I. FOREIGN TRADE TURNOVER

Trade turnover between the two countries reached its highest in 2022 at 702.1 million USD, and in 2021 reached 532.0 million USD.

Mongolia mainly exports mining sector goods to South Korea. Imports from South Korea mainly comprise cars, machinery and equipment, food, and consumer goods. As a result, in 2022, the trade deficit between the two countries was 158 million USD.
In 2022, Mongolia exported **277.4 million USD** goods to South Korea, of which **93 percent were mining products**. Total export to South Korea was at its highest in the recent years of 2021, 2022 due to increased exports of raw mining products such as coal, non-monetary gold, and molybdenum.

Coal, non-monetary gold and molybdenum account for **58, 39, and 3 percent** of mining exports to South Korea.
Mongolia’s export product space network, having a few colored hubs located primarily in the periphery, illustrates that the exports of processed goods are scarcely developed, and the export diversification is poor. On the other hand, South Korea’s export product space network demonstrates a high level of diversification with all kinds of colored dots (products) located towards the center (processed). South Korea’s main export products are machinery, equipment, electrical appliances, chemical production and refined petroleum.

Products that can be exported from Mongolia to South Korea with comparative advantage (RMA – Revealed import advantage)

- \((RMA > 2 – \text{Extremely high})\) (i) ores, slag, and ash
- \((2 > RMA > 1 – \text{High})\) (i) mineral fuels, oils, waxes, and products of their distillation (ii) copper and articles thereof (iii) raw hides and skins and leather (iv) wool, fine or coarse animal hair; horsehair yarn and woven fabric (Otgonsaikhan.N, Doljin.M, & Shim-Ui SUP, 2016)
In 2022, Mongolia’s imports from South Korea reached **425.6 million USD**, 4.9 percent of its total import. Mongolia mainly imports consumer and capital goods from South Korea.

Imports from South Korea increased by **38 percent** in 2022 compared to the previous year. The total import increase of 38 percent is primarily explained by a **45 percent increase in consumer goods** and a **31 percent increase in capital goods**.
After the COVID-19 pandemic, the number of tourists traveling between the two countries saw a substantial increase. In the first nine months of 2023, a total of 103,518 tourists arrived from South Korea to visit Mongolia, and 40,389 tourists from Mongolia visited South Korea.

**Figure 16. Tourism revenue and expenditure of Mongolia, million USD**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue from South Korea</th>
<th>Expenditure to South Korea</th>
<th>Total Revenue</th>
<th>Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-384.6</td>
<td>-384.6</td>
<td>388.6</td>
<td>450.1</td>
</tr>
<tr>
<td>2019</td>
<td>-425.9</td>
<td>-425.9</td>
<td>450.1</td>
<td>503.2</td>
</tr>
<tr>
<td>2020</td>
<td>15.4</td>
<td>15.4</td>
<td>160.6</td>
<td>175.7</td>
</tr>
<tr>
<td>2021</td>
<td>3.9</td>
<td>3.9</td>
<td>49.2</td>
<td>53.1</td>
</tr>
<tr>
<td>2022</td>
<td>5.2</td>
<td>5.2</td>
<td>107.4</td>
<td>112.6</td>
</tr>
<tr>
<td>2023.09</td>
<td>0.7</td>
<td>0.7</td>
<td>103.2</td>
<td>103.9</td>
</tr>
</tbody>
</table>

**Figure 17. Travelers between the two countries, thousands**

<table>
<thead>
<tr>
<th>Year</th>
<th>Travelers from South Korea</th>
<th>Travelers from Mongolia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>86</td>
<td>55</td>
</tr>
<tr>
<td>2019</td>
<td>99</td>
<td>97</td>
</tr>
<tr>
<td>2020</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>2021</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>2022</td>
<td>75</td>
<td>99</td>
</tr>
<tr>
<td>2023.09</td>
<td>125</td>
<td>112</td>
</tr>
</tbody>
</table>

**Figure 18. The number of Mongolian citizens who traveled to South Korea, by purpose**

- Official
- Private
- Tourist
- Employment
- Student
- Other
- Total

Source: General authority for border protection, Bank of Mongolia
In the 2nd quarter of 2023, Mongolia’s direct investment position reached **USD 29.1 billion**, of which **1.6% or USD 456 million** is related to South Korea. South Korea holds a leading position in terms of inflows of personal transfers to Mongolia.

**Figure 19. Foreign direct investment position (2nd quarter of 2023)**

Direct investment – **$456 million**

Direct investment position is $29,121 million

**Figure 20. Korea’s cumulative FDI to Mongolia by sector**

- Mineral: 30.9%
- Whole and retail sales: 27.0%
- Construction sector: 12.1%
- Real estate: 12.8%
- Other: 17.2%

*Source: Lee Jae Youn (2016)*

**Figure 20. Personal transfer (3rd quarter of 2023)**

**Inflows – $30.3 million**

The total amount of personal transfer inflows is $98.0 million

**Outflows – $8.6 million**

The total amount of personal transfer outflows is $54.3 million

*Source: Bank of Mongolia*
VI. COOPERATION BETWEEN MONGOLIA AND SOUTH KOREA

The Republic of Korea’s country partnership strategy for the Government of Mongolia consists of four main areas: (i) **Education**: Support efforts to enhance education access and equality in higher education and TVET (ii) **Water Management and Public Health**: Support measures to prevent noncommunicable diseases and addictive substances, and enhance access to clean water and sanitation (iii) **Governance**: Promote e-government expansion for efficiency and reform public official hiring and training (iv) **Transportation**: Support capacity building for transport infrastructure development and management.

- 1990: Two countries established diplomatic relations.
- 1995: KOICA opened its office in Mongolia. KOICA implemented a total of USD 300 million projects in Mongolia.
- 2006: Mongolia and Korea have established a “good neighborly and friendly cooperation partnership”.
- 2011: Two countries strengthened their relationship and established a “comprehensive partnership”.
- 2021: South Korea became Mongolia’s 6th Strategic Partner.
- 2023: The ODA program (worth USD 6.9 million) to be implemented to support rare meal industry.

Source: Ministry of Foreign Affairs of Mongolia
VI. COOPERATION AND OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

South Korea became one of the key donors to Mongolia through KOICA (Korean International Cooperation Agency)’s grant aid and technical cooperation (Campi, 2012).

**Figure 21. South Korea’s ODA by recipient country in 2021, million USD**

- Bangladesh: 174
- Philippines: 170
- Vietnam: 122
- Cambodia: 112
- Ethiopia: 98
- Tanzania: 75
- Myanmar: 75
- Colombia: 72
- Indonesia: 58
- Lao People's Democratic Republic: 53
- Mongolia: 33

**Figure 22. Mongolia’s ODA received by sending country in 2020-2021 average, million USD**

- Japan: 176
- International Development Bank: 113
- Asian Development Bank: 87
- United States: 36
- European Union: 33
- South Korea: 33
- Germany: 26
- France: 25
- Switzerland: 15
- Hungary: 8

*Source: OECD*