



# MONGOLIA'S FOREIGN TRADE REVIEW

April 2014

## Total trade turnover: \$2,958.6 millions

As of April 2014 the total cumulative trade turnover increased by 0.2% (USD 5.3 millions) from that of the previous year and reached USD 2,958.6 millions. The decrease in the trade turnover was due to the decrease in imports by USD 214.6 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 58% or USD 1,718.1 millions and (ii) trade with Russia: 16% or USD 473.2 millions. The trade volume between Mongolia and China increased by 17.3% and the trade volume between Mongolia and Russia increased by 2.8%.

## Trade balance: -\$93.7 million

As of April 2014, the cumulative trade balance decreased by 82.3% (USD 434.6 millions) from that of the previous year and reached USD -93.7 millions. During the reporting period the total exports increased by 18.1% from that of the previous year, imports decreased by 12.3% from that of the previous year, thus the trade balance improved by USD 434.6 millions.

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: -\$11.3 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 2014, the trade balance of paid trade flows reached USD -11.3 millions. During the reporting period, paid imports decreased by 9.7%, and paid exports increased by 16.8% that of previous year.

## Terms of trade: 1.289

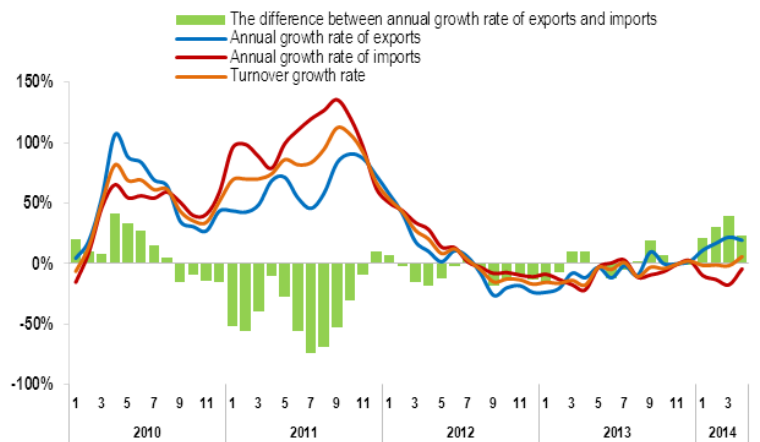
As of April 2014, terms of trade index (2000 base year) decreased by 11.6% from that of the previous year and reached 1.289.

This decrease in the terms of trade is mainly attributed to the fall in export prices of exporting commodities such as coking coal, iron ore and cashmere.

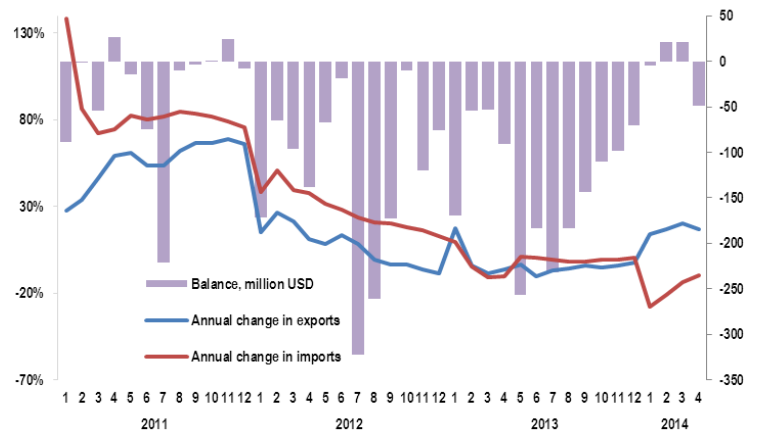
Table 1. The foreign trade performance /million USD/

Type	First 4 months			Changes			
	2014	2013	2012	2014/2013		2013/2012	
				Дүн	Хувь	Дүн	Хувь
Turnover	2,958.6	2,953.3	3,373.1	5.3	0.2%	(419.8)	-12.4%
Ex port	1,432.4	1,212.5	1,292.4	219.9	18.1%	(80.0)	-6.2%
Import	1,526.2	1,740.8	2,080.6	(214.6)	-12.3%	(339.8)	-16.3%
Balance	(93.7)	(528.3)	(788.2)	434.6	-82.3%	259.9	-33.0%

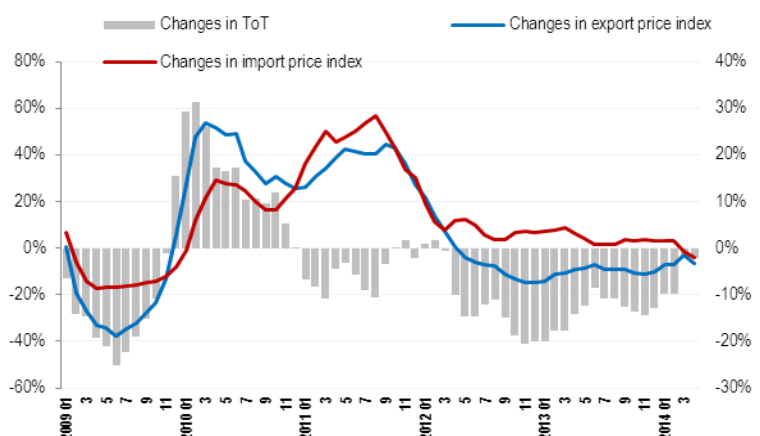
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



Picture 3. Changes in terms of trade /3 month moving average/



**Composition: 89% + 11%**

The share of mineral exports in total exports was 89% of the total export and decreased by 1.8 points from that of the previous year.

Coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 79% of total export and 89% of mining export.

In addition, these 4 products' share in the mining exports increased by 0.8 points from that of the previous year, share in the total exports decreased by 0.9 points.

**Growth: +18.1%**

Mongolian export increased by 18.1% from that of the previous year, which was mainly affected by 14.4% increase in mineral exports. Exports of copper concentrate, crude oil and non monetary gold increased by 92%, 54% and 64%, respectively, which accounted for 33% in growth of mining export. On the other hand, coking coal, iron ore and zinc ore export decreased by nearly 20%, 44%, 43% respectively, which accounted for 17% decrease in the growth of mining export.

**Changes**

As of April 2014, Mongolian export increased by 219.9 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 286.2 millions) and decrease in export commodities' prices (USD 66.3 millions) .

Because of the increase in crude oil, copper concentrate and non monetary gold quantities, mining export increased by 290 millions USD. On the other hand, because of decrease in prices of coal and iron ore and decrease in quantities of iron ore and zinc ore, mining export declined by 208 million USD.

For cashmere, cashmere products and other exports, prices and quantities both increased, which resulted in increase of 30 and 15 million USD respectively.

**World market prices for primary commodities**

As of April 30 2014, gold price reached 1,291.6 USD, decreased by 12.5% from that of the previous year and increased by 0.6% from that of the last month.

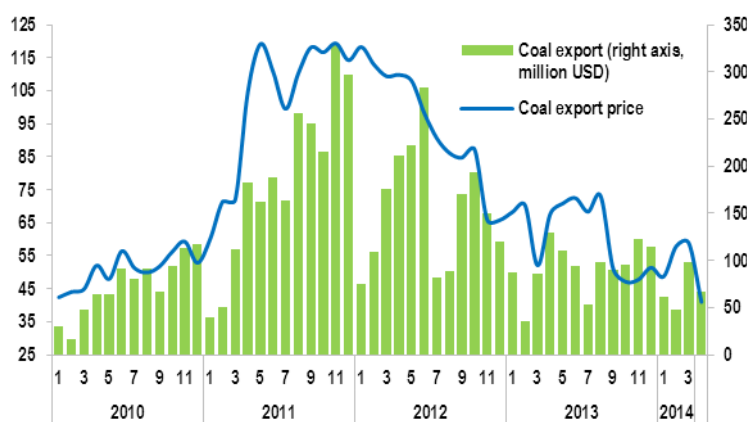
As of April 30 2014, copper and zinc prices reached 6,659.0 and 2,040.3 USD, increased by 0.1%, 3.6% from that of the previous month respectively. Copper price decreased by 5.2%, zinc price increased by 11.2% from that of the previous year respectively.

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

	2014			2013			Changes		
	Quan/ unit (thou. tonnes, kg)	Amount	%	Quan/ unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
<b>1. Minerals</b>		<b>1,281</b>	<b>89%</b>		<b>1,107</b>	<b>91%</b>	<b>174</b>	<b>16%</b>	<b>14%</b>
Coal	5,354	273	19%	5,007	339	28%	(66)	-20%	-6%
Copper concentrate	317	530	37%	187	277	23%	254	92%	23%
Iron ore /conc.	1,582	126	9%	1,933	223	19%	(97)	-44%	-9%
Crude oil	2,095	207	14%	1,421	134	11%	73	54%	7%
Zinc ore/concentrate	27	27	2%	47	48	4%	(20)	-43%	-2%
Non monetary gold	2,171	90	6%	1,339	55	5%	35	64%	3%
Spar, leucine, nepheline	83	18	1%	86	20	2%	(2)	-11%	0%
Molybdenum ore/conc.	1	10	1%	1	11	1%	(1)	-11%	0%
<b>2. Cashmere</b>		<b>67.1</b>	<b>5%</b>		<b>36.8</b>	<b>3%</b>	<b>30</b>	<b>82%</b>	<b>2%</b>
Washed cashmere	1,101	62	4%	606	32	3%	30.0	94%	8%
Combed cashmere	52	5	0%	55	5	0%	0.3	7%	1%
<b>3. Other</b>		<b>84</b>	<b>6%</b>		<b>69</b>	<b>6%</b>	<b>15</b>	<b>22%</b>	<b>1%</b>
<b>Total amount</b>		<b>1,432</b>			<b>1,212</b>		<b>219.9</b>	<b>18.1%</b>	

%2 - Contribution to the growth

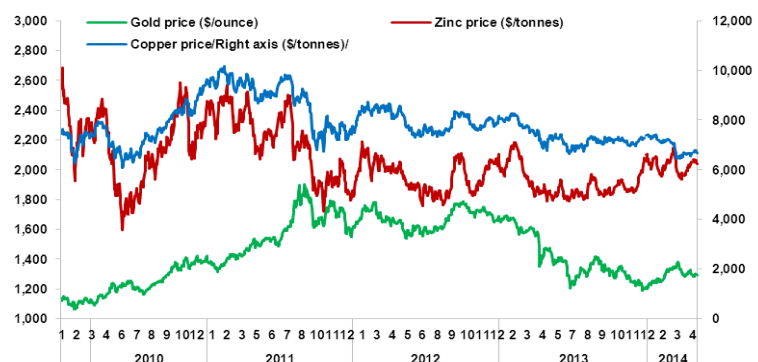
**Picture 4. Coal export, market price (USD)**



**Table 3. Changes in export goods (million USD)**

	Changes in quantity	%	Changes in price	%	Total changes	%
<b>1. Minerals</b>	252		(78)		174	
Coal	23	-35%	(90)	135%	(66)	-20%
Copper concentrate	193	76%	61	24%	254	92%
Iron ore /conc.	(41)	42%	(57)	58%	(97)	-44%
Crude oil	64	87%	9	13%	73	54%
Zinc ore/concentrate	(21)	100%	0	0%	(20)	-43%
Non monetary gold	34	96%	1	4%	35	64%
Spar, leucine, nepheline	(1)	28%	(2)	72%	(2)	-11%
Molybdenum ore/conc.	(0)	25%	(1)	75%	(1)	-11%
<b>2. Cashmere</b>	25.7		4.6		30	
Washed cashmere	26.0	87%	4.0	13%	30.0	94%
Combed cashmere	(0.3)	-77%	0.6	177%	0.3	7%
<b>3. Other</b>	9	56%	7	44%	15	22%
<b>Total</b>	<b>286.2</b>		<b>(66.3)</b>		<b>219.9</b>	

**Picture 5. Market price of gold, zinc, copper**



**Composition: 19% + 23%**

As of April 2014, 42% of total imports were oil products and industrial inputs' imports, 18% 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 10 points from that of the previous year. This decrease in share is mainly affected by import of oil and industrial inputs. On the other hand, the share of consumer goods and food imports in total imports increased from that of the previous year.

**Growth: -12.3%**

Mongolian imports decreased by 12.3% from that of the previous year. Main contributors of this decrease were industrial inputs' decrease, which equal to 12% of the total decrease, and oil import which equal to 3% of the total decrease.

Oil and industrial inputs' imports decreased by 14% (55 millions USD) and 42% (215 millions USD) respectively. Thus total import decreased from that of the previous year.

**Changes**

Due to changes in price of importing goods, import fell by 294.1 millions USD and because of changes in quantity of importing goods, import increased by 79.5 millions USD. Thus total imports decreased by 214.6 millions USD from that of the previous year.

Because of decrease in border price, oil import decreased by 47.3 million USD, thus total oil import decreased by 55.5 millions USD from that of the previous year. The oil price on the border decreased from beginning of 2012 to August 2012. Since then, the oil price increased slightly, but from October 2012 it is decreasing slowly. (Figure 6).

Mainly led by the decrease in prices, industrial inputs' import declined by 214.5 millions USD. Decrease in the import of consumer goods is affected by the decline of consumer goods price.

**Import of the primary consumer products\***

As of April 2014, growth of primary consumer products' import, which calculated by 3 month moving average method, decreased by 2% / Figure 7/.

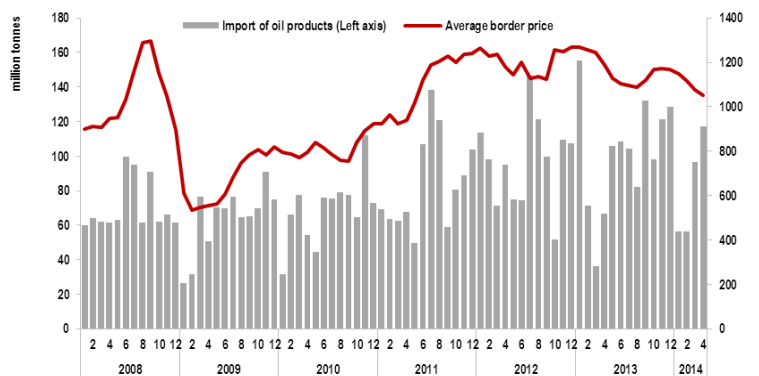
Although annual growth of electronics import had been decreasing from mid of 2012, it has been relatively stable since August 2013. But it started to increase previous month. On the other hand, passenger cars import has been declining since August 2014.

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

Types	2014			2013			Changes		
	Quantity (tonnes, thousand of units)	Amount	%	Quantity (tonnes, thousand of units)	Amount	%	Amount	Percentage	Percentage
<b>Industrial inputs</b>		<b>293</b>	<b>19%</b>		<b>508</b>	<b>29%</b>	<b>(215)</b>	<b>-42%</b>	<b>-12%</b>
Heavy mechanism, equipment	1,127	174	59%	4,464	286	56%	(112)	-39%	-22%
Cars other than passenger	273	75	26%	305	183	36%	(108)	-59%	-21%
Ironwork, steel prod.	8,122	11	4%	9,355	13	3%	(2)	-16%	0%
Other products	192,202	33	11%	180,944	26	5%	7	28%	1%
<b>Oil</b>		<b>355</b>	<b>23%</b>		<b>411</b>	<b>24%</b>	<b>(55)</b>	<b>-14%</b>	<b>-3%</b>
Diesel fuel	175,333	185	52%	197,247	243	59%	(57)	-24%	-14%
A-92, A-95	105,641	117	33%	72,583	91	22%	26	29%	6%
A-80 and other	45,579	53	15%	59,461	77	19%	(24)	-31%	-6%
<b>Consumer goods</b>		<b>211</b>	<b>14%</b>		<b>209</b>	<b>12%</b>	<b>1</b>	<b>1%</b>	<b>0%</b>
Passenger car	12	97	46%	14	114	54%	(17)	-15%	-8%
Electronics	817	55	26%	331	37	18%	18	50%	9%
All types of medicine	588	23	11%	588	19	9%	4	21%	2%
Other consumer goods	4,849	35	17%	5,124	39	19%	(5)	-12%	-2%
<b>Nutrient</b>		<b>59</b>	<b>4%</b>		<b>50</b>	<b>3%</b>	<b>9</b>	<b>18%</b>	<b>1%</b>
Pow der, rice, bread	32,100	20	34%	14,009	14	27%	6	46%	13%
Dairy produce	1,555	8	14%	1,968	7	14%	1	18%	2%
All types of fat	6,742	8	14%	7,400	10	19%	(2)	-18%	-3%
Alcohol	5,417	6	9%	6,366	5	11%	0	3%	0%
Vegetable	20,969	6	10%	24,509	5	9%	1	27%	2%
Other	16,572	12	20%	17,700	10	19%	2	19%	4%
<b>Other imports</b>		<b>608</b>	<b>40%</b>		<b>563</b>	<b>32%</b>	<b>45</b>	<b>8%</b>	<b>3%</b>
Other		608			563		45	8%	8%
<b>Total amount</b>		<b>1,526</b>			<b>1,741</b>		<b>(215)</b>	<b>-12%</b>	

\*%2 - Contribution to the growth

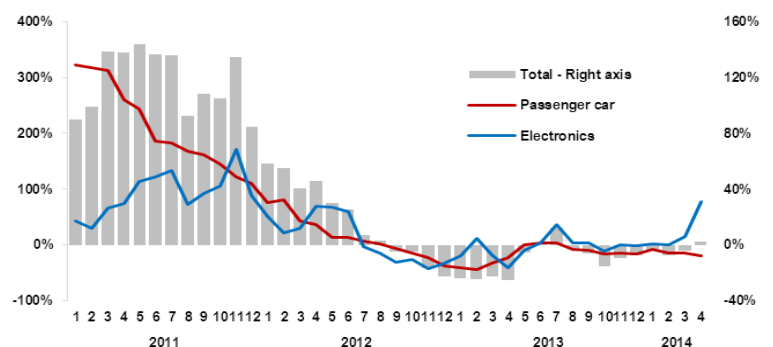
**Picture 6. Import of oil products, average border price**



**Table 5. Changes in import goods (million USD)**

Types	Changes in quantity	Changes in price	Total changes	%
<b>Industrial inputs</b>	<b>0.4</b>	<b>(214.9)</b>	<b>(214.5)</b>	
Heavy mechanism, equipment	48.7	(160.7)	(112.0)	-39%
Cars other than passenger	(48.3)	(59.4)	(107.6)	-59%
Ironwork, steel prod.	(1.6)	(0.4)	(2.0)	-16%
Other products	1.5	5.6	7.1	28%
<b>Oil</b>	<b>(8.1)</b>	<b>(47.3)</b>	<b>(55.5)</b>	
Diesel fuel	(27.0)	(30.4)	(57.4)	-24%
A-92, A-95	41.3	(15.4)	25.9	29%
A-80 and other	(22.5)	(1.5)	(24.0)	-31%
<b>Consumer goods</b>	<b>31.8</b>	<b>(30.4)</b>	<b>1.4</b>	
Passenger car	(9.6)	(7.0)	(16.5)	-15%
Electronics	40.5	(22.0)	18.5	50%
All types of medicine	1.8	2.1	4.0	21%
Other consumer goods	(1.0)	(3.6)	(4.5)	-12%
<b>Nutrient</b>	<b>38.6</b>	<b>(29.5)</b>	<b>9.1</b>	
Pow der, rice, bread	41.4	(35.0)	6.4	46%
Dairy produce	(1.4)	2.6	1.2	18%
All types of fat	(0.5)	(1.2)	(1.7)	-18%
Alcohol	0.3	(0.1)	0.2	3%
Vegetable	(1.0)	2.2	1.2	27%
Other	(0.2)	2.0	1.9	19%
<b>Other imports</b>	<b>16.9</b>	<b>28.0</b>	<b>44.9</b>	
Other	16.9	28.0	44.9	8%
<b>Total amount</b>	<b>79.5</b>	<b>(294.1)</b>	<b>(214.6)</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.