



Division for Africa, Least Developed Countries and
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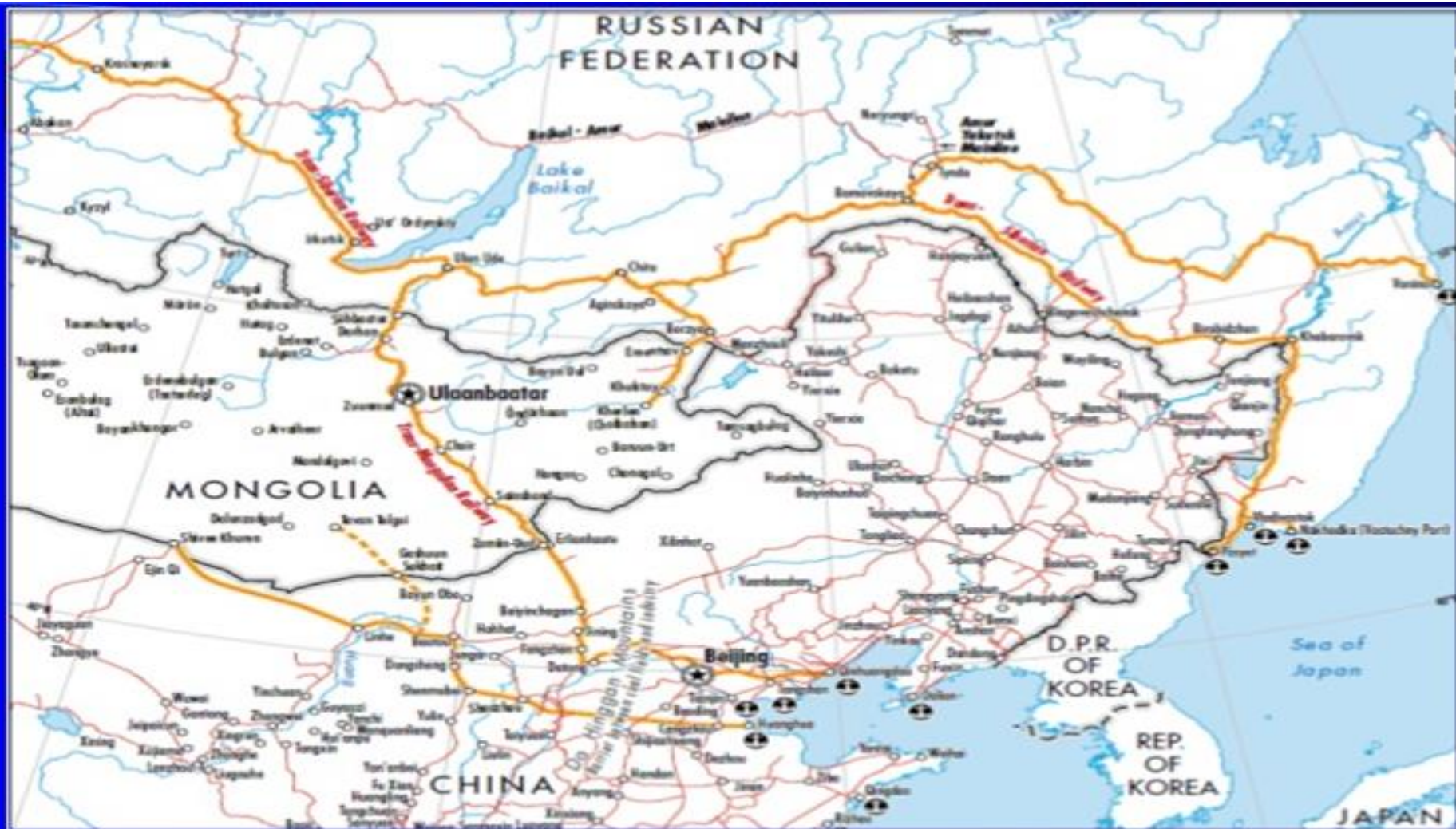
National Workshop on mainstreaming the Vienna Programme of Action for LLDCs for the Decade 2014-2024

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Challenges and opportunities for Mongolia's participation in commodity value chains



Structure of the presentation

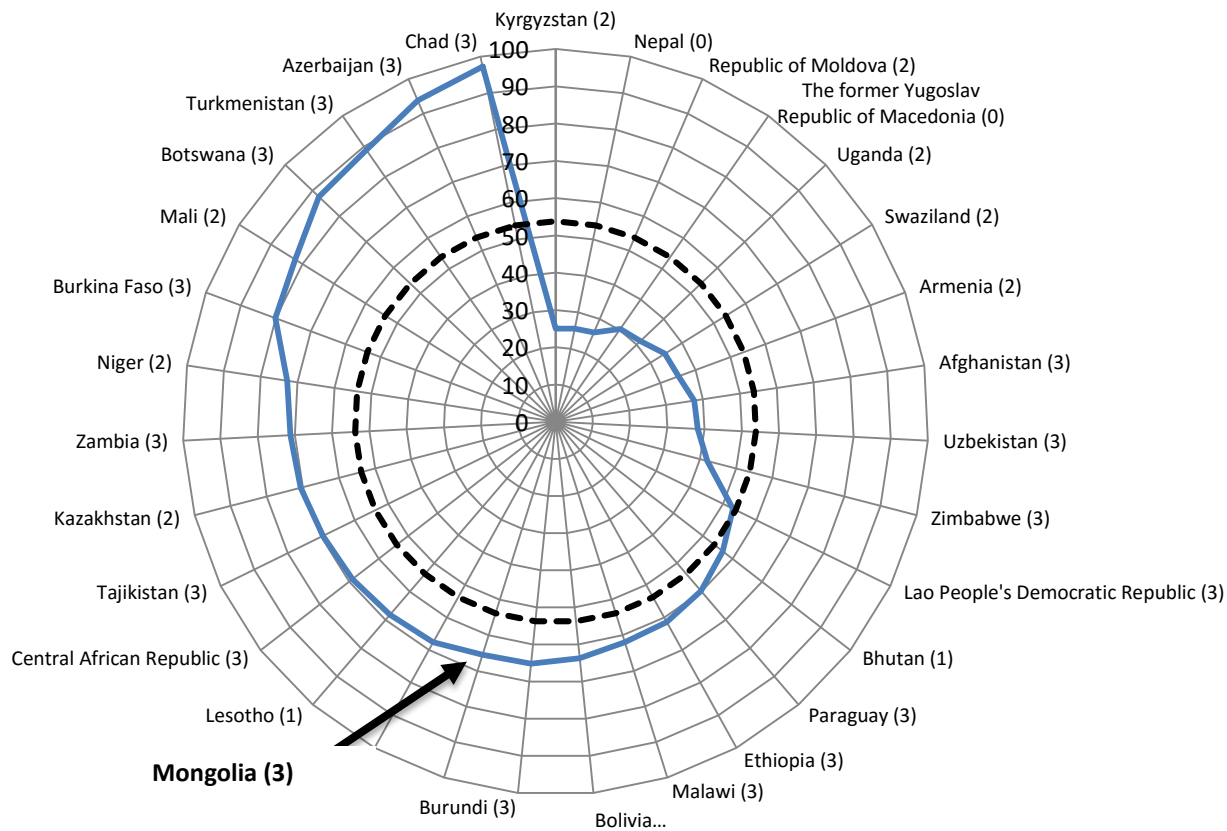
- I. The role of Commodities in Mongolia's economy
- II. Importance of hooking into regional and global CVCs
- III. Key challenges and opportunities
- IV. Policy conclusions and recommendations

I. Commodities dominate Mongolia's exports....

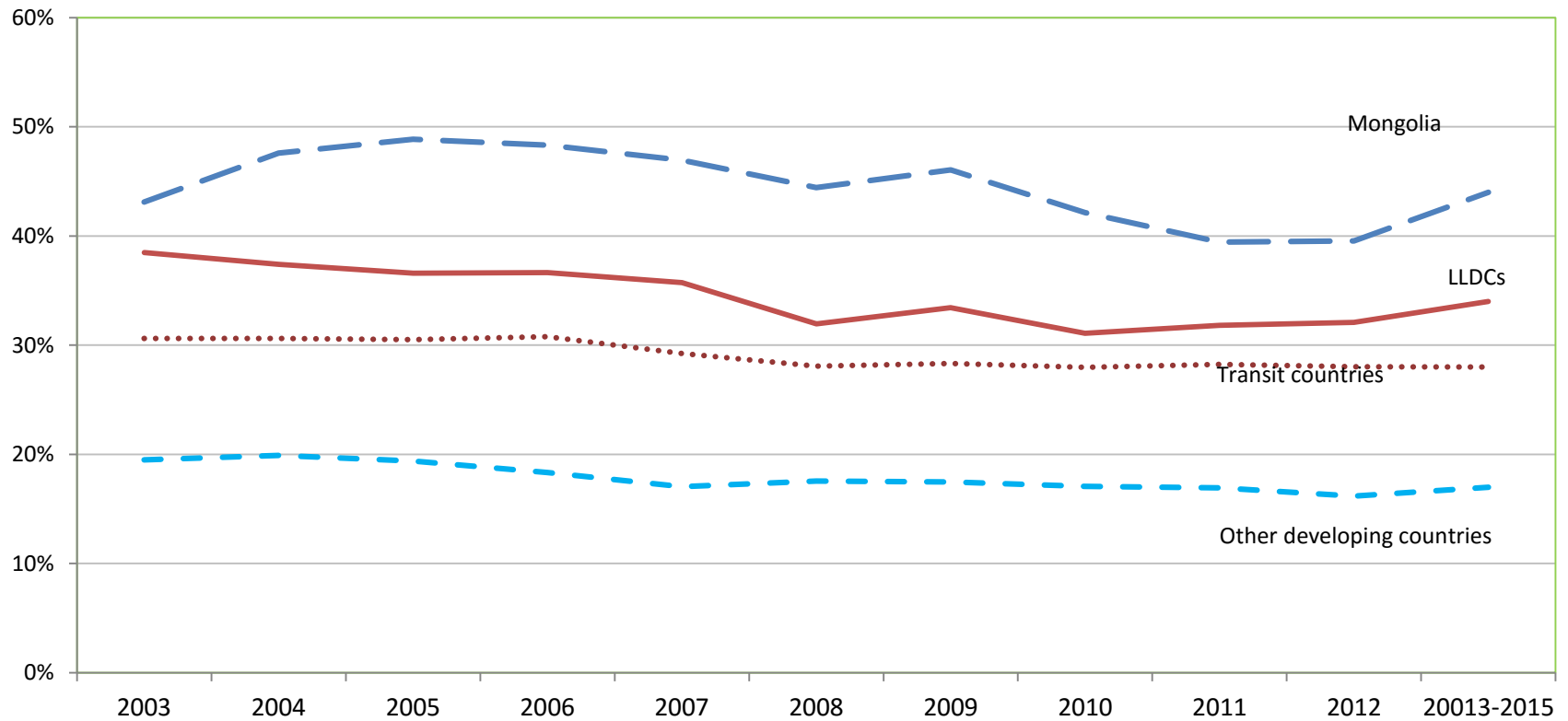
- Exports are predominantly natural resources based or commodities;
- There is heavy export concentration;
 - 3 export items account for about 70% export earnings
 - 1 export item contributes to nearly 50% of export earnings
- With the exception of PRC, Mongolia's trade balance is negative (both in goods and services)

Commodity exports (2011-2015)

Mongolia Vs other LLDCs

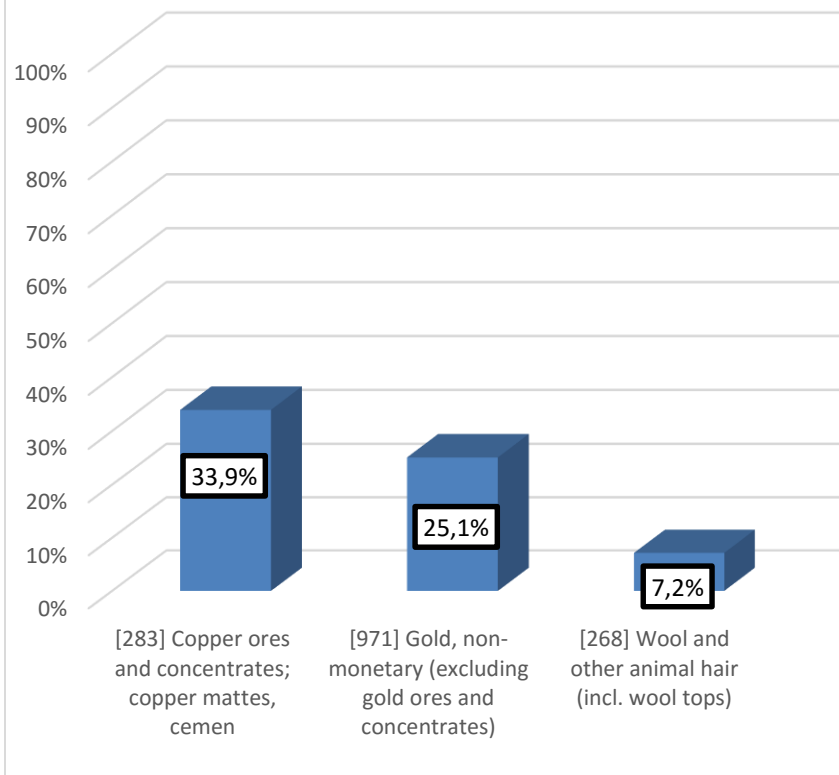


Commodities' share in total value added: Mongolia and selected country groups (% of GDP, 2003-2015)

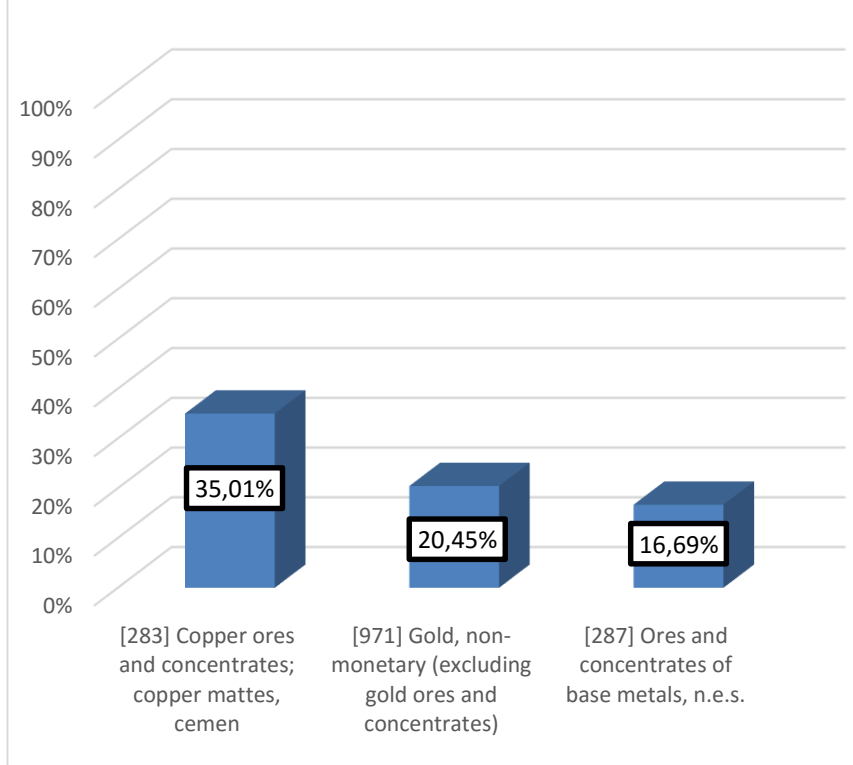


Evolution of main merchandize exports (2005 & 2008)

Share of most exported items from total
Merchandise
(2005)

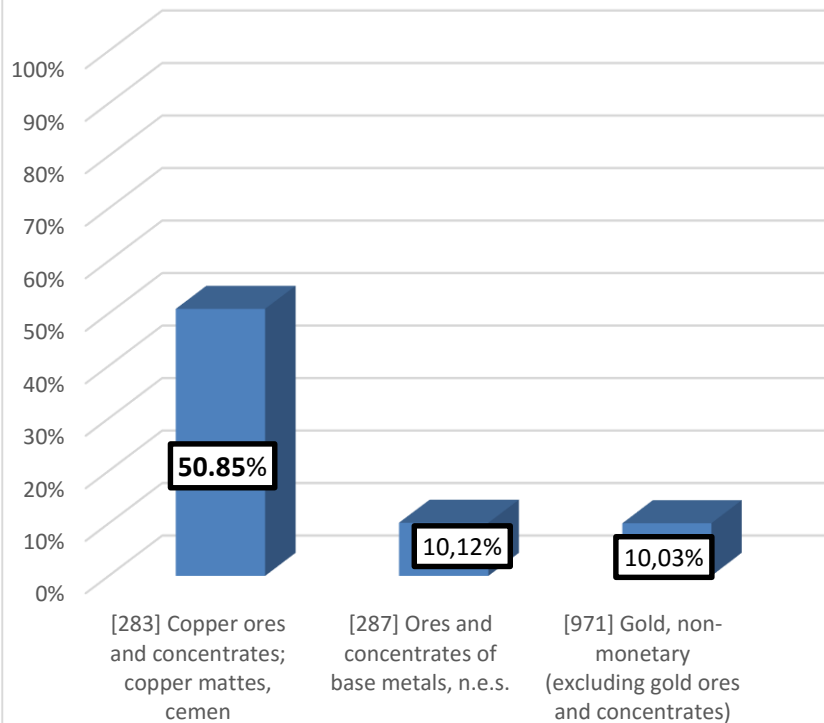


Share of most exported items from total
Merchandise
(2008)

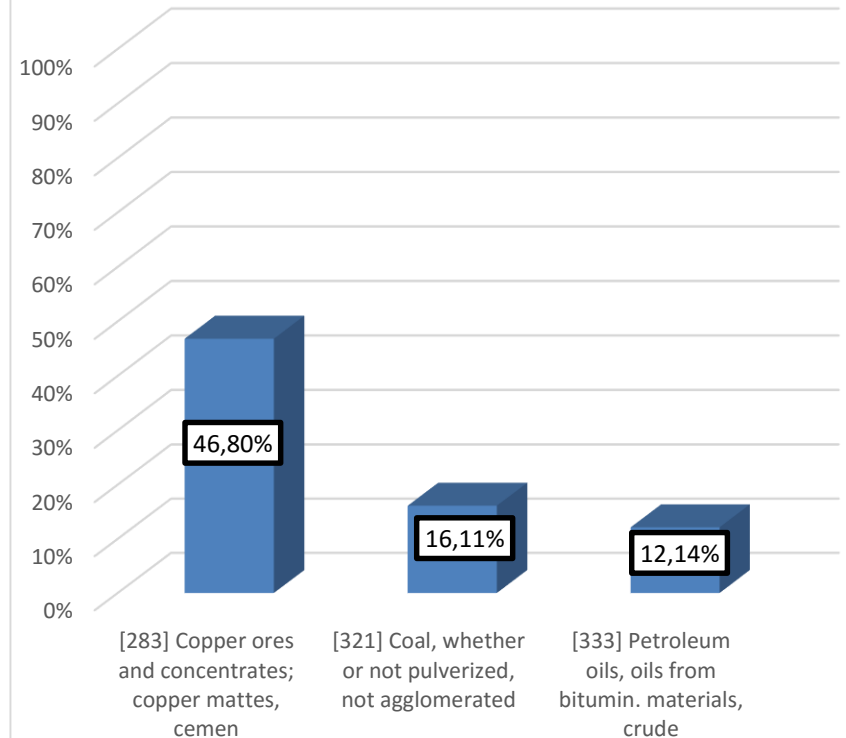


Evolution of main merchandize exports (2011 & 2014)

Share of most exported items from total Merchandise
(2011)

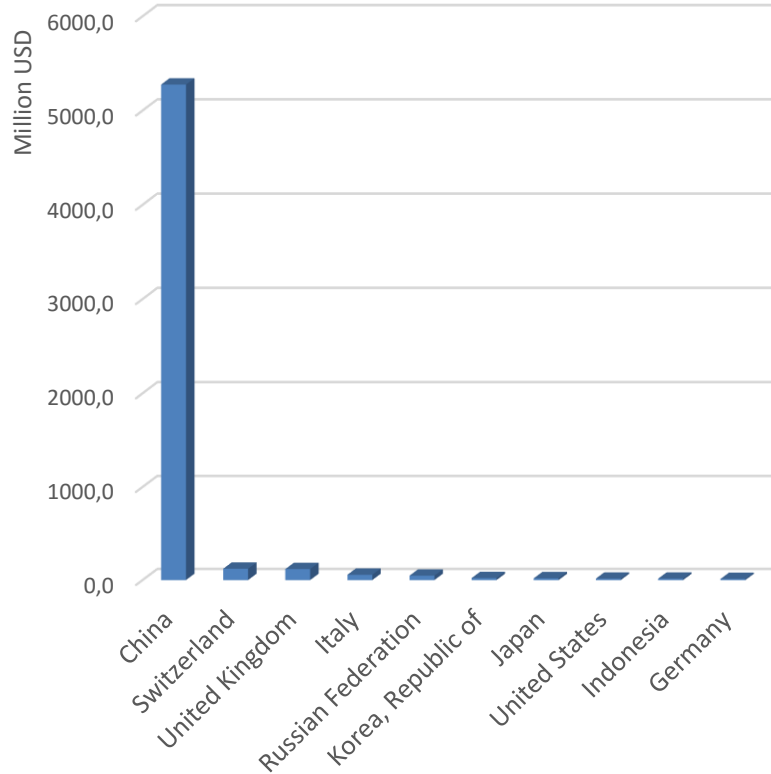


Share of most exported items from total Merchandise
(2014)

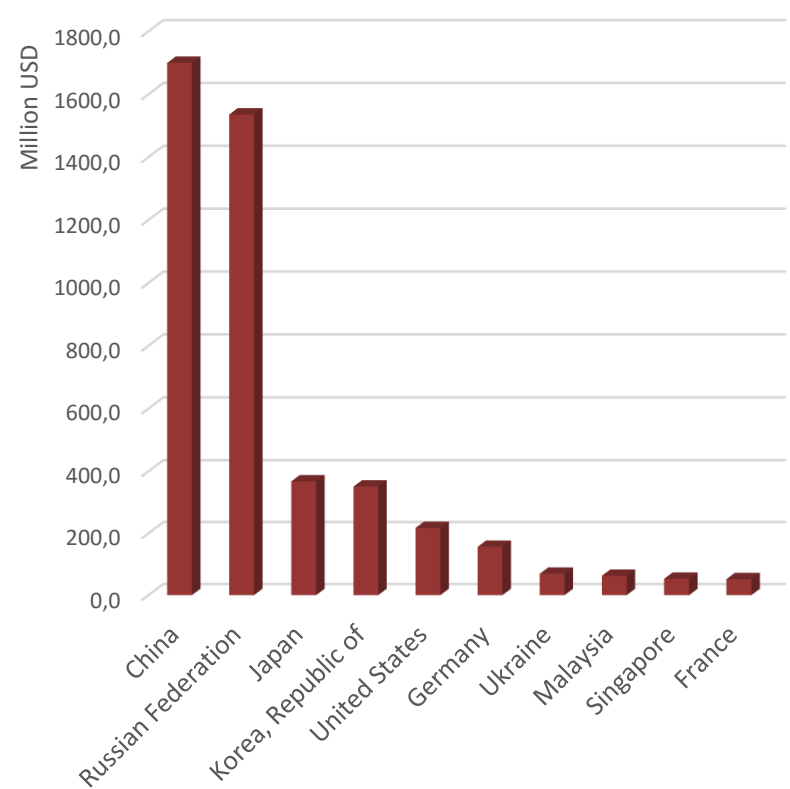


Trade by top ten partners (2014)

Top ten Export partners - 2014

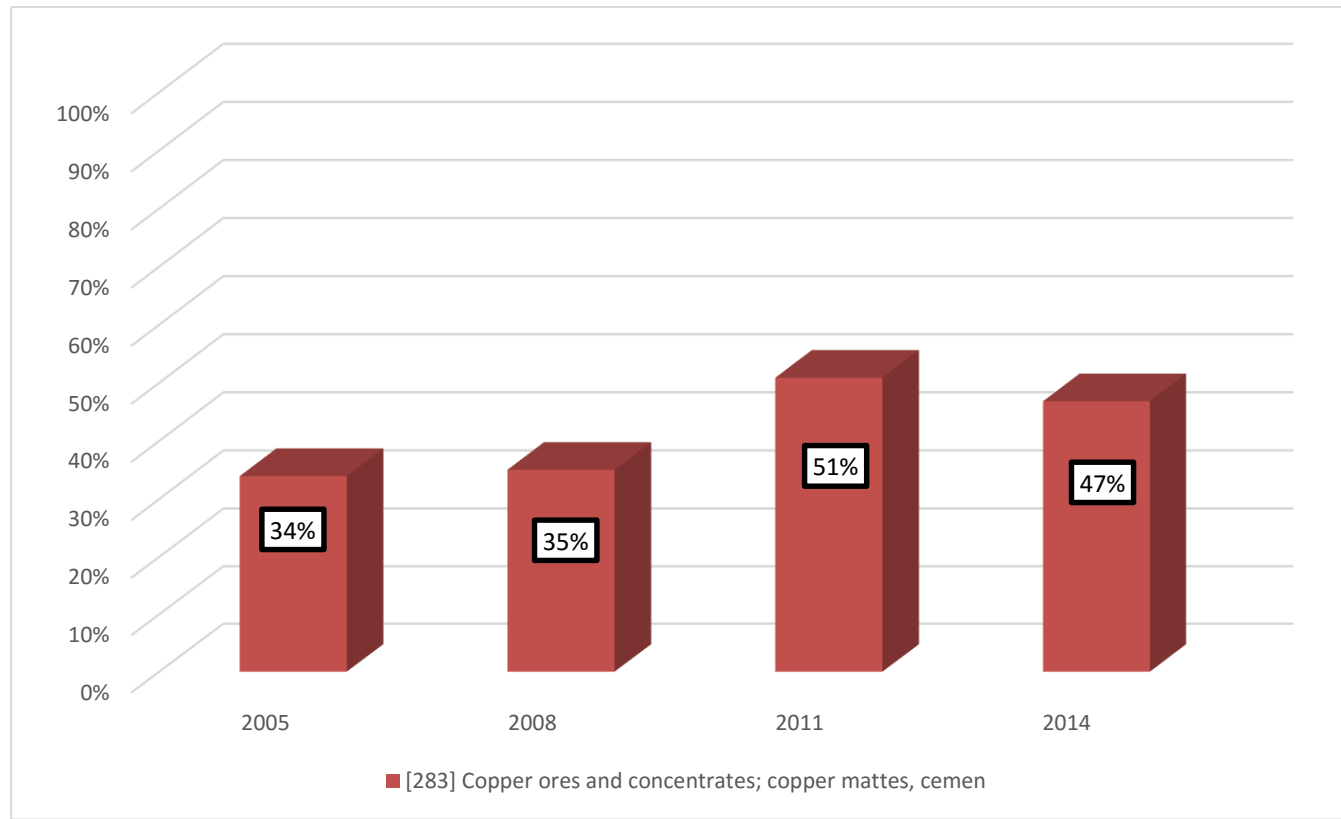


Top ten Import partners - 2014



Share of one commodity in total merchandize exports (2005-2014)

Copper ores, concentrates and mattes.....



II. Importance of hooking into regional and global CVCs: Mongolia

- Changes in international production networks
- Driven by Information technology revolution and falling cost of production
 - Led to a worldwide Web of Value Chains
 - A situation where "firms (not nations) compete"
 - Brought back the critical importance of imports to the policy debates (trade liberalization)

II. Challenges and opportunities for Mongolia

Opportunities

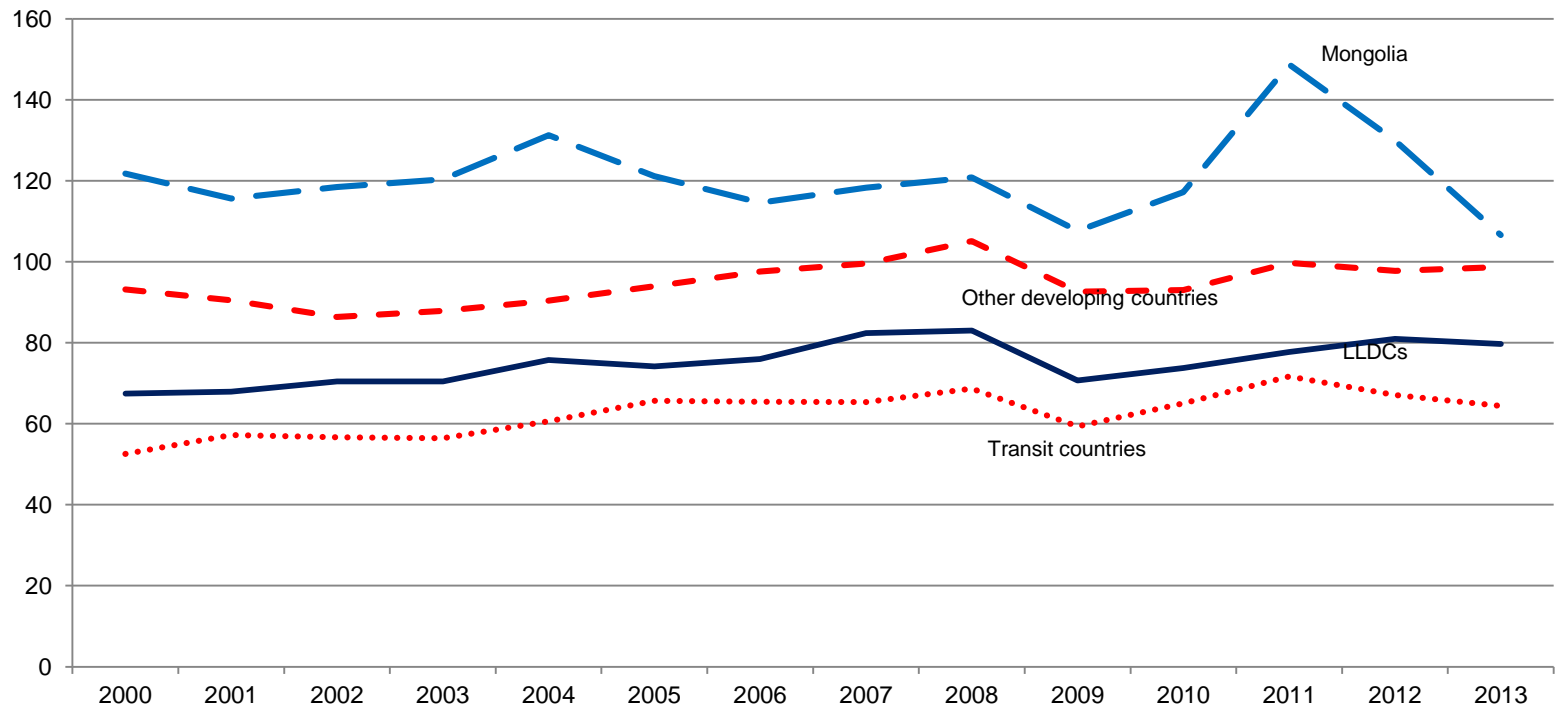
- Natural resources wealth
- Location in a dynamic region (bordering China and Russia)
- Huge regional markets (remoteness is a bygone)

Key challenges

- Commodity and market concentration
- Access to energy infrastructure, low productive capacities (overall)
- Small domestic market size

Trade openness: Mongolia and other country groups (2000-2013)

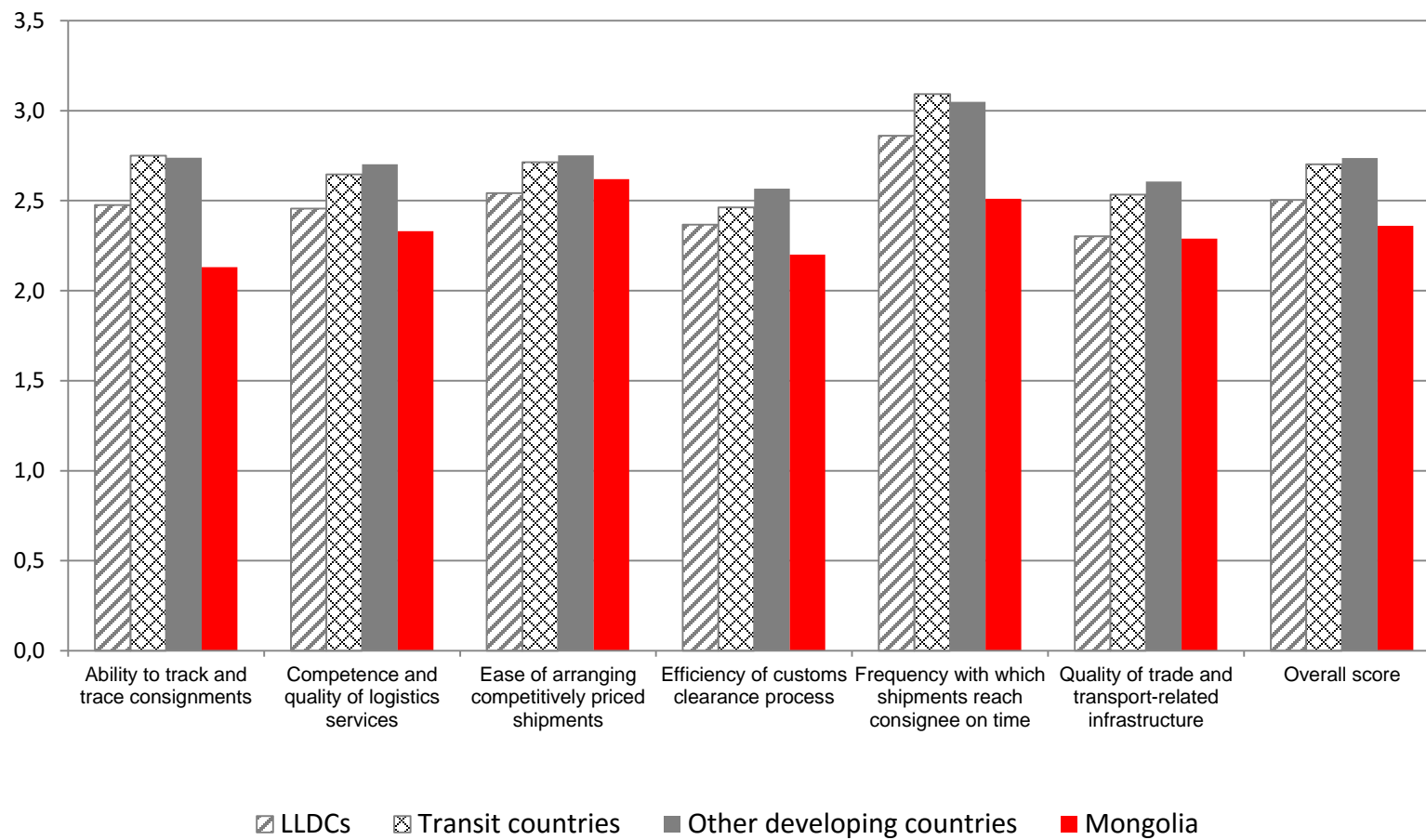
Percent



Doing business Ranking: Mongolia and other selected country groups (2013)



Logistics Performance Index (LPI): 2013 (latest Available data)



Commodity value chains: areas for policy interventions or focus

- Enhancing productive capacities and structural transformation;
- Infrastructure, including energy infrastructure
- Improving an overall business environment,
- Enhancing linkages between key policies and interventions (e.g. trade, investment and industrial policies;
- Putting in place key institutions (e.g. quality control or standards body, etc);
- Building contact negotiating and enforcing capacities (key for Mongolia);
- Trade facilitation (reform, regulations and cooperation)