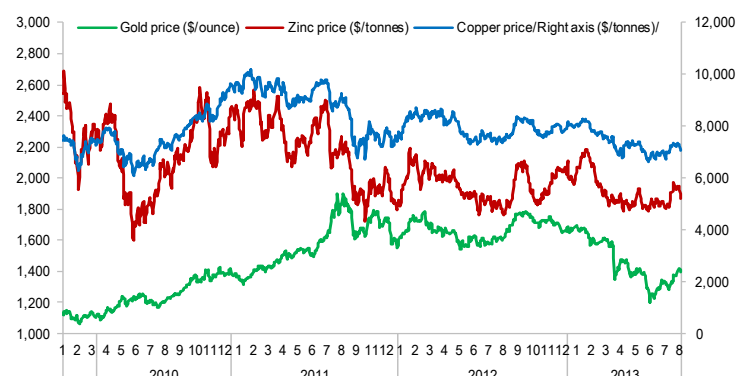


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
1. Minerals	(3)		(242)		(245)	
Coal	(257)	46%	(297)	54%	(554)	329%
Copper concentrate	20	394%	(15)	-294%	5	-3%
Iron ore /conc.	1	2%	84	98%	86	-51%
Crude oil	87	96%	4	4%	91	-54%
Zinc ore/concentrate	8	110%	(1)	-10%	7	-4%
Non monetary gold	143	106%	(8)	-6%	134	-80%
Spar, leucine, nepheline	(5)	52%	(4)	48%	(9)	5%
Molybdenum ore/conc.	(1)	21%	(4)	79%	(6)	3%
2. Cashmere	22		25		46	
Washed cashmere	20.0	46%	23.4	54%	43.4	-26%
Combed cashmere	1.7	56%	1.3	44%	2.9	-2%
3. Other	17	56%	13	44%	31	-18%
Total	35.8		(204.2)		(168.3)	

Picture 5. Market price of gold, zinc, copper



Composition: 25% + 20%

As of first 8 months of 2013, 45% of total imports were oil products and industrial inputs' imports, 15% were consumer goods and food imports, rest 40% were other products' import.

Share of oil products and industrial inputs' imports in total imports decreased by 6 points from the first 8 months of 2012. This decrease affected by industrial inputs' import, which decreased by 5.6 points.

Growth: -9%

Mongolian imports decreased by 9% from that of the previous year. Main contributors of this decrease were industrial inputs' decrease, which equal to 8% of the total decrease, and decrease of oil products import and consumer goods import which equal to 2% , 1% of the total decrease, respectively.

Oil products and industrial inputs' imports decreased by 10% (90 millions USD) and 25% (364 millions USD) respectively, thus total import decreased from that of the previous year.

Changes

Prices and quantities of import goods both decreased by 172 and 231 millions USD respectively, thus total imports decreased by 403 millions USD from that of the previous year.

Prices and quantities of oil import both decreased by 11.7 and 77.9 millions USD respectively, thus total oil import decreased by 90 millions USD from that of the previous year. The oil price on the border decreased in begin 2012 and the august 2012. Since then, the oil price increased slightly, but in 2013, it is decreasing slowly. (Figure 6).

Industrial inputs' imports price and quantity both decreased by 54% and 46%, respectively, thus industrial inputs' import declined by almost 364 millions USD. At the same time, 70% of decrease in consumer products' import were quantity related causes, 30% were price related causes, thus consumer products' import decreased by 44.4 million USD.

Import of the primary consumer products*

As of first 8 months of 2013, growth of primary consumer products' import, which calculated by 3 month moving average method, increased to 12%. import / Figure 7/.

Annual growth of electronics import had been decreased from mid of 2012 year, but since April 2013, it has been increased slightly. In the other hand, passenger cars import had been decreased since beginning of 2011, but since beginning of this year it has been decreased, slowly .

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

Types	2013			2012			Changes		
	Quant (unit, thousand of units)	Amount	%	Quant (unit, thousand of units)	Amount	%	Amount	Percentage	Percentage
Industrial inputs		1,071	25%		1,435	31%	(364)	-25%	-8%
Heavy mechanism, equipment	9,204	623	58%	8,893	794	55%	(172)	-22%	-12%
Cars other than passenger	724	347	32%	674	533	37%	(186)	-35%	-13%
Iron work, steel prod.	29,902	39	4%	24,069	38	3%	0	1%	0%
Other products	78,771	62	6%	87,884	69	5%	(7)	-10%	0%
Oil		853	20%		943	20%	(90)	-10%	-2%
Diesel fuel	443,499	506	59%	501,488	571	61%	(65)	-11%	-7%
A-92, A-95	165,830	197	23%	160,456	202	21%	(5)	-2%	-1%
A-80 and other	120,165	151	18%	133,077	171	18%	(20)	-12%	-2%
Consumer goods		514	12%		558	12%	(44)	-8%	-1%
Passenger car	32	277	54%	32	317	57%	(40)	-12%	-7%
Electronics	685	105	21%	688	107	19%	(2)	-2%	0%
All types of medicine	1,319	47	9%	1,199	48	9%	(2)	-3%	0%
Other consumer goods	10,746	84	16%	11,154	85	15%	(1)	-1%	0%
Nutrimet		114	3%		136	3%	(21)	-16%	0%
Powder, rice, bread	28,752	29	25%	82,455	48	36%	(20)	-41%	-14%
Dairy produce	2,981	11	9%	3,466	13	10%	(3)	-21%	-2%
All types of fat	16,791	22	19%	15,851	21	15%	1	4%	1%
Alcohol	24,657	20	17%	20,242	19	14%	1	4%	1%
Vegetable	44,892	9	8%	53,723	9	7%	(1)	-8%	-1%
Other	42,268	25	22%	42,463	25	18%	0	1%	0%
Other imports		1,704	40%		1,588	34%	116	7%	2%
Other	1,704			1,588			116	7%	7%
Total amount		4,257			4,660		(403)	-9%	-9%

% 2 - Contribution to the growth

Picture 6. Import of oil products, average border price

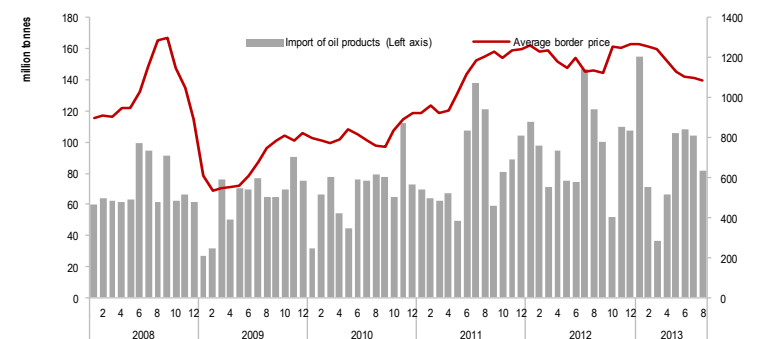
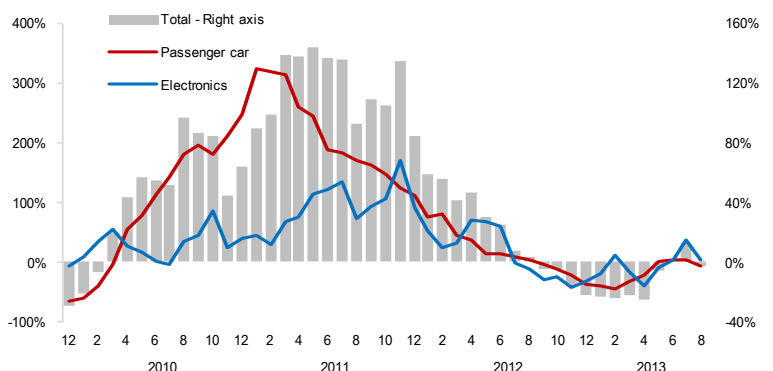


Table 5. Changes in import goods (million USD)

Types	Changes in quantity		Changes in price		Total changes	
	(million USD)	%	(million USD)	%	(million USD)	%
Industrial inputs	(166.0)	46%	(197.9)	54%	(363.9)	
Heavy mechanism, equipment	(135.2)	79%	(36.7)	21%	(171.9)	47%
Cars other than passenger	(25.3)	14%	(160.2)	86%	(185.5)	51%
Iron work, steel prod.	0.1	28%	0.3	72%	0.5	0%
Other products	(5.6)	81%	(1.3)	19%	(6.9)	2%
Oil	(77.9)	87%	(11.7)	13%	(89.6)	
Diesel fuel	(66.0)	102%	1.2	-2%	(64.8)	72%
A-92, A-95	6.8	-138%	(11.6)	238%	(4.9)	5%
A-80 and other	(18.6)	94%	(1.3)	6%	(19.9)	22%
Consumer goods	(30.9)	70%	(13.5)	30%	(44.4)	
Passenger car	(25.8)	65%	(13.8)	35%	(39.5)	89%
Electronics	(1.8)	89%	(0.2)	11%	(2.1)	5%
All types of medicine	(2.1)	126%	0.4	-26%	(1.7)	4%
Other consumer goods	(1.2)	107%	0.1	-7%	(1.1)	3%
Nutrimet	(20.2)	95%	(1.1)	5%	(21.3)	
Powder, rice, bread	(19.2)	98%	(0.4)	2%	(19.6)	92%
Dairy produce	(1.9)	67%	(0.9)	33%	(2.8)	13%
All types of fat	0.5	54%	0.4	46%	0.9	-4%
Alcohol	0.3	41%	0.4	59%	0.7	-3%
Vegetable	0.2	-19%	(1.0)	119%	(0.8)	4%
Other	(0.0)	-16%	0.3	116%	0.3	-1%
Other imports	64.1	55%	52.3	45%	116.4	
Other	64.1	55%	52.3	45%	116.4	100%
Total amount	(230.9)		(171.9)		(402.8)	

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.