

Current Situation of Economy in Mongolia

2016.10.20

I. General

We will discuss about the current situation of economy in Mongolia based on speech made in Trade and Investment Forum of Mongolia on October 13, 2016.

II. Current Situation of Mongolia

With respect to political situation, after the election of parliament of Mongolia, Mongolia People's Party has become majority with achieving 65 seats out of 76 seats. Prime minister, Mr. Erdenebat, composes new cabinet and Mr. Bayarsaikhan has become the governor of Mongolia central bank in July 8, 2016. On September 9, 2016, the parliament has decided supplementary budget in 2016 and policy document regarding fiscal policy. Also, the cabinet has decided that the economy stabilize plan would be submitted to the parliament.

III. International Balance of Payment of Mongolia

The recent trade balance of Mongolia was in recession since 2009, and the balance was -2,354,000,000 USD in 2012, however, since 2013, it started to be recovering, and in 2014, it had become surplus and in 2016, it was +709,000,000 USD.

Regarding the current account balance, same as the trade balance, it was in recession since 2009, in 2012, it was -30% compared to its GDP, however, it started to be recovering since 2013, and in 2016, it was -1% compared to its GDP.

Regarding the international payment balance, it was in serious recession in 2013 and recorded -1,867,000,000 USD, however, it was recovered in 2016 as -41,000,000 USD.

On the other hand, the direct investment from foreign country has been in recession since 2011 and it recorded as 0 in 2016.

IV. General Policy for Sustainable Development

1. General

In view of the situation above, Mongolian government has provided ESP as general policy for

sustainable economic development.

This policy intends to increase of investment from foreign countries and GDP, and to reduce of the amount of deficit, reduce of the debt of the government.

2. Large Scale Development Project

With regard to the due development project in Mongolia, there are a lot of projects, including Oyutorugoi underground development project (the total amount of the investment is 4,600,000,000 USD) as a mining project, Bogd Khan rail way project (the total amount of the investment is 2,000,000,000 USD) as an infrastructure project, 5th power plant project (the total amount of the investment is 1,400,000,000 USD) as an energy project.

3. EPS

The main points of Economy Stabilize Project are to stabilize economy of Mongolia in a short period, to achieve the sustainable development, and the methods are to associate fiscal policy and analysis of the sustainability of the debts, to execute the financial policy to reduce the deficit of the international balance of payment, to increase its amount of foreign currency reserve, to execute the policy to increase the amount of investment and reduce the debts, to assist industries other than mining to promote the diversification of the industry, to promote economic development by execute mining and infrastructure projects, and to revise the system, statutes, governance to promote its sustainable and entire development.

V. Conclusion

Mongolia is now intends to sustainable and entire development of economy by executing large scale projects, with fiscal policy which intends to achieve sustainable development, the fiscal policy which intends to reduce deficit of its international balance of payments, revision regarding financial policy, statutes and governance, and to achieve the diversification of its industry.

The further development of its economy is expected.

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