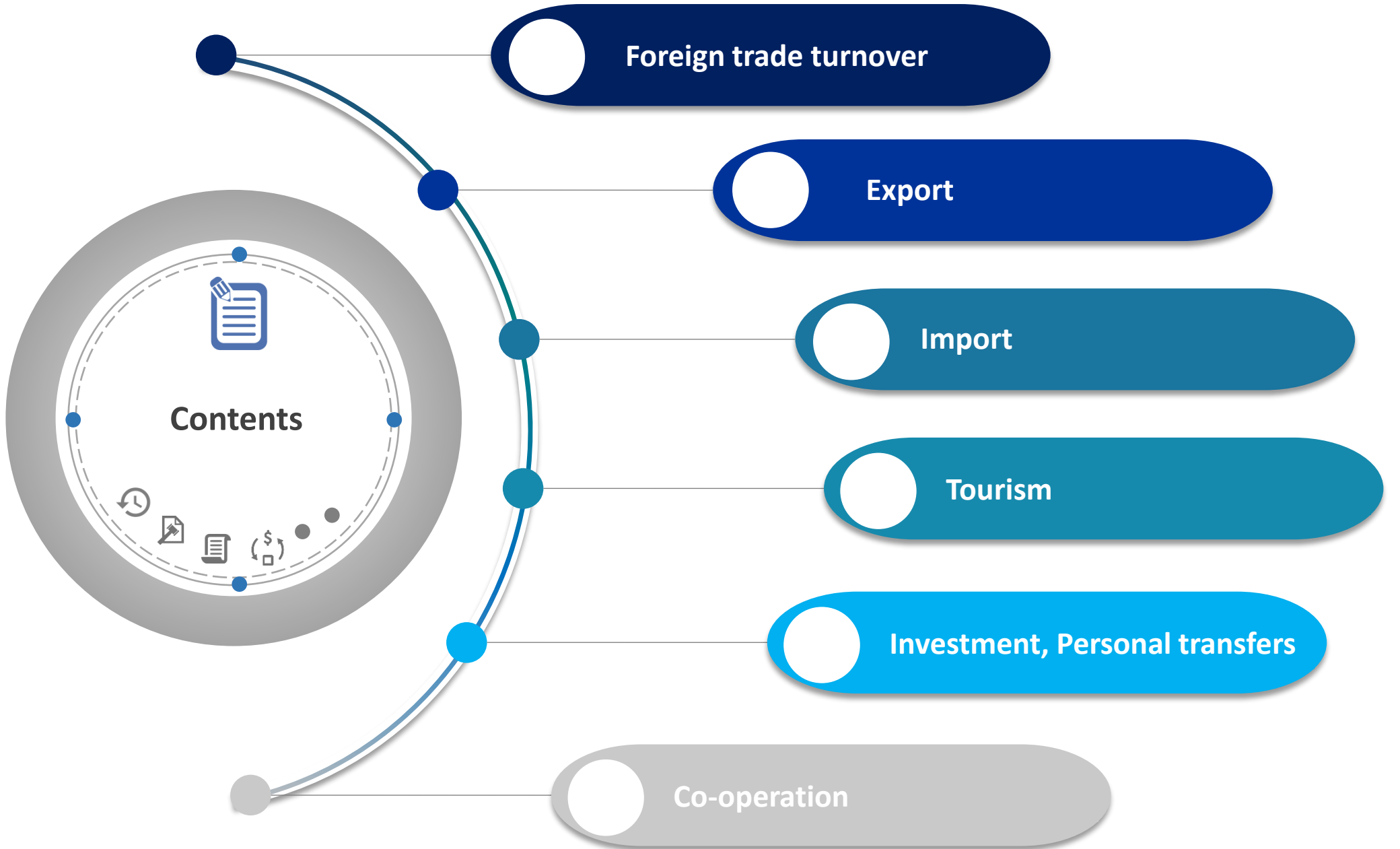




MONGOLIA – REPUBLIC OF KOREA

TRADE, ECONOMIC REVIEW-2023.10





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**.

Figure 1. Mongolia's foreign trade balance, million USD

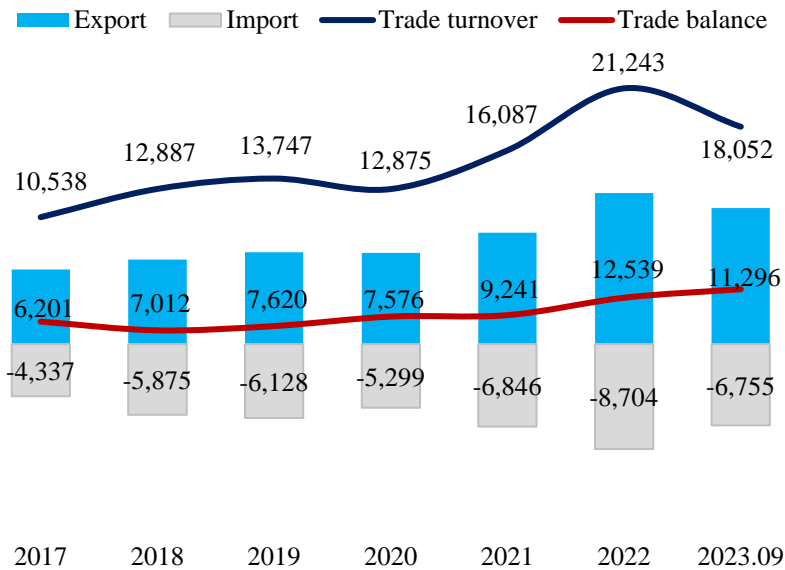


Figure 2. Trade with South Korea, million USD

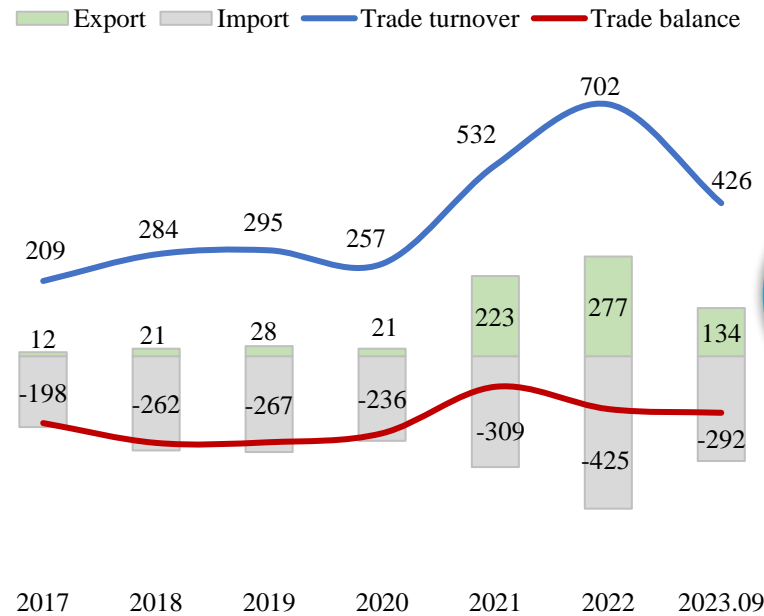
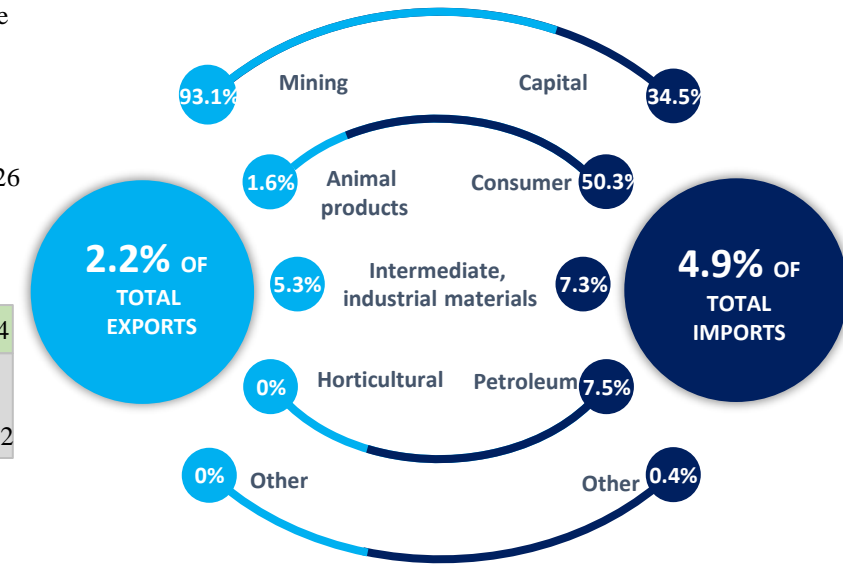


Figure 3. Export and import structure, 2022



Source: The General Customs Administration, the Bank of Mongolia

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**.

II. EXPORT

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.

Figure 4. Export structure, million USD

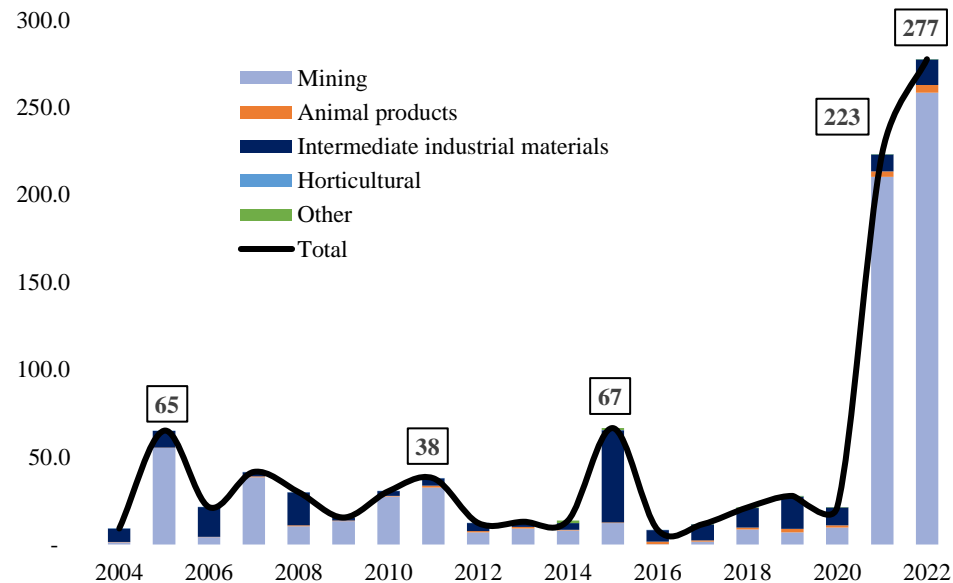
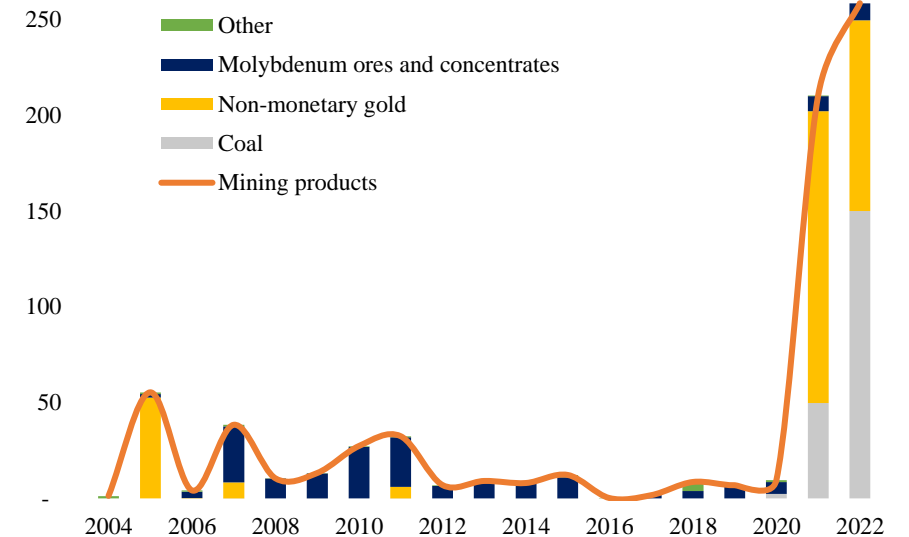


Figure 5. Mining export, million USD



Source: The General Customs Administration, the Bank of Mongolia

Coal, non-monetary gold and molybdenum account for 58, 39, and 3 percent of mining exports to South Korea.

II. EXPORT DIVERSIFICATION

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.

Figure 6. Mongolian's export product space (2021)

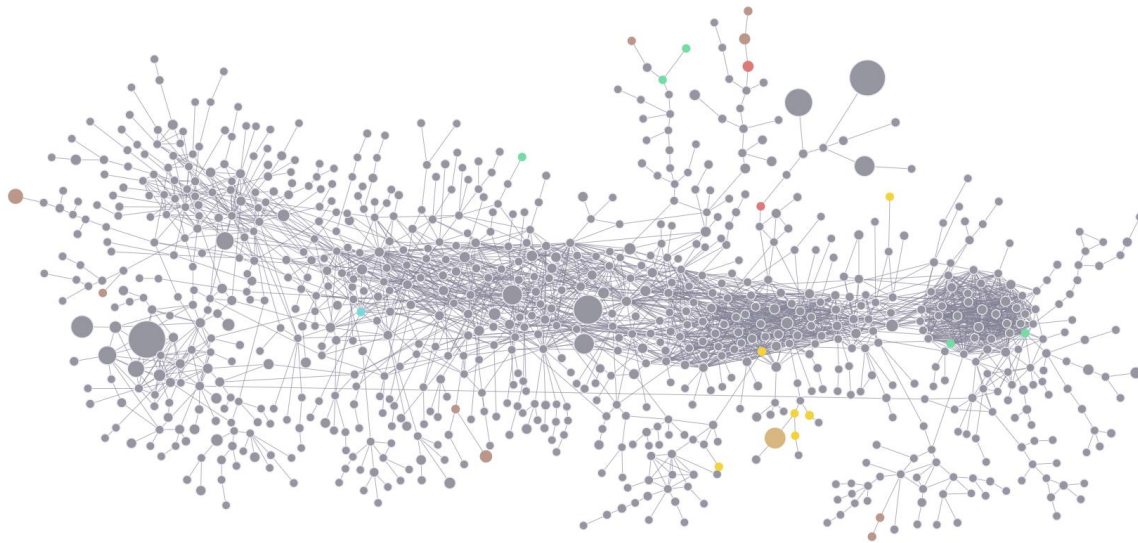
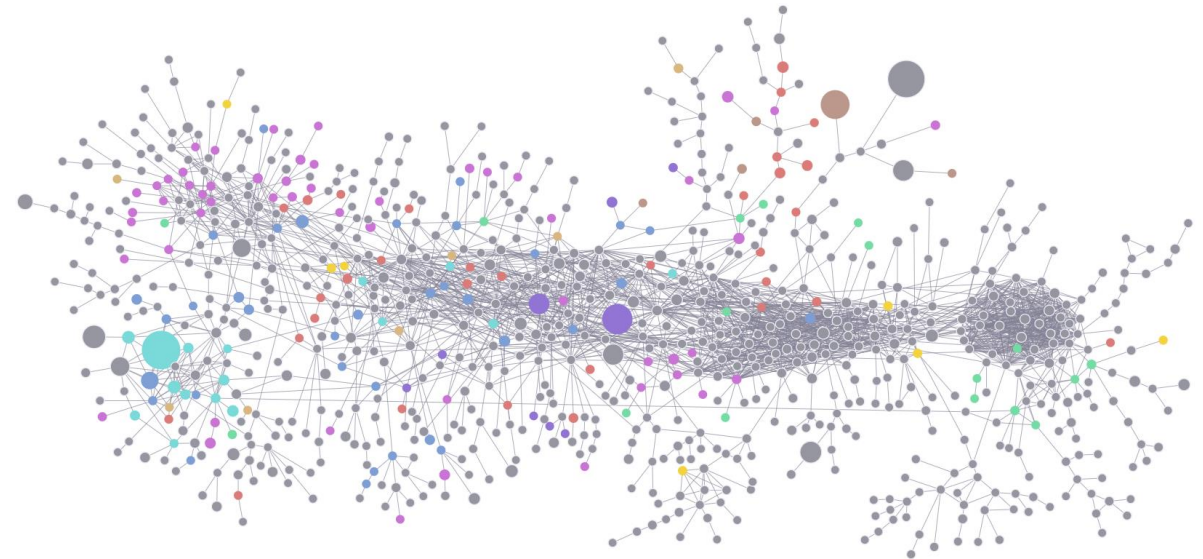


Figure 7. South Korea's export product space (2021)



Source: Atlas of economic complexity

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

- **($RMA > 2$ – Extremely high)** (i) ores, slag, and ash
- **($2 > RMA > 1$ – 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)

Total trade turnover

Export

Import

Tourism

Investment

Cooperation

III. IMPORT

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.

Figure 8. Import structure, million USD

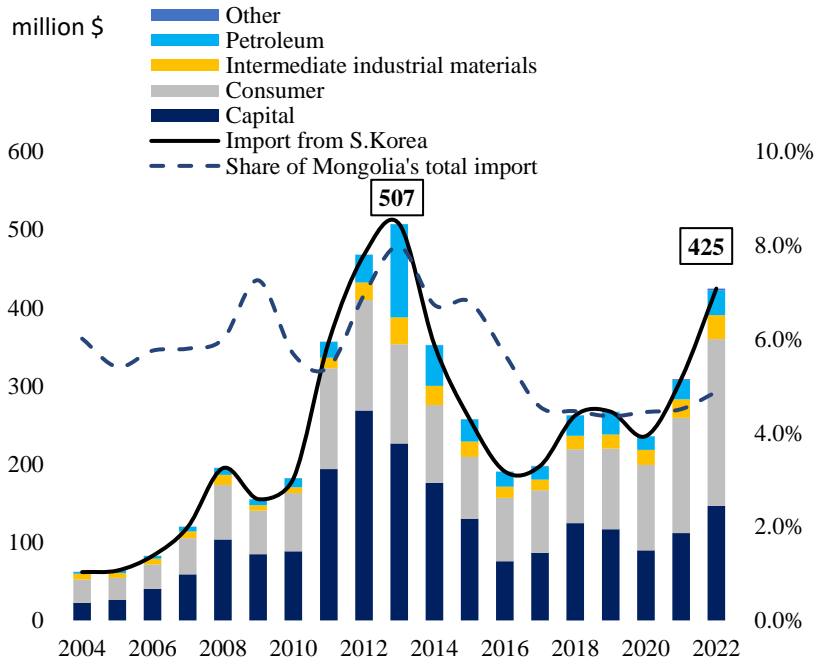


Figure 9. Consumer goods, million USD

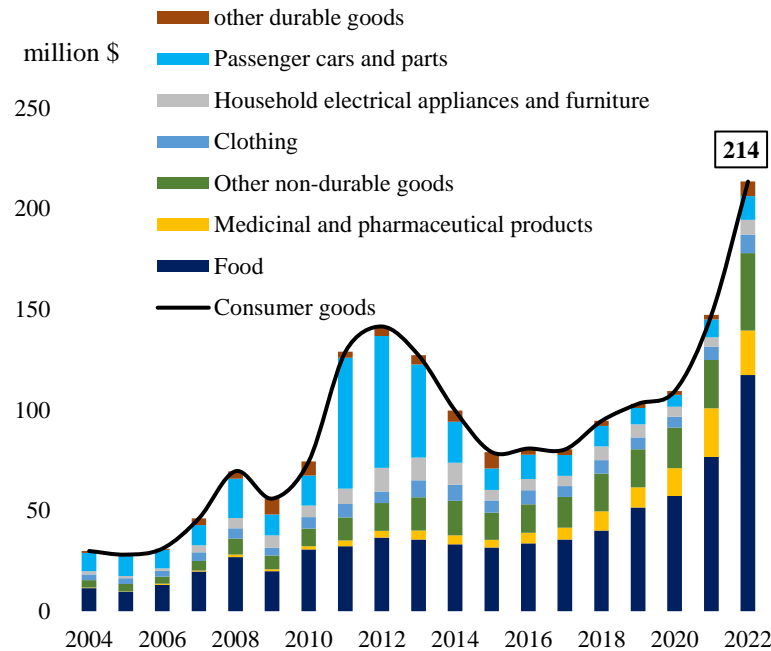
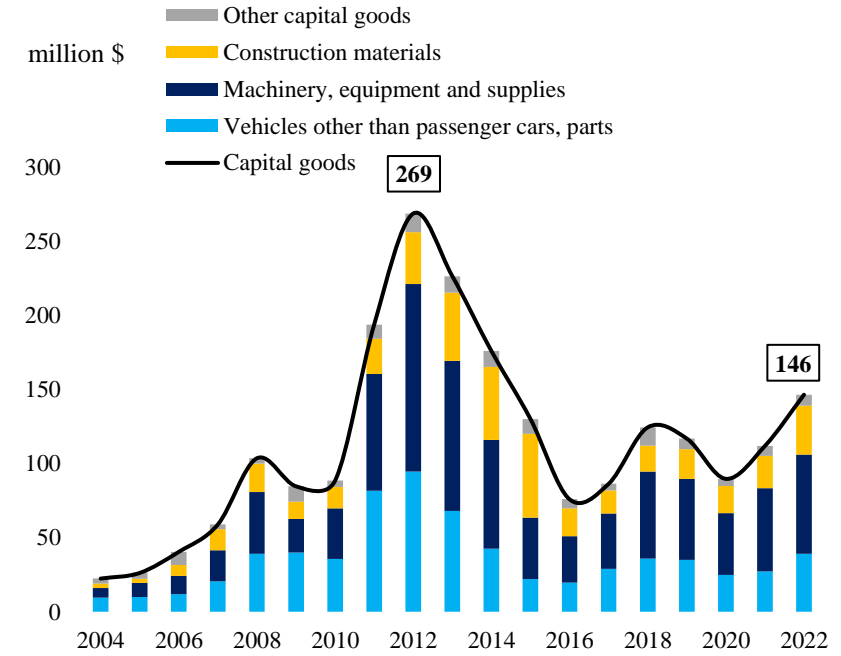


Figure 10. Capital goods, million USD



Source: The General Customs Administration, the Bank of Mongolia

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**.

IV. TOURISM

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

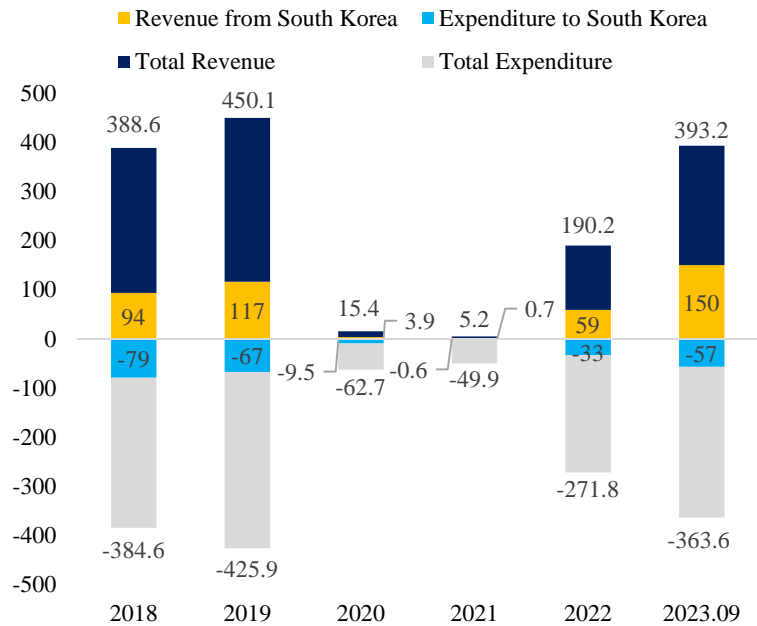


Figure 17. Travelers between the two countries, thousands

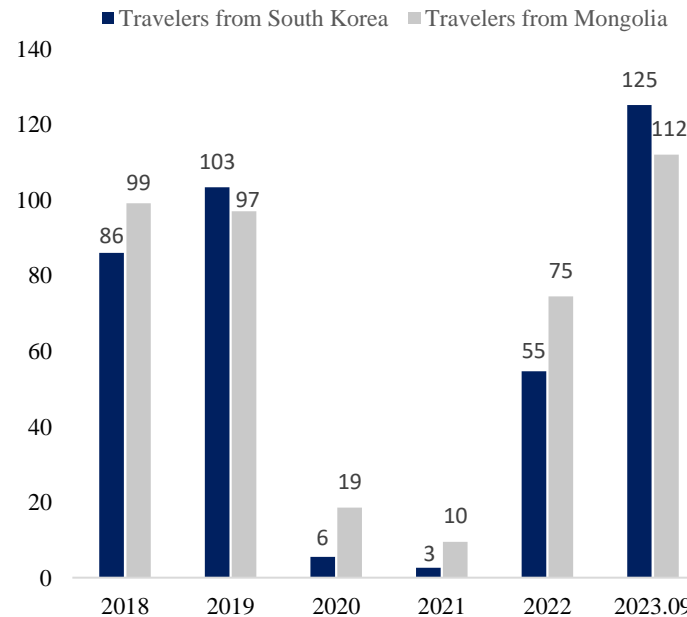
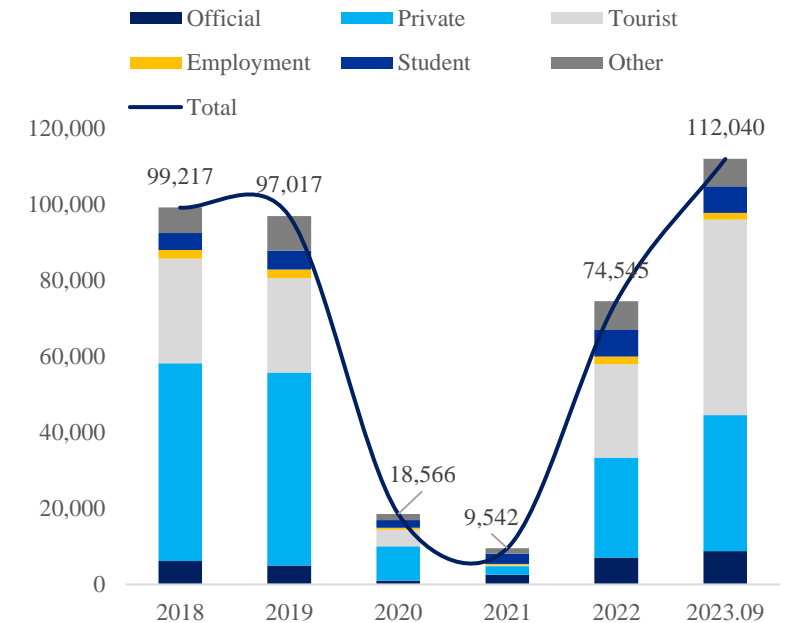


Figure 18. The number of Mongolian citizens who traveled to South Korea, by purpose



Source: General authority for border protection, Bank of Mongolia

V. DIRECT INVESTMENT AND PERSONAL TRANSFER

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.

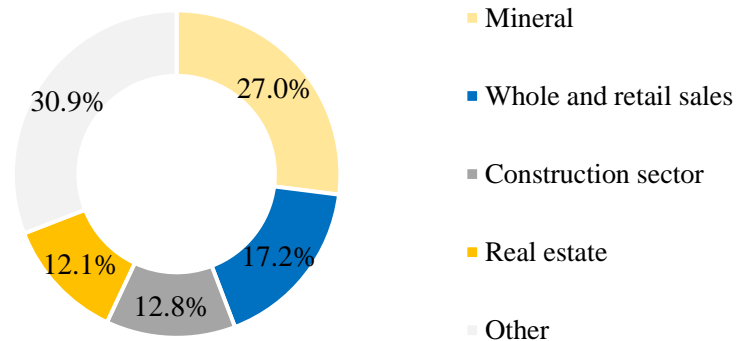
Figure 19. Foreign direct investment position (2nd quarter of 2023)



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



Figure 20. Korea's cumulative FDI to Mongolia by sector



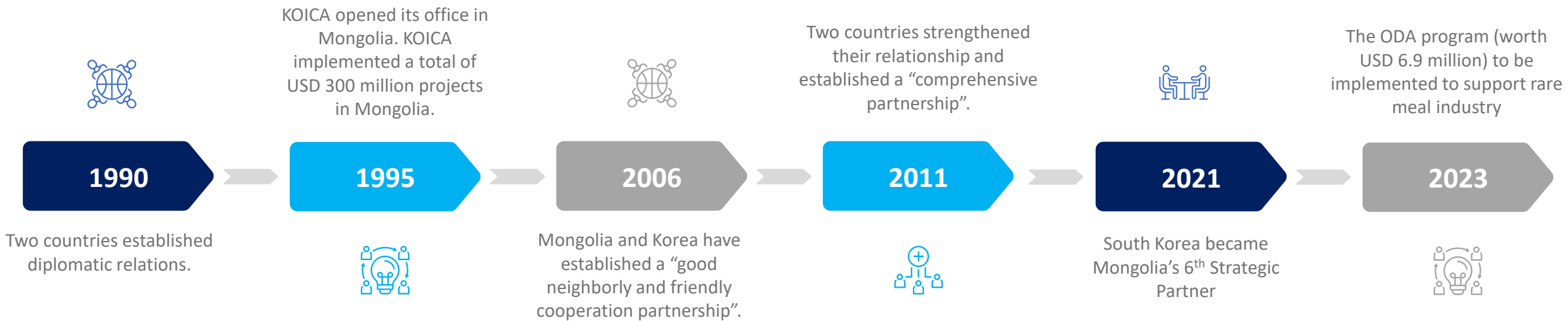
Source: Lee Jae Youn (2016)



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.



Source: Ministry of Foreign Affairs of Mongolia

Total trade turnover

Export

Import

Tourism

Investment

Cooperation

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

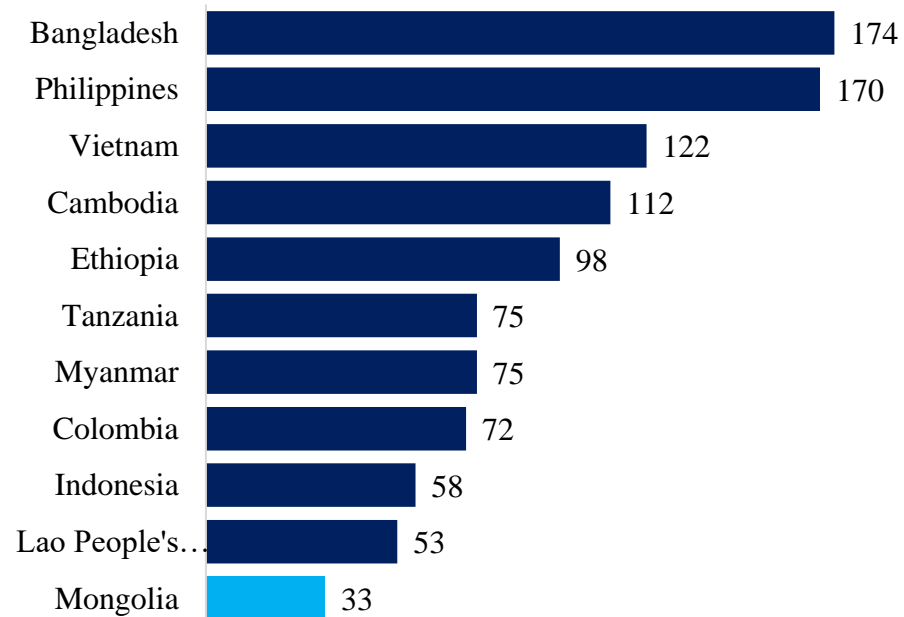
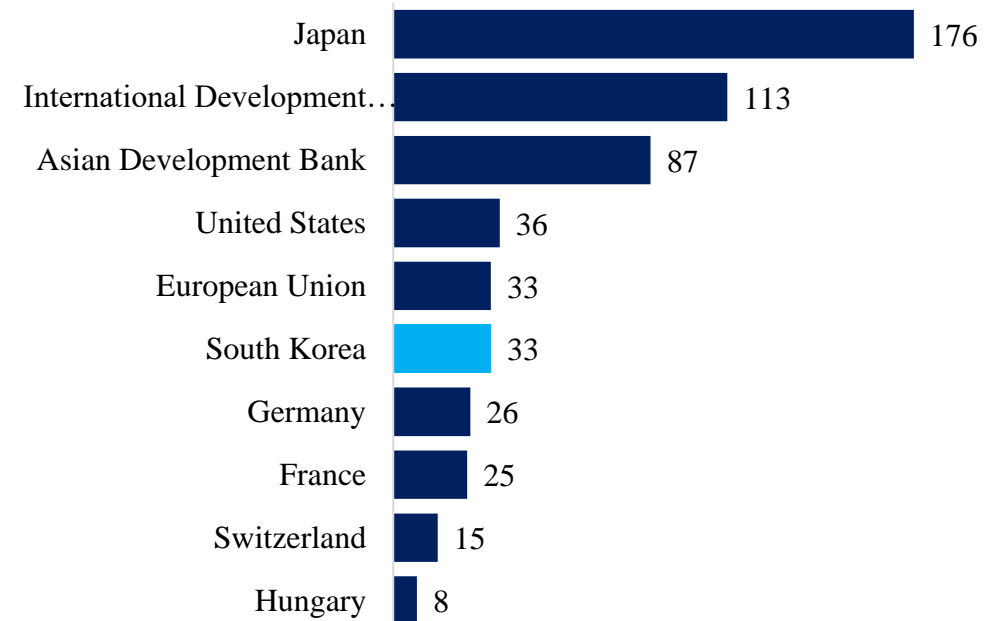


Figure 22. Mongolia's ODA received by sending country in 2020-2021 average, million USD



Source: OECD



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