

Asia – Pacific Trade Briefs: Mongolia

- In 2012 Mongolia's exports fell by 9% while the Asia-Pacific region saw exports grow by 2% on average. The country had performed better in 2010 and 2011 with export growth of 52% and 66% respectively. However due to even stronger import growth, the trade balance has gone from a deficit of 5% of GDP in 2009 to 25% of GDP in 2012 [Figures 1 and 2].
- The country's exports are heavily dominated by primary products such as fuel and agricultural raw materials which together account for over 90% of total merchandise exports. The heavy concentration of exports increases volatility as demand for these goods is highly dependent on global economic conditions [Figure 6].
- The country performed well in attracting investment. FDI inflows have increased from \$700 million in 2009 to \$4.4 billion in 2012. The share of inward FDI stock in GDP was far above the regional average in 2012 [Figures 1 and 3].
- When measured in terms of import penetration, the country is more open than others in the region. The country also has lower than average MFN applied tariffs and lower restrictions on services trade, as measured by the World Bank's Services Trade Restrictiveness Index (STRI) [Figures 1 and 4].
- Trade costs with most Asia-Pacific sub-regions are higher than average. Costs are particularly high when trading with countries in South-East Asia as well as South and South-West Asia. More could be done to facilitate trade as it takes 50 days to complete trade procedures on average [Figures 1 and 5]

Figure 1. Trade and Investment Performance Indicators (2012)

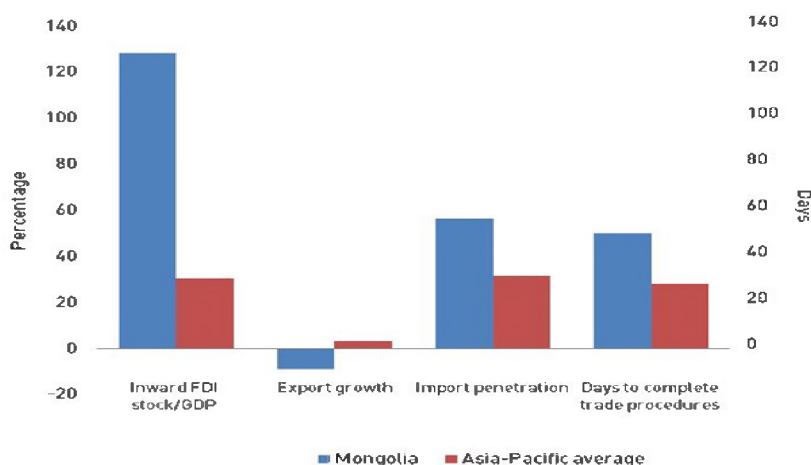


Figure 2. Merchandise Trade

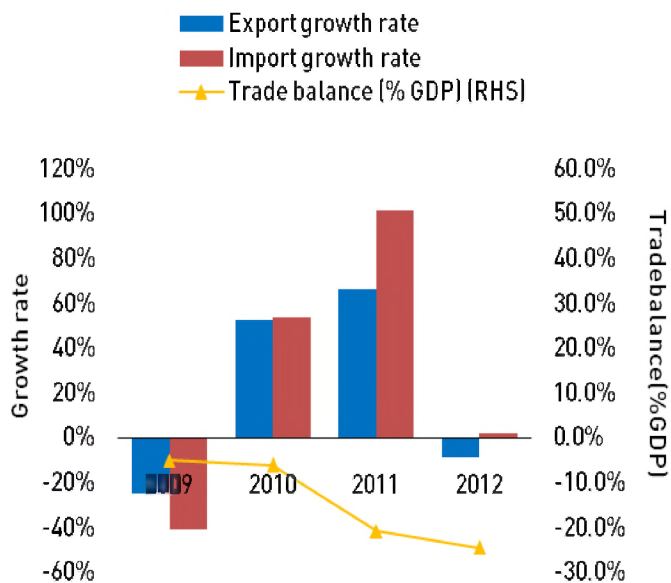


Figure 3. FDI Flows

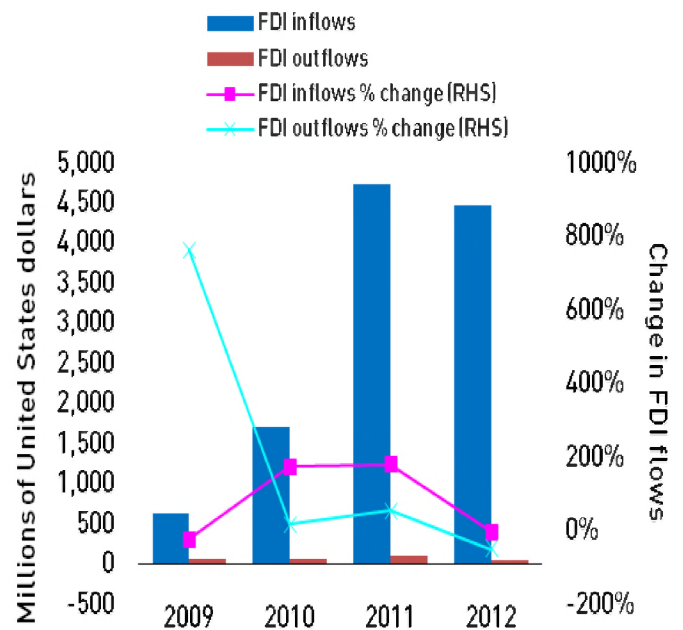


Figure 4. Trade Barriers

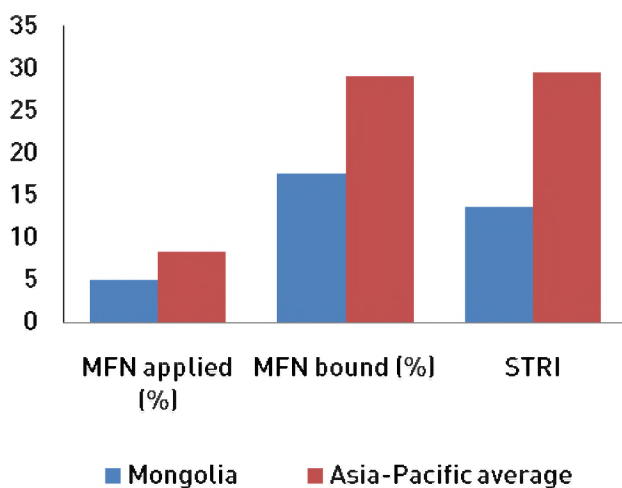


Figure 5. Trade Costs (excl. tariffs) with Asia-Pacific Subregions

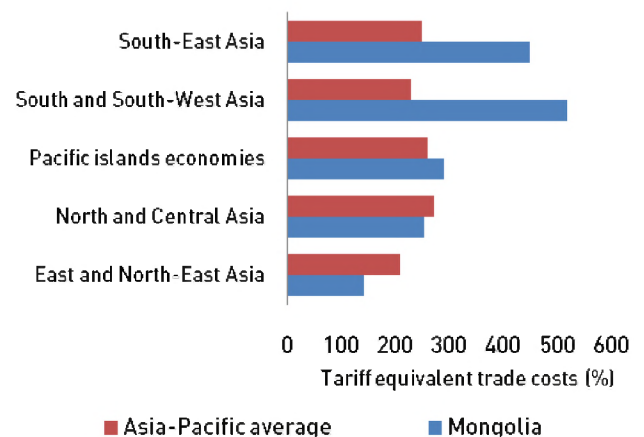
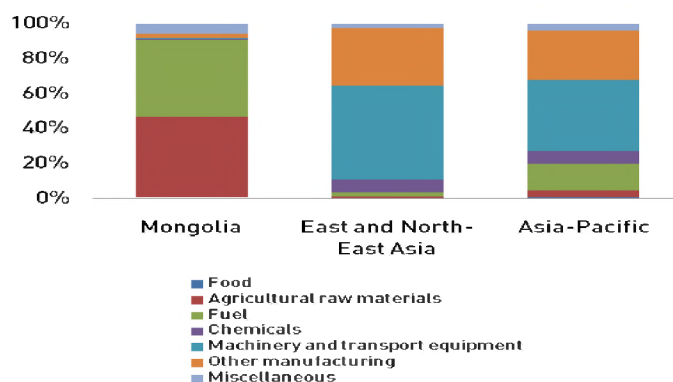


Figure 6. Export Composition by Category (2010-2012)



Notes

FDI: foreign direct investment

PTA: preferential trade agreement

MFN: most-favoured-nation

STRI: Services Trade Restrictiveness Index <http://iresearch.worldbank.org/service/trade/>

Definitions:

Import penetration: share of imports in domestic demand

PTA coverage: share of exports to PTA partners in total exports.

Average over 2009-11

Trade costs: all costs involved in trading goods internationally relative to those involved in trading goods domestically. Average over 2006-11

MFN applied: tariffs applied on imports among WTO members.

MFN Bound: maximum MFN tariff levels agreed to as part of WTO obligations.

Source: Asia-Pacific Trade and Investment Report (APTIR) 2013 unless otherwise specified.

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