



# MONGOLIA'S FOREIGN TRADE REVIEW

November 2013

## Total trade turnover: \$9,716 millions

As of November 2013 the total cumulative trade turnover from the beginning of the year fell by 6% (USD 582.5 millions) from that of the previous year and reached USD 9,716.4 millions. The decrease in the trade turnover was due to the decrease in imports by USD 413.8 millions and in exports by USD 168.7 millions.

The annual growth rate declined by 6 percentage points from that of the previous year as a result of the decrease in the growth rate of imports by 12 percentage points and that of exports by 1 percentage points.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 51% or USD 4,974 millions and (ii) trade with Russia: 15% or USD 1,477 millions. The trade volume between Mongolia and China decreased by 9% and the trade volume between Mongolia and Russia declined by 16%.

## Trade balance: -\$1,994 million

As of November 2013, the cumulative trade balance decreased by 11% (USD 245 millions) from that of the previous year and reached USD -1,994 millions. Although during the reporting period the total exports decreased by 4% from that of the previous year the trade balance improved due to the decline in imports by 7% 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 recent years (Picture 1 shows that the annual growth rates of exports and imports have been declining since October 2011). But since August 2013, it has been increasing slightly.

## Trade balance of paid trade flows: -\$1,577 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 November 2013, the trade balance of paid trade flows increased by 9% from that of the previous year and reached USD -1,577 millions. Paid imports during the reporting period decreased by 0.6% which means that the rate of the decrease in paid exports is by 4.2 percentage points higher than that of imports.

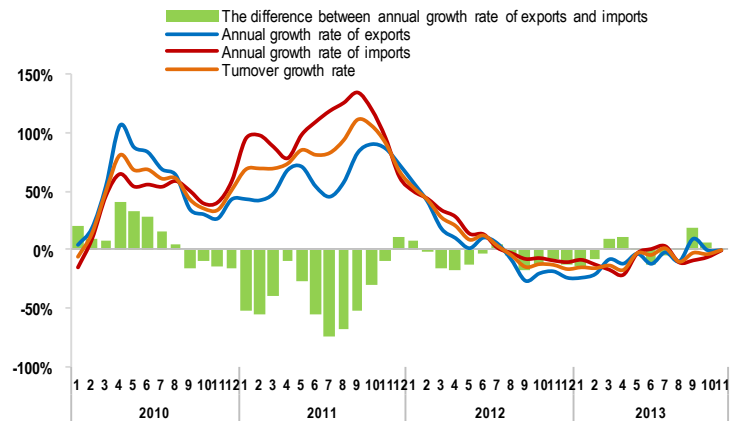
## Terms of trade: 1.219

As of November 2013, terms of trade index (2000 base year) decreased by 13.2% from that of the previous year and reached 1.219. This decrease in the terms of trade is mainly attributed to the fall in export prices of exporting commodities.

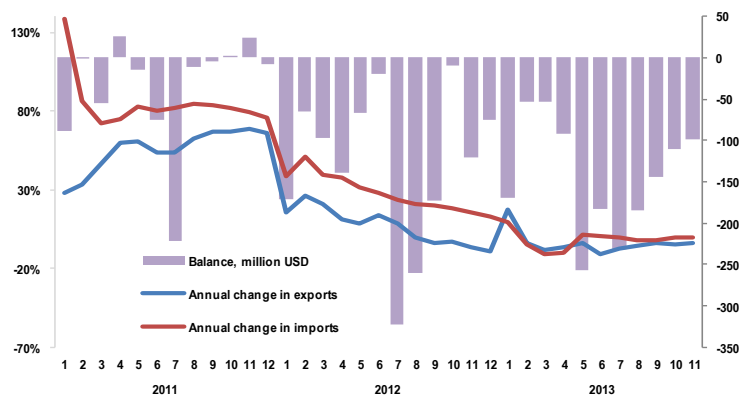
Table 1. The foreign trade performance /million USD/

Type	First 11 months			Changes			
	2013	2012	2011	2013/2012		2012/2011	
				Amount	%	Amount	%
<b>Turnover</b>	<b>9,716.4</b>	<b>10,298.9</b>	<b>10,229.9</b>	<b>(582.5)</b>	<b>-6%</b>	<b>69.1</b>	<b>1%</b>
Export	3,861.2	4,029.9	4,262.6	(168.7)	-4%	(232.7)	-5%
Import	5,855.3	6,269.1	5,967.3	(413.8)	-7%	301.8	5%
<b>Balance</b>	<b>(1,994.1)</b>	<b>(2,239.2)</b>	<b>(1,704.7)</b>	<b>245.1</b>	<b>-11%</b>	<b>(534.5)</b>	<b>31%</b>

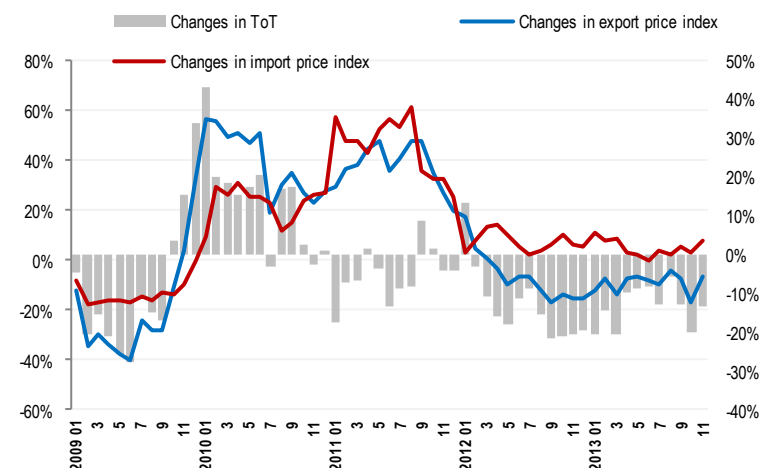
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



Picture 3. Changes in terms of trade



## Composition: 88%+ 12%

The share of mineral exports in total exports was 88% of the total export and decreased by 2.4 points from that of the previous year.

Coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 75% of total export and 85% of mining export.

In addition, these 4 products share in the mining exports decreased by 5.6 points from that of the previous year, share in the total exports decreased by 7.1 points..

## Growth: -4.2%

Mongolian export decreased by 4.2% from that of the previous year, which was mainly affected by 6% decrease in mineral exports. Exports of iron ore, concentrate, crude oil and non monetary gold increased by 26%, 46% and 197%, respectively, which accounting for 13% in growth of mining export. On the other hand, coal export decreased by nearly 43% and because of this mining export has decreased by 21% from the first 11 months of 2012.

## Changes

In first 11 months of 2013, Mongolian export decreased by 179 million USD from that of the previous year. The decrease in export commodities' prices (USD 333.3 millions) offsets increase of export commodities' quantities (USD 154.5 millions).

Because of the increase in crude oil, copper, zinc ore, concentrate and non monetary gold quantities, total export would've increased by 416 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 763 millions USD.

Cashmere and cashmere product exports' both prices and quantities increased by 27 and 19 million USD, respectively. For other exports, prices and quantities both increased, so total of other export increased by almost 32 millions USD.

## World market prices for primary commodities

As of November 29 2013, gold price reached 1,253.4 USD, decreased by 27% from that of the previous year and decreased 5.3% from that of the last month.

As of November 29 2013, copper and zinc prices reached 7,054.3 and 1,866.0 USD, decreased by 11%, 8% from that of the last year, respectively. Copper decreased by 2.6%, zinc decreased by 2.8% from that of the previous month 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
<b>1. Minerals</b>		<b>3,409</b>	<b>88%</b>		<b>3,654</b>	<b>91%</b>	<b>(245)</b>	<b>-7%</b>	<b>-6%</b>
Coal	15,971	1,002	26%	18,585	1,760	44%	(758)	-43%	-21%
Copper concentrate	586	851	22%	527	769	19%	82	11%	2%
Iron ore /conc.	5,987	591	15%	5,743	470	12%	121	26%	3%
Crude oil	4,532	447	12%	3,231	306	8%	141	46%	4%
Zinc ore/concentrate	121	110	3%	126	117	3%	(7)	-6%	0%
Non monetary gold	7,384	304	8%	2,331	102	3%	202	197%	6%
Spar, leucine, nepheline	310	77	2%	398	95	2%	(18)	-19%	0%
Molybdenum ore/conc.	4	27	1%	4	35	1%	(8)	-23%	0%
<b>2. Cashmere</b>		<b>235.5</b>	<b>6%</b>		<b>190.7</b>	<b>5%</b>	<b>45</b>	<b>23%</b>	<b>1%</b>
Washed cashmere	3,988	185	5%	3,586	145	4%	40.4	28%	21%
Combed cashmere	511	50	1%	517	46	1%	4.4	10%	2%
<b>3. Other</b>		<b>217</b>	<b>6%</b>		<b>185</b>	<b>5%</b>	<b>32</b>	<b>17%</b>	<b>1%</b>
<b>Total amount</b>		<b>3,861</b>			<b>4,030</b>		<b>(168.7)</b>	<b>-4.2%</b>	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

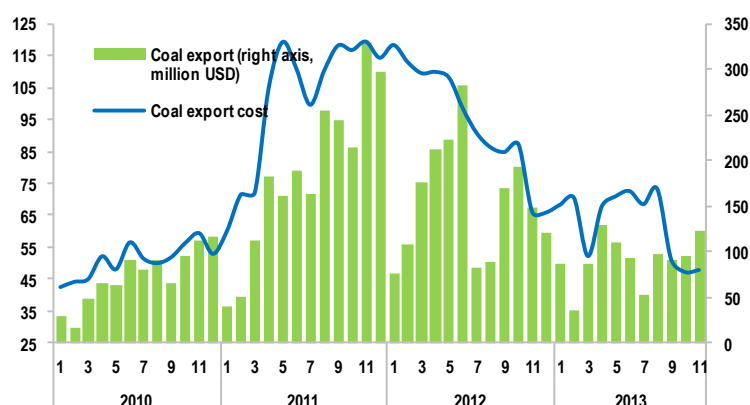
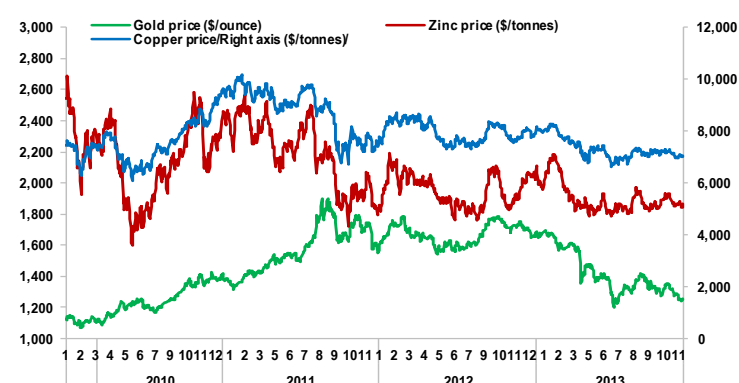


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
<b>1. Minerals</b>	118		(374)		(256)	
Coal	(289)	39%	(443)	61%	(732)	410%
Copper concentrate	60	114%	(7)	-14%	53	-30%
Iron ore /conc.	16	14%	94	86%	110	-62%
Crude oil	111	90%	13	10%	124	-70%
Zinc ore/concentrate	1	-87%	(3)	187%	(2)	1%
Non monetary gold	226	107%	(16)	-7%	211	-118%
Spar, leucine, nepheline	(7)	52%	(7)	48%	(14)	8%
Molybdenum ore/conc.	(2)	22%	(5)	78%	(7)	4%
<b>2. Cashmere</b>	19		27		46	
Washed cashmere	14.8	38%	23.8	62%	38.6	-22%
Combed cashmere	4.1	56%	3.2	44%	7.3	-4%
<b>3. Other</b>	18	56%	14	44%	32	-18%
<b>Total</b>	<b>154.5</b>		<b>(333.3)</b>		<b>(178.8)</b>	

Picture 5. Market price of gold, zinc, copper



## Composition: 24% + 21%

As of first 11 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 2 points from the first 11 months of 2012. This decrease affected by industrial inputs' import, which decreased by 3.5 points.

## Growth: -6.6%

Mongolian imports decreased by 6.6% from that of the previous year. Main contributors of this decrease were industrial inputs' decrease, which equal to 5% of the total decrease, and consumer goods import which equal to 1% of the total decrease.

Consumer goods products and industrial inputs' imports decreased by 8% (62 millions USD) and 19% (320 millions USD) respectively, thus total import decreased from that of the previous year.

## Changes

Prices and quantities of import goods both decreased by 162 and 252 millions USD respectively, thus total imports decreased by 414 millions USD from that of the previous year.

Because of increase in quantities, oil import increased by 23.1 million USD, thus total oil import increased by 1.6 millions USD from that of the previous year. The oil price on the border decreased from begin of 2012 to 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 32% and 68%, respectively, thus industrial inputs' import declined by almost 320 millions USD. At the same time, 76% of decrease in consumer products' import were quantity related causes, 34% were price related causes, thus consumer products' import decreased by 61.9 million USD.

## Import of the primary consumer products\*

As of first 11 months of 2013, growth of primary consumer products' import, which calculated by 3 month moving average method, decreased by 15% / 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	
	QuantUnit (tonnes, thousand of units)	Amount	%	QuantUnit (tonnes, thousand of units)	Amount	%	Amount	Percentage
<b>Industrial inputs</b>		<b>1,399</b>	<b>24%</b>		<b>1,719</b>	<b>27%</b>	<b>(320)</b>	<b>-19%</b>
Heavy mechanism, equipment	3,062	828	59%	11,768	1,054	61%	(226)	-21%
Cars other than passenger	1,003	419	30%	941	517	30%	(98)	-19%
Iron work, steel prod.	28,452	66	5%	32,724	51	3%	15	29%
Other products	111,114	87	6%	553,363	97	6%	(11)	-11%
<b>Oil</b>		<b>1,259</b>	<b>21%</b>		<b>1,257</b>	<b>20%</b>	<b>2</b>	<b>0%</b>
Diesel fuel	673,351	764	61%	649,005	737	59%	27	4%
A-92, A-95	239,627	285	23%	226,576	288	23%	(3)	-1%
A-80 and other	168,367	210	17%	180,680	232	18%	(23)	-10%
<b>Consumer goods</b>		<b>678</b>	<b>12%</b>		<b>739</b>	<b>12%</b>	<b>(62)</b>	<b>-8%</b>
Passenger car	43	352	52%	43	404	55%	(51)	-13%
Electronics	923	139	20%	987	141	19%	(2)	-1%
All types of medicine	1,898	64	9%	1,958	70	10%	(6)	-9%
Other consumer goods	15,104	122	18%	16,234	125	17%	(2)	-2%
<b>Nutriment</b>		<b>168</b>	<b>3%</b>		<b>184</b>	<b>3%</b>	<b>(16)</b>	<b>-9%</b>
Pow der, rice, bread	47,425	44	26%	92,199	57	31%	(13)	-23%
Dairy produce	3,569	14	8%	4,290	16	9%	(2)	-14%
All types of fat	24,994	32	19%	22,380	30	16%	3	9%
Alcohol	33,780	31	18%	30,284	31	17%	(1)	-3%
Vegetable	56,165	11	7%	70,302	12	7%	(1)	-8%
Other	61,444	36	22%	62,625	38	21%	(1)	-4%
<b>Other imports</b>		<b>2,352</b>	<b>40%</b>		<b>2,370</b>	<b>38%</b>	<b>(17)</b>	<b>-1%</b>
Other		2,352			2,370		(17)	-1%
<b>Total amount</b>		<b>5,855</b>			<b>6,269</b>		<b>(414)</b>	<b>-7%</b>

% 2 - Contribution to the growth

Picture 6. Import of oil products, average border price

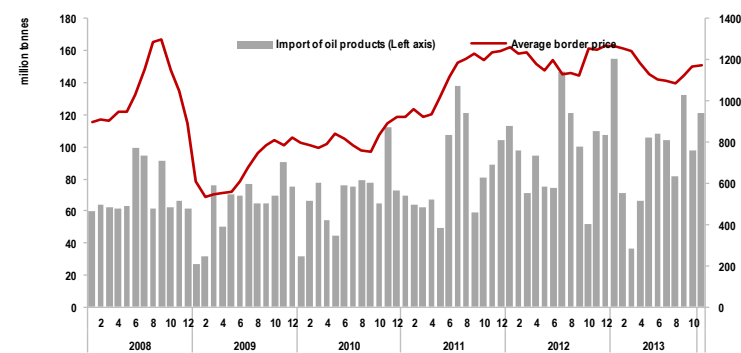
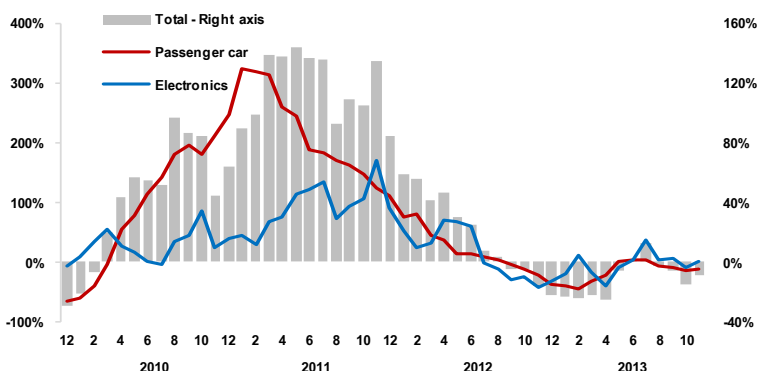


Table 5. Changes in import goods (million USD)

Types	Changes in quantity		Changes in price		Total changes	
	Quantity	%	Price	%	Total	%
<b>Industrial inputs</b>	<b>(217.0)</b>	<b>68%</b>	<b>(103.0)</b>	<b>32%</b>	<b>(320.0)</b>	
Heavy mechanism, equipment	(215.7)	95%	(10.4)	5%	(226.1)	71%
Cars other than passenger	(3.5)	4%	(94.5)	96%	(97.9)	31%
Iron work, steel prod.	7.4	51%	7.2	49%	14.6	-5%
Other products	(5.2)	50%	(5.3)	50%	(10.6)	3%
<b>Oil</b>	<b>23.1</b>	<b>1470%</b>	<b>(21.5)</b>	<b>-1370%</b>	<b>1.6</b>	
Diesel fuel	27.6	101%	(0.3)	-1%	27.4	1744%
A-92, A-95	16.6	-518%	(19.8)	618%	(3.2)	-204%
A-80 and other	(21.2)	94%	(1.5)	6%	(22.6)	-1440%
<b>Consumer goods</b>	<b>(47.0)</b>	<b>76%</b>	<b>(14.9)</b>	<b>24%</b>	<b>(61.9)</b>	
Passenger car	(33.6)	65%	(17.9)	35%	(51.5)	83%
Electronics	(2.3)	124%	0.4	-24%	(1.8)	3%
All types of medicine	(7.7)	125%	1.6	-25%	(6.2)	10%
Other consumer goods	(3.4)	141%	1.0	-41%	(2.4)	4%
<b>Nutriment</b>	<b>(11.2)</b>	<b>70%</b>	<b>(4.7)</b>	<b>30%</b>	<b>(16.0)</b>	
Pow der, rice, bread	(10.9)	84%	(2.1)	16%	(13.0)	81%
Dairy produce	(2.7)	119%	0.4	-19%	(2.3)	14%
All types of fat	1.9	71%	0.8	29%	2.6	-16%
Alcohol	0.1	-11%	(0.9)	111%	(0.8)	5%
Vegetable	0.4	-38%	(1.4)	138%	(1.0)	7%
Other	(0.0)	2%	(1.4)	98%	(1.5)	9%
<b>Other imports</b>	<b>0.2</b>	<b>-1%</b>	<b>(17.7)</b>	<b>101%</b>	<b>(17.5)</b>	
Other	0.2	-1%	(17.7)	101%	(17.5)	100%
<b>Total amount</b>	<b>(252.0)</b>		<b>(161.8)</b>		<b>(413.8)</b>	

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.