



# MONGOLIA'S FOREIGN TRADE REVIEW

September 2017

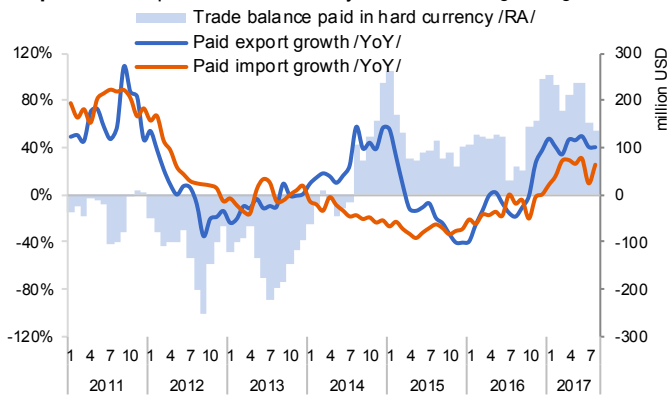
**Overview:** As of September 2017, cumulative trade turnover increased by 33.4% (or USD 1933 million) from that of the previous year and reached USD 7,714 million. Exports increased by 38% (or USD 1,250 million) and imports increased by 28% (or USD 682.8 million). During the reporting period, trade balance recorded surplus of USD 1,452 million, which is USD 567 million higher than that of the previous year.

**Table 1.** Foreign trade performance /million USD/

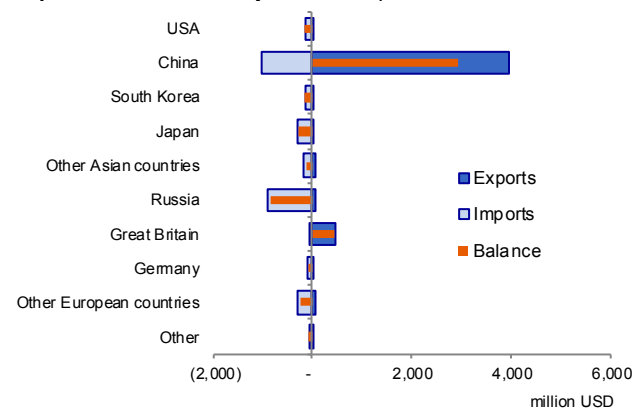
Category	Yearly			Change				First 9 months			Change			
	2014	2015	2016	2015/2014		2016/2015		2015	2016	2017	2016/2015		2017/2016	
				Value	%	Value	%				Value	%	Value	%
<b>Turnover</b>	<b>11,011</b>	<b>8,467</b>	<b>8,274</b>	(2,544)	-23.1%	(192)	-2.3%	<b>6,398</b>	<b>5,780</b>	<b>7,714</b>	(617)	-9.6%	<b>1,933</b>	<b>33.4%</b>
Exports	5,774	4,669	4,916	(1,105)	-19.1%	247	5.3%	3,541	3,332	4,583	(209)	-5.9%	1,250	38%
Imports	5,237	3,798	3,358	(1,439)	-27.5%	(439)	-11.6%	2,857	2,448	3,131	(409)	-14.3%	682.8	28%
<b>Balance</b>	<b>538</b>	<b>872</b>	<b>1,558</b>	<b>334</b>	<b>0.0%</b>	<b>686</b>	<b>78.7%</b>	<b>684</b>	<b>884</b>	<b>1,452</b>	<b>200</b>	<b>29%</b>	<b>568</b>	<b>64%</b>

The balance of trade paid in hard currency in first 9 months of 2017 recorded surplus of USD 1,582 million, which is USD 693 million higher than that of the previous year.

**Graph 1.** Trade paid in hard currency /3 months moving average/

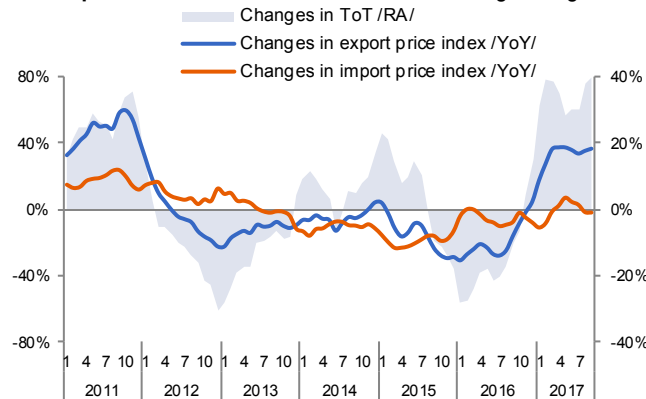


**Graph 2.** Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as follow:(i) trade with China: 64.2% (or USD 4951.8 million) and (ii) trade with Russia:12.3% (or USD 947 million). Trade turnover with China and Russia increased by 40.2% and 44.1%, respectively.

**Graph 3.** Terms of trade index /3 months moving average/



**Terms of trade index** reached to 1.68, increased by 40% from that of the previous year and decreased by 2% from that of the previous month. For the reporting month, import price of capital goods and consumer goods increase, which resulted in a deterioration of the terms of trade.

**Export:** As of September 2017, exports of goods increased by 38% (or USD 1,250 million) from that of the previous year. The increase in mining products' export explains 37.1 percentage points and other sector export products explain 0.5 percentage points of the total export growth. The weight of mining products in total exports increased by 4 percentage points, while manufacturing goods decreased by 3 percentage points .

**Table 3.** Exports of goods /million USD/

Category	2015			2016			2017			Δ (2016/2015)			Δ (2017/2016)			
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% <sup>2</sup>	Value	Change	% <sup>2</sup>	
<b>1. Mining products</b>		<b>3,080</b>	<b>87%</b>		<b>2,808</b>	<b>84%</b>		<b>4,044</b>	<b>88%</b>		<b>(271)</b>	<b>-9%</b>	<b>-8%</b>	<b>1,236</b>	<b>44%</b>	<b>37.1%</b>
1.1. Copper ores and concentrates	1,060	1,715	48%	1,198	1,272	38%	1,084	1,155	25%	(443)	-26%	-13%	(117)	-9%	-4%	
1.2. Coal	10,458	432	12%	16,074	506	15%	25,532	1,724	38%	73	17%	2%	1,219	241%	37%	
1.3. Crude oil	5,857	293	8%	5,877	235	7%	5,636	272	6%	(58)	-20%	-2%	37	16%	1%	
1.4. Iron ores and concentrates	3,424	164	5%	4,581	178	5%	4,309	228	5%	13	8%	0%	51	29%	2%	
1.5. Non-monetary gold /kg/	7,581	286	8%	9,849	399	12%	9,883	403	9%	113	40%	3%	3	1%	0%	
1.6. Zinc ores and concentrates	78	96	3%	98	107	3%	91	134	3%	11	12%	0%	27	25%	1%	
1.7. Fluorspar, leucite, nepheline etc.	202	47	1%	187	45	1%	216	55	1%	(2)	-4%	0%	10	22%	0%	
1.8. Molybdenum ores and concentrates	3	23	1%	4	18	1%	5	27	1%	(5)	-21%	0%	9	52%	0%	
1.9. Tungsten ores and concentrates	1	11	0%	1	8	0%	1	5	0%	(3)	-31%	0%	(2)	-32%	0%	
1.10. Silver /tonnes/	54	10	0%	68	28	1%	0	1	0%	18	1%	0%	(28)	-98%	-1%	
1.11. Other	48	1	0%	70	12	0%	264	39	1%	11	746%	0%	27	1%	0%	
<b>2. Animal products</b>		<b>278</b>	<b>8%</b>		<b>259</b>	<b>8%</b>		<b>312</b>	<b>7%</b>		<b>(19)</b>	<b>-7%</b>	<b>-1%</b>	<b>53</b>	<b>20%</b>	<b>1.6%</b>
2.1. Live animals, meat	2	7	0%	4	9	0%	14	26	1%	2	28%	0%	17	189%	1%	
2.2. Hide, skin and leather	220	23	1%	120	17	1%	216	17	0%	(6)	-25%	0%	(0)	-1%	0%	
2.3. Casing	0	7	0%	0	5	0%	0	5	0%	(2)	-30%	0%	0	0%	0%	
2.4. Cashmere	6	226	6%	6	211	6%	7	244	5%	(16)	-7%	0%	33	16%	1%	
2.5. Wool, other hair	10	14	0%	11	16	0%	13	18	0%	2	13%	0%	2	15%	0%	
2.6. Other	0	0	0%	0	1	0%	1	2	0%	0	80%	0%	1	115%	0%	
<b>3. Horticultural products</b>		<b>21</b>	<b>1%</b>		<b>13</b>	<b>0%</b>		<b>9</b>	<b>0%</b>		<b>(9)</b>	<b>-40%</b>	<b>0%</b>	<b>(4)</b>	<b>-34%</b>	<b>-0.1%</b>
<b>4. Manufacturing goods</b>		<b>160</b>	<b>5%</b>		<b>252</b>	<b>8%</b>		<b>217</b>	<b>5%</b>		<b>92</b>	<b>57%</b>	<b>3%</b>	<b>(34)</b>	<b>-14%</b>	<b>-1.0%</b>
4.1. Food	2	16	0%	5	24	1%	16	65	1%	8	49%	0%	41	169%	1%	
4.2. Cashmere goods	0	18	1%	0	18	1%	0	21	0%	0	2%	0%	3	17%	0%	
4.3. Other apparel, footwear etc.	0	7	0%	1	11	0%	2	12	0%	4	63%	0%	1	8%	0%	
4.4. Mining products	30	62	2%	22	61	2%	26	80	2%	(1)	-1%	0%	19	31%	1%	
4.5. Electronic goods	0	2	0%	0	4	0%	0	1	0%	2	129%	0%	(3)	-83%	0%	
4.6. Machinery, equipment and their parts	1	51	1%	1	126	4%	1	34	1%	76	149%	2%	(92)	-73%	-3%	
4.7. Other	167	5	0%	179	7	0%	288	5	0%	2	45%	0%	(2)	-31%	0%	
<b>5. Other</b>		<b>2</b>	<b>0%</b>		<b>1</b>	<b>0%</b>		<b>1</b>	<b>0%</b>		<b>(1)</b>	<b>-61%</b>	<b>0%</b>	<b>(0)</b>	<b>-15%</b>	<b>0%</b>
<b>Total</b>		<b>3,541</b>			<b>3,332</b>			<b>4,583</b>			<b>(209)</b>	<b>-6%</b>		<b>1,250</b>	<b>38%</b>	

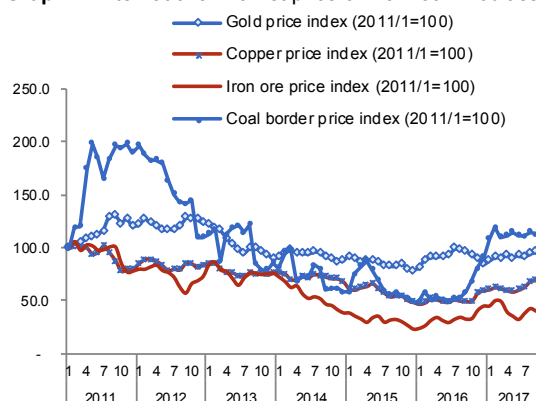
%<sup>2</sup> - Contribution to total growth

**Table 4.** Changes in exports 2017 /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
<b>1. Mining products</b>	<b>520.5</b>	<b>42%</b>	<b>715.6</b>	<b>58%</b>	<b>1,236</b>	<b>44%</b>
1.1. Copper ores and concentrates	(121.1)	104%	4.2	-4%	(116.9)	-9%
1.2. Coal	638.7	52%	580.0	48%	1,219	241%
1.3. Crude oil	(11.7)	-31%	49.0	131%	37	16%
1.4. Iron ores and concentrates	(14.4)	-28%	65.1	128%	50.7	29%
1.5. Non-monetary gold	1.4	40%	2.1	60%	3.5	1%
1.6. Zinc ores and concentrates	(10.5)	-39%	37.1	139%	26.6	25%
1.7. Fluorspar, leucite, nepheline etc.	7.3	73%	2.7	27%	9.9	22%
1.8. Molybdenum ores and concentrates	4.4	47%	5.0	53%	9.4	52%
1.9. Tungsten ores and concentrates	(2.4)	98%	(0.1)	2%	(2.5)	-32%
1.10. Silver	-	0%	-	0%	(27.8)	-98%
1.11. Other	28.7	106%	(1.7)	-6%	27.0	0%
<b>2. Animal products</b>	<b>51.3</b>	<b>97%</b>	<b>1.8</b>	<b>3%</b>	<b>53.1</b>	<b>20%</b>
2.2. Hide, skin and leather	7.6	-4478%	(7.8)	#####	(0.2)	-1%
2.4. Cashmere	23.7	72%	9.3	28%	33.0	16%
<b>3. Horticultural products</b>	<b>(0.5)</b>	<b>12%</b>	<b>(3.8)</b>	<b>88%</b>	<b>(4.4)</b>	<b>-34%</b>
<b>4. Manufacturing goods</b>	<b>75.1</b>	<b>-220%</b>	<b>(109.3)</b>	<b>320%</b>	<b>(34.2)</b>	<b>-14%</b>
<b>5. Other</b>	<b>(0.0)</b>	<b>23%</b>	<b>(0.1)</b>	<b>77%</b>	<b>(0.1)</b>	<b>-15%</b>
<b>Total</b>	<b>646.3</b>		<b>604</b>		<b>1,250</b>	<b>38%</b>

\* Goods that share similarities are included in one category, therefore the following review calculations only show general tendency

**Graph 4.** International market price of main commodities



Export performance of first 9 months increased by USD 646 million due to changes in quantity of foreign goods trade, increased by USD 604 million owing to price changes. Increases in export price and export quantity of mining products, specially coal export, resulted in the increase of USD 1,236 million. While export price and quantity increases of animal products resulted in increase of USD 53.1 million. Despite the decrease in export quantity of manufacturing products, the decrease in export price resulted decrease of USD 34.2 million.

The average price of 1 ounce of gold on the global market as of September, 2017 reached USD 1,315 which shows a decrease of 0.8% from that of the previous year, and 2.4% increase from that of the previous month. Average price of "A" level purified copper and iron ore reached USD 6,577 and USD 71.5, respectively. Copper price increased by 39.3%, iron ore price increased by 23.4% from that of the previous year.

Copper price increased by 1.4% and iron ore price decreased by 6% from that of the previous month. Coal export price reached USD 67.6 in September 2017, with the increase of 93.8% from that time of the previous year and decrease of 2.4% from the previous month.

**Import:** As of the first 9 months of 2017, import increased by 27.9% (or USD 683 million) from that of the previous year. Capital goods explain 15 percentage points, fuels explain 10 percentage points and consumer goods explain 3 percentage points of total import growth, respectively. Contribution of consumer goods in total imports decreased by 5 percentage points from that of the previous year, while contribution of fuels increased by 4 percentage points.

**Table 5. Imports of goods /million USD/**

Category	2014			2015			2016			Δ (2015/2014)			Δ (2016/2015)				
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% <sup>2</sup>	Value	Change	% <sup>2</sup>		
<b>Consumer goods</b>		<b>814</b>	<b>29%</b>		<b>859</b>	<b>35%</b>		<b>929</b>	<b>30%</b>		<b>44</b>	<b>5%</b>	<b>2%</b>		<b>70</b>	<b>8%</b>	<b>3%</b>
Non-durables	640	465	16%	577	457	19%	624	518	17%	(8)	-2%	0%	61	13%	3%		
Food	270	318	11%	289	317	13%	280	361	12%	(1)	0%	0%	44	14%	2%		
Medicinal and pharmaceutical products	2	54	2%	2	63	3%	2	65	2%	9	17%	0%	2	3%	0%		
Other non-durables	368	93	3%	286	77	3%	342	92	3%	(16)	-17%	-1%	15	20%	1%		
Durables	137	350	12%	102	402	16%	170	411	13%	52	15%	2%	9	2%	0%		
Clothing	31	36	1%	38	38	2%	54	45	1%	2	6%	0%	6	17%	0%		
Household electrical appliances and furniture	62	70	2%	19	74	3%	64	65	2%	4	5%	0%	(9)	-12%	0%		
Passenger cars and parts	1	196	7%	1	246	10%	1	252	8%	50	25%	2%	7	3%	0%		
Other durables	43	47	2%	45	44	2%	51	49	2%	(3)	-6%	0%	4	10%	0%		
<b>Capital goods</b>		<b>1,097</b>	<b>38%</b>		<b>839</b>	<b>34%</b>		<b>1,196</b>	<b>38%</b>		<b>(257)</b>	<b>-23%</b>	<b>-9%</b>		<b>356</b>	<b>42%</b>	<b>15%</b>
Machinery, equipment, supplies and vehicles	14	566	20%	11	475	19%	20	751	24%	(90)	-16%	-3%	276	58%	11%		
Vehicles other than passenger cars, parts	1	88	3%	0	139	6%	1	214	7%	51	59%	2%	74	54%	3%		
Machinery, equipment and supplies	13	478	17%	10	336	14%	19	537	17%	(142)	-30%	-5%	201	60%	8%		
Construction materials	1,462	396	14%	597	227	9%	493	316	10%	(169)	-43%	-6%	89	39%	4%		
Other capital goods	60	135	5%	40	137	6%	49	128	4%	2	1%	0%	(9)	-6%	0%		
<b>Intermediate goods and industrial materials</b>		<b>391</b>	<b>14%</b>		<b>390</b>	<b>16%</b>		<b>405</b>	<b>13%</b>		<b>(1)</b>	<b>0%</b>	<b>0%</b>		<b>16</b>	<b>4%</b>	<b>1%</b>
Food ingredients (wheat, malt etc)	34	22	1%	182	49	2%	32	15	0%	27	126%	1%	(34)	-69%	-1%		
Chemical products	98	69	2%	86	60	2%	140	81	3%	(9)	-13%	0%	21	34%	1%		
Yarn, fabrics, textiles, leather	12	11	0%	20	14	1%	30	16	1%	3	25%	0%	2	14%	0%		
Electricity	1	95	3%	1	91	4%	2	100	3%	(4)	-4%	0%	8	9%	0%		
Metal ores and scrap	0	1	0%	1	1	0%	1	1	0%	0	39%	0%	(1)	-58%	0%		
Other industrial materials	613	192	7%	585	173	7%	631	193	6%	(19)	-10%	-1%	20	11%	1%		
<b>Fuels</b>		<b>843</b>	<b>53%</b>		<b>733</b>	<b>35%</b>		<b>1,061</b>	<b>59%</b>		<b>(181)</b>	<b>-34%</b>	<b>-6%</b>		<b>239</b>	<b>67%</b>	<b>10%</b>
Diesels	487	288	10%	371	164	7%	632	326	10%	(124)	-43%	-4%	162	98%	7%		
Gasolines A92-95	261	172	6%	246	120	5%	276	162	5%	(52)	-30%	-2%	42	35%	2%		
Gasolines A80 and other fuels	95	77	3%	116	72	3%	153	107	3%	(5)	-6%	0%	35	48%	1%		
<b>Other</b>		<b>18</b>	<b>1%</b>		<b>4</b>	<b>0%</b>		<b>6</b>	<b>0%</b>		<b>(14)</b>	<b>0%</b>	<b>0%</b>		<b>2</b>	<b>0%</b>	<b>0%</b>
<b>TOTAL</b>		<b>2,857</b>			<b>2,448</b>			<b>3,131</b>			<b>(409)</b>	<b>-14.3%</b>			<b>683</b>	<b>27.9%</b>	

<sup>2</sup>% - Contribution to total growth

**Table 6. Changes in imports /million USD/**

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
<b>Consumer goods</b>	<b>105.1</b>	<b>149%</b>	<b>(34.7)</b>	<b>-49%</b>	<b>70.4</b>	<b>8%</b>
Non-durables	20.6	34%	40.8	66%	61.4	13%
Durables	84.5	937%	(75.5)	-837%	9.0	2%
<b>Capital goods</b>	<b>363.0</b>	<b>102%</b>	<b>(6.9)</b>	<b>-2%</b>	<b>356.1</b>	<b>42%</b>
Machinery, equipment, supplies and vehicle:	330.5	120%	(54.9)	-20%	275.6	58%
Construction materials	39.1	44%	50.3	56%	89.4	39%
Other capital goods	(6.6)	75%	(2.3)	25%	(8.9)	-6%
<b>Intermediate goods and industrial materials</b>	<b>14.9</b>		<b>0.8</b>		<b>15.7</b>	<b>4%</b>
<b>Fuels</b>	<b>178.2</b>	<b>75%</b>	<b>60.7</b>	<b>25%</b>	<b>238.9</b>	<b>67%</b>
Diesels	134.5	83%	27.0	17%	161.6	98%
Gasolines A92-95	17.5	41%	24.8	59%	42.3	35%
Gasolines A80 and other fuels	26.2	75%	8.8	25%	35.0	48%
<b>Other</b>	<b>5.1</b>	<b>321%</b>	<b>(3.5)</b>	<b>-221%</b>	<b>1.6</b>	<b>0%</b>
<b>TOTAL</b>	<b>666.4</b>		<b>16.4</b>	<b>2%</b>	<b>682.8</b>	<b>28%</b>

Performance of the first 9 months increased by USD 666.4 million because of the change in quantity of imports, increased by USD 16.4 million due to changes in prices. Consumer goods increased by USD 70.4 million mainly because of increase in quantity of imports. Capital goods import increased by 42% owing to the change in quantity of imports, while fuels import increased by 67%. As of September 2017, fuels import price is USD 568 per ton.

\* Goods that share similarities are included in one category, therefore the following review calculations only show general tendency

**Graph 5. Import growth YoY /3 months moving average/**

