



Mongolian National Chamber of Commerce and Industry

The main representative body of Mongolian Business Community

... Since 1960



Challenging Country - Mongolia

Presented by Mrs. M. Oyunchimeg, Vice chairperson, MNCCI

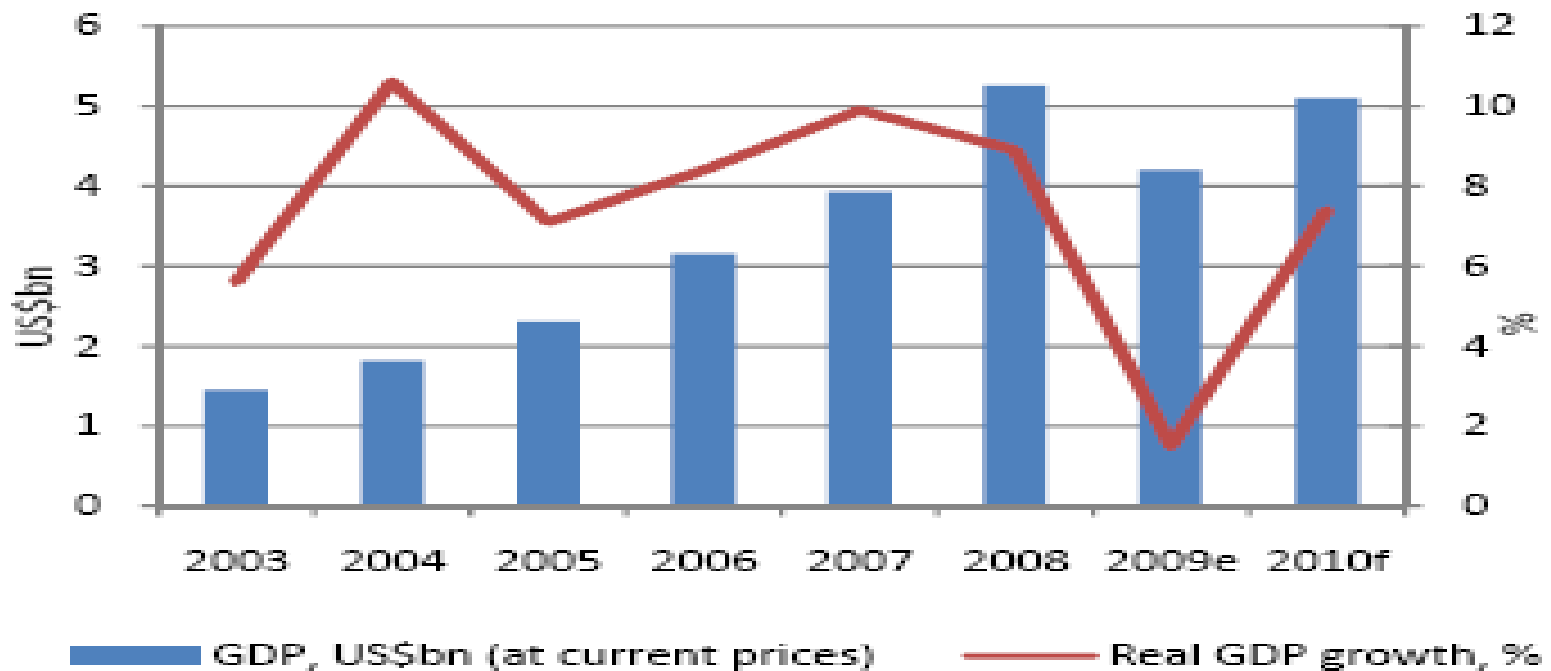
Economy

By the end of 2010:

GDP reached to 8255.1 bln. tugrug, (approximately 6.58 bln. USD)

Inflation rate – 10.1%

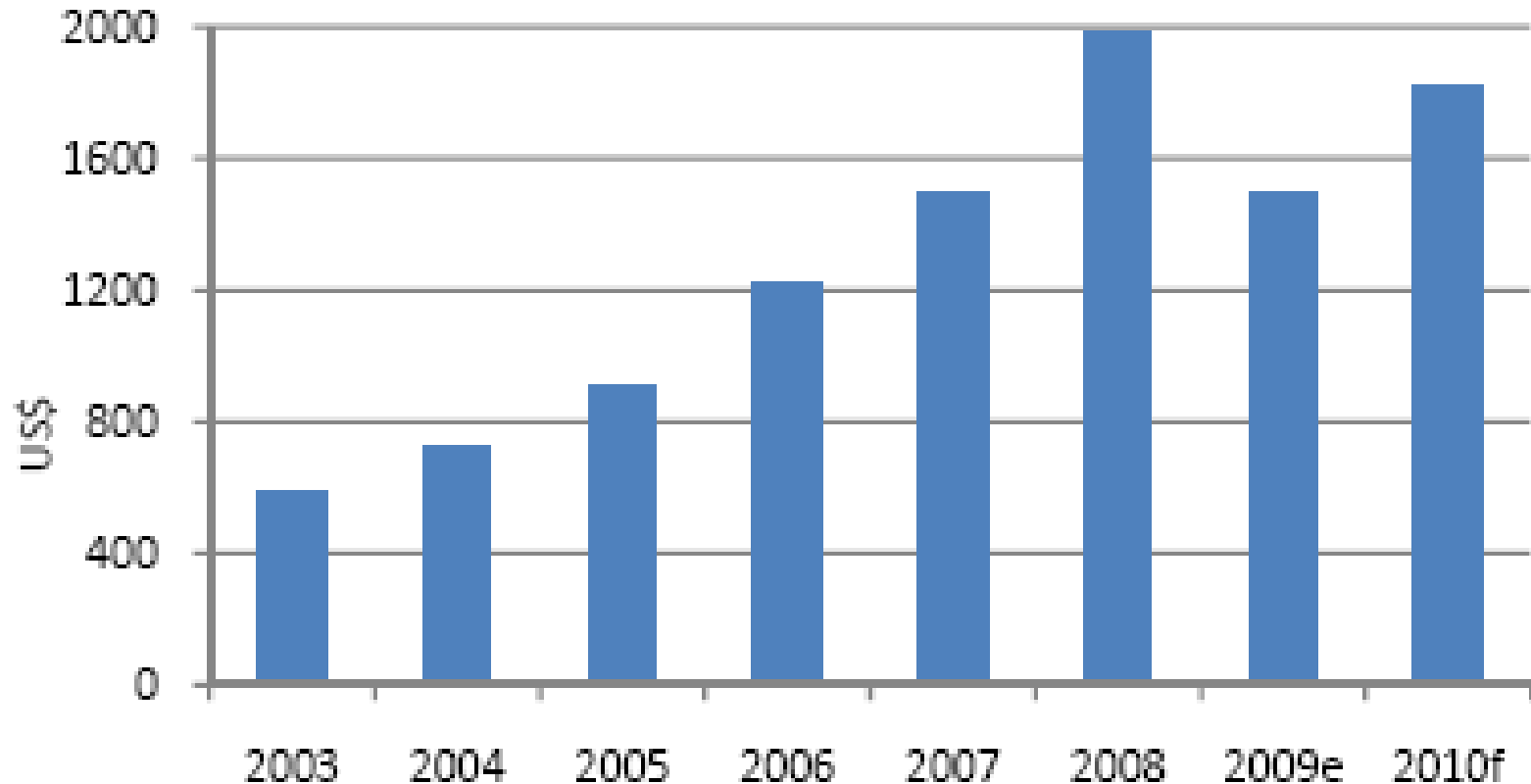
GDP growth



Source: IMF WEO October 2009, NDIC of Mongolia

Economic indicators of Mongolia

GDP per capita



Source: IMF, Eurasia Capital estimates

Economic Outlook (1)

Main economic indicators	2008	2009	2010
GDP real growth /%/	8.9	0.6	6.1
Foreign trade turnover /mln. USD/	5661	3843	6177
Foreign Trade Balance /mln. USD/	-691	-183	-379
Export /mln. USD/	2532	1830	2899
Import /mln. USD/	3129	2013	3278
State Budget balance /bln. MNT/	-305.7	...	2.2
Inflation /%/	28.7	3.6	10.1

(National Statistical Office, 2009; World Bank Report, 2009)

Economic Outlook (2)

Institution	Inflation Forecast				GDP, real growth (%)					
	2009	2010	2011	2012	2009	2010	2011	2012	2013	2014
The Government of Mongolia	9.9	9.9	-	-	2.75	7	-	-	-	-
IMF	9.6	10.1	5.5	5.5	2.75	4.3	6	11.3	-	-
Business Monitor International	-	-	-	-	-2	9.5	10	11	11.8	12

Institution	Rating	Inflation Forecast		GDP, real growth (%)	
		2009	2010	2009	2010
Moody's Investors Service	Ba2	7	5	1	4
Fitch Ratings	B	9	6	2	4.5

Foreign trade turnover with Russia & China /2 main trade partners/

China:

Total trade turnover- 1922842.7 th.USD,

trade balance is +858708.1 th. USD

Export: 1390775.4 thousand USD,

73% of total export

Import: 532067.3 thousand USD,

25% of total import

Russia:

Total trade turnover- 833765.6 th. USD,

trade balance is -705371.6 th. USD

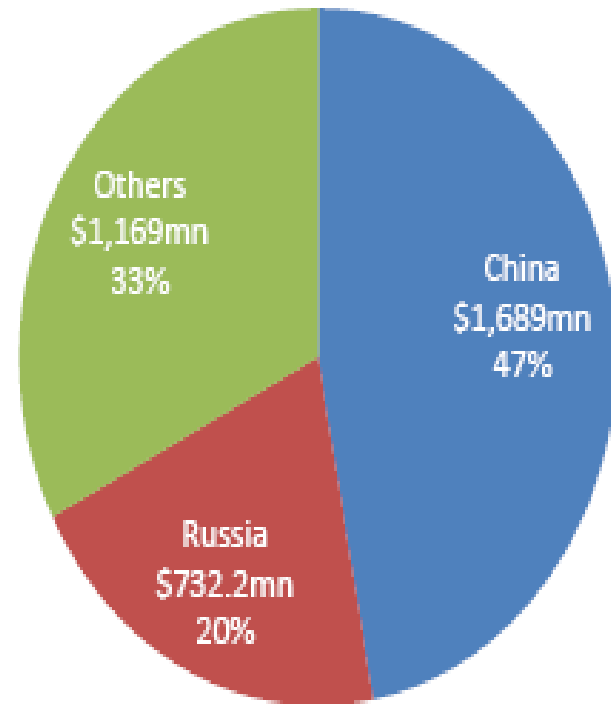
Export: 64197.0 thousand USD,

3.37% of total export

Import: 769568.6 thousand USD,

36.1% of total import

Major Trading Partners (% of turnover)



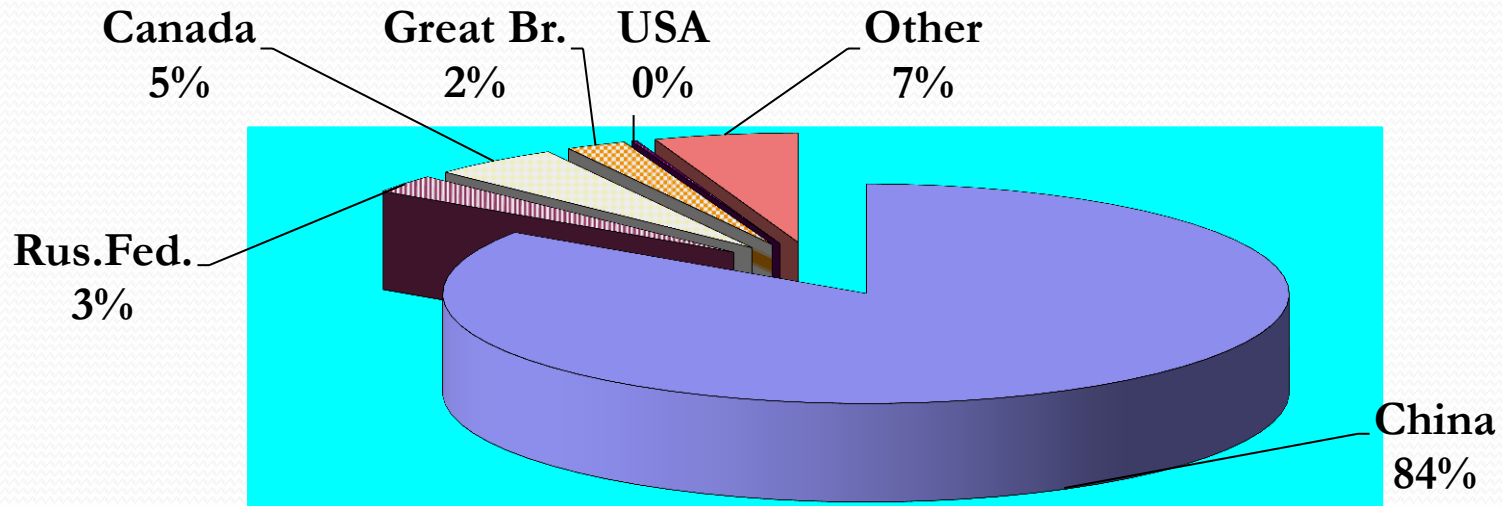
Source: National Statistical Office of Mongolia

Trade with Australia

Export

Export net price (thousand USD)		Export (percentage)	
2009	2010	2009	2010
808.8	257.8	0.043	0.009

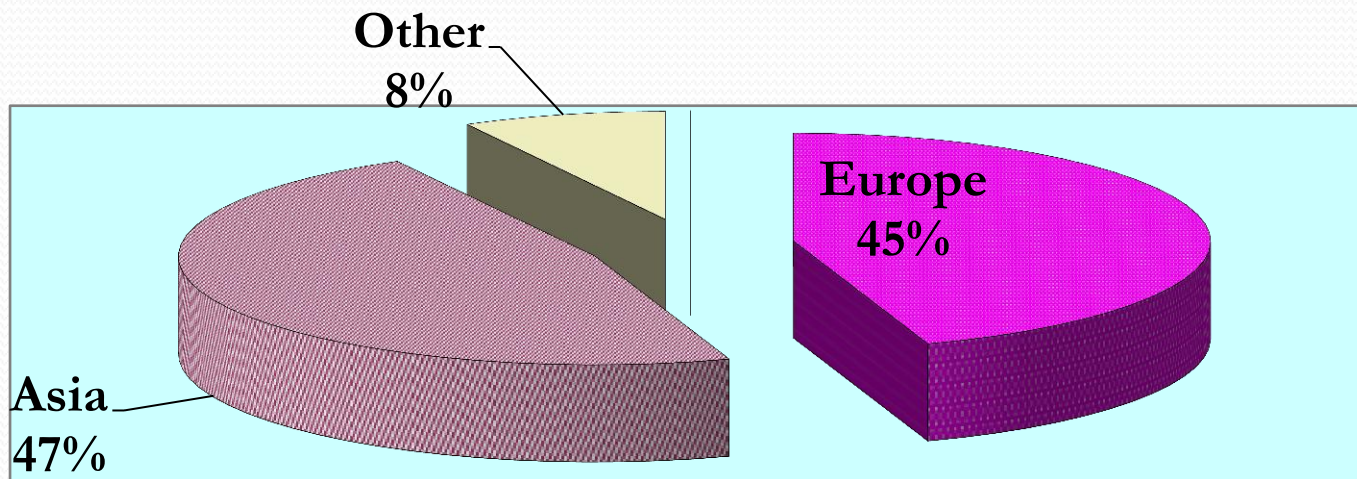
Main export countries for the end of 2010



Import

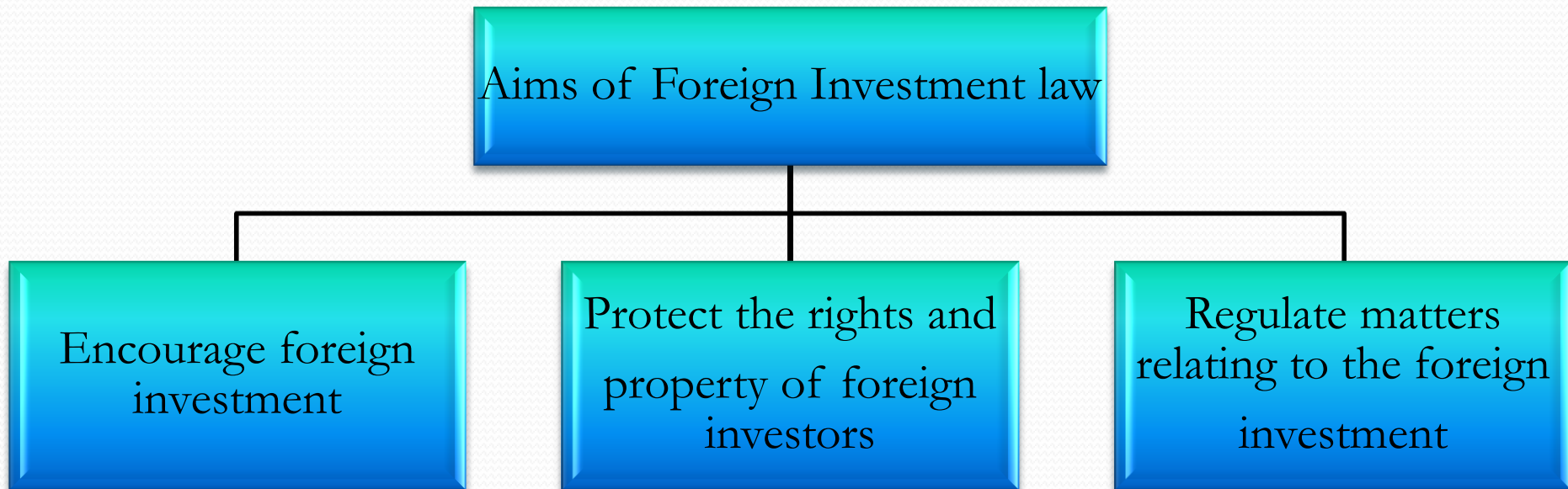
Import net price (thousand USD)		Import (percentage)	
2009	2010	2009	2010
15252.1	38738.9	0.713	1.182

Main import continents in the end of 2010

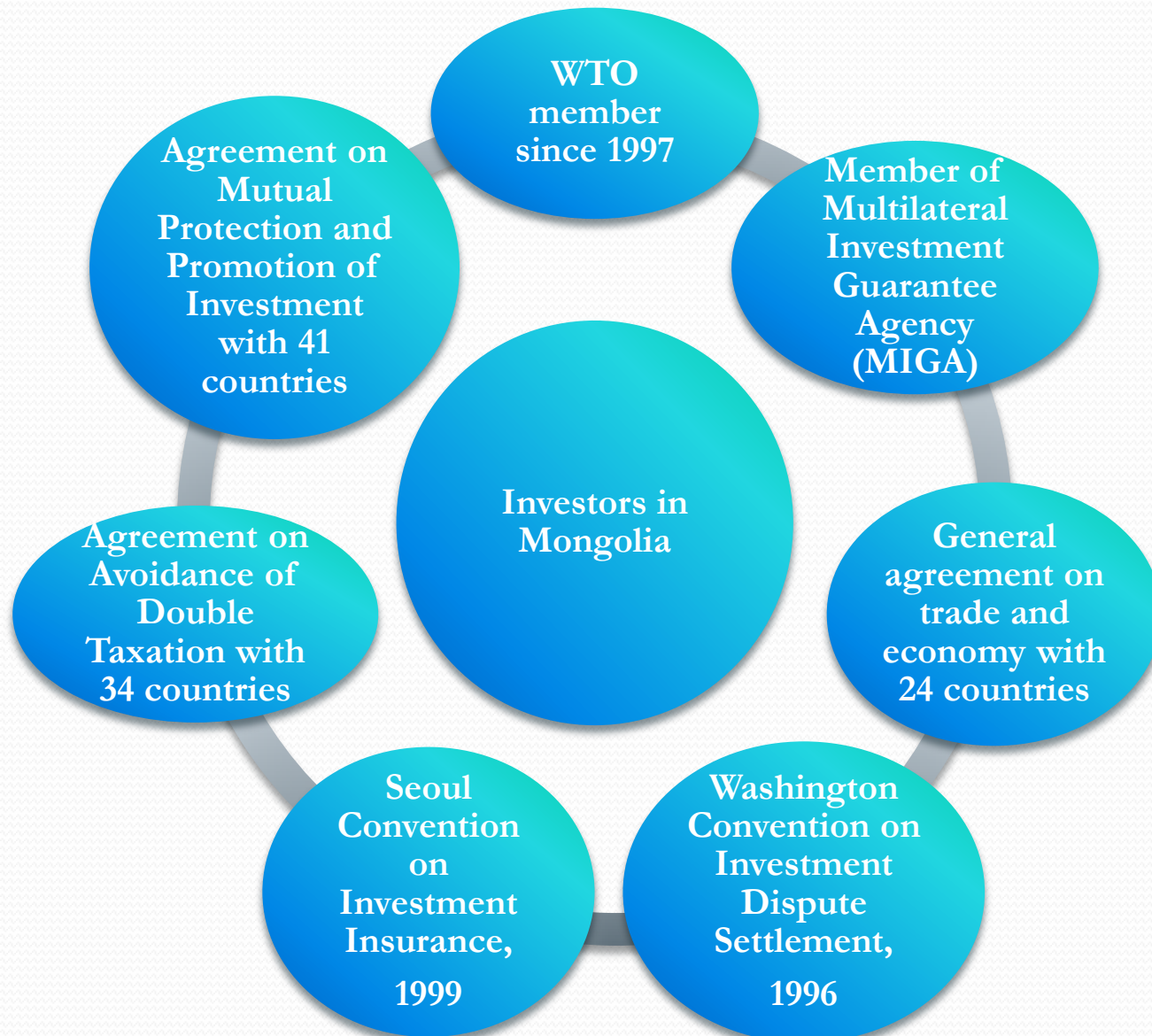


Investment Legal Environment

- Investment friendly legal environment
- The law on foreign investment - in 1993.



Investor's Protection in Mongolia



Law of Mongolia on Concessions

- Law on Concessions of Mongolia (PPP) approved on 28 January, 2010.
 - puts state and local properties into economic utilization
 - vast business opportunities for investors
 - the list of concession items is approved by the state and local administrative bodies
 - decisions shall be made whether to finance from state fund, to make a guarantee, to organize a tender or to conclude a direct agreement
 - Foreign legal entities or their consortiums may submit an unsolicited proposal to enter into a concession agreement

Investment Climate

Non-discriminatory treatment for national and international investors

Mongolia has the lowest tax rates in the region
Corporate tax 10%, 25%
VAT 10%

Investment in the priority sectors shall be granted tax credit equal to 10 percent of total volume

Investment in corn, vegetables, fruits and fodder plant cultivation shall be exempted from corporate tax up-to 50% of the products

7200 items can be exported to the EU markets on GSP+ scheme with zero import tariff

Doing Business in Mongolia (2010)

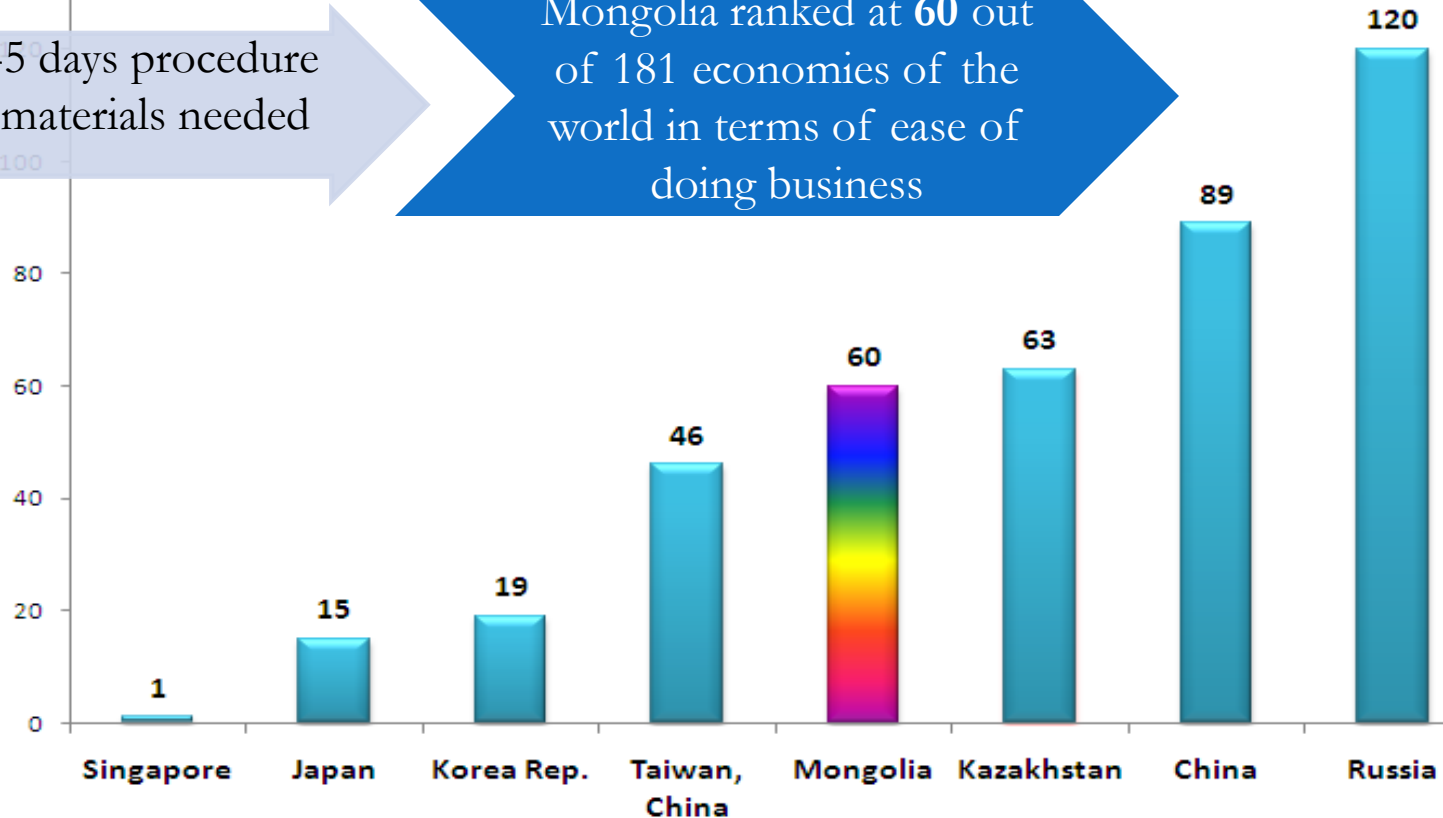
Before

- 60 days procedure
- 14 materials needed

Now

- 3-5 days procedure
- 7 materials needed

Mongolia ranked at 60 out of 181 economies of the world in terms of ease of doing business



Doing Business

Ease of...	Doing Business 2010 rank	Doing Business 2009 rank	Change in rank
Doing Business	60	56	-4
Starting a Business	78	61	-17
Dealing with Construction Permits	103	104	+1
Employing Workers	44	49	+5
Registering Property	25	20	-5
Getting Credit	71	68	-3
Protecting Investors	27	25	-2
Paying Taxes	69	87	+18
Trading Across Borders	155	156	+1
Enforcing Contracts	36	35	-1
Closing a Business	110	110	0

Investment opportunities



Energy and
Mineral
Resources



Light
industry



Food



Road, Urban
development



Agriculture



Trade &
service

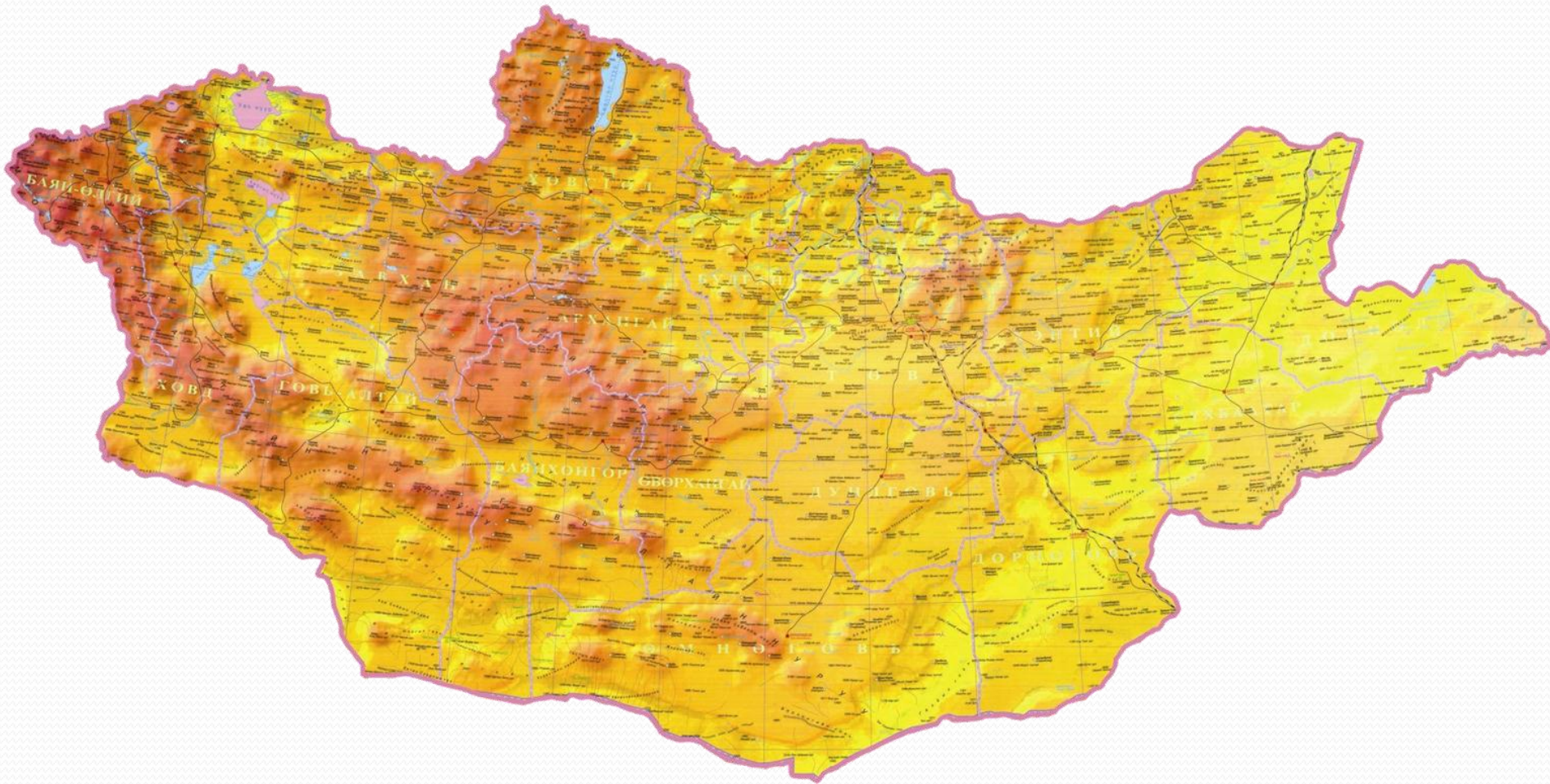


Tourism



ICT and
Human
Development

Mining and Minerals sector



Mining

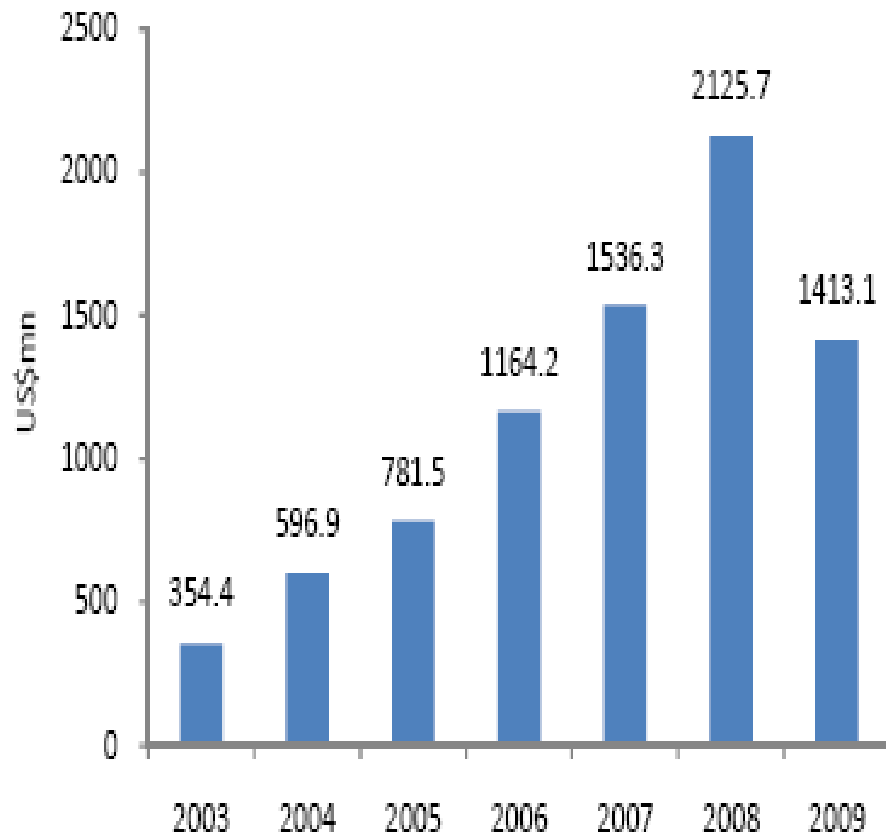
Large strategic deposits

Deposit name	Mineral type	Reserves
Tavan tolgoi	Coal	6 bn tonnes
Nariin Sukhait	Coal	125.5 mn tones
Baganuur	Brown coal	600 mn tonnes
Shivee Ovoo	Brown coal	646.2 mn tones
Mardai	Uranium	924.6 thousand tonnes 0.119% U3O8
Dornot	Uranium	16.5 mn tonnes 0.175% U3O8
Gurvanbulag	Uranium	10.6 mn tonnes
Tumurtoi	Iron ore	229.3 mn tonnes 51.15% Fe
Oyu Tolgoi	Copper, molybdenum	2300 mn tonnes 1.16% Cu, 0.35 gram/tonne Au
Tsagaan Suvarga	Copper, molybdenum	10.64 mn tonnes oxide 0.42% Cu, 0.011% Mo
		240.1 mn tonnes sulphat 0.53% Cu, 0.018% Mo
Erdenet	Copper, molybdenum	1200 mn tonnes 0.51% Cu, 0.012% Mo
Burenkhan	Phosphoryte	192.24 mn tonnes
Boroo	Gold	24.523 thousand tonnes 1.6 gram/tonne Au
Tumurtei	Zinc, lead	7.7 mn tonnes 11.5% Zn
Asgat	Silver	6.4 mn tonnes, 351.08 gram/tonne Ag

Source: Laws of Mongolia

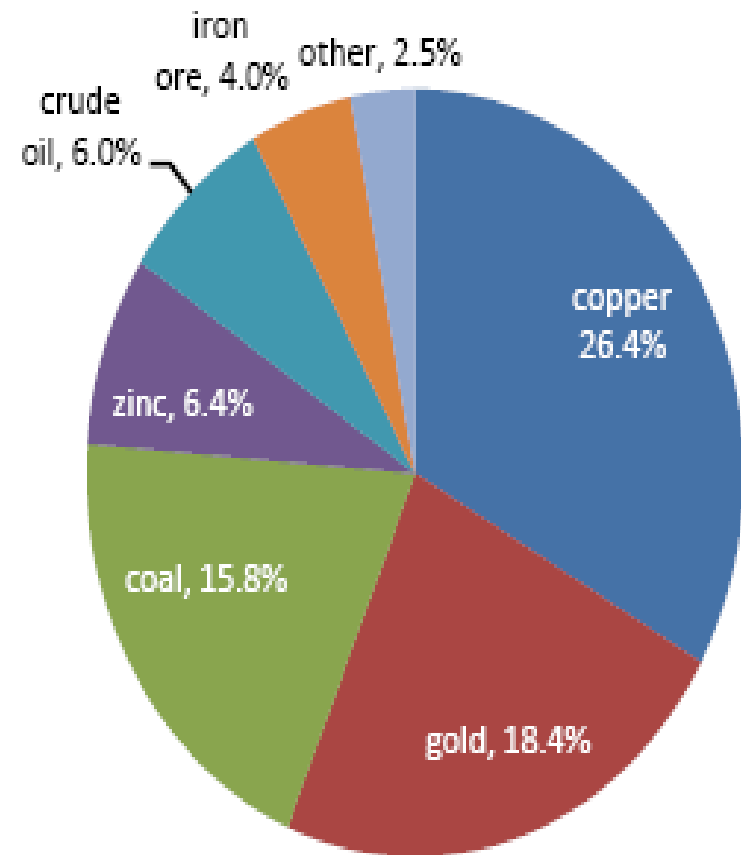
Minerals exports

Minerals exports



Source: National Statistical Office of Mongolia

Mineral exports breakdown (2009, % of mineral exports)



Source: National Statistical Office of Mongolia,

Agriculture sector



Mongolian Agriculture sector in a glance

600 000 ha land has been processed for crop, wheat and vegetable production out of 1.2 mln. ha land

The output of livestock production comprises 86.5% of the total output of agricultural production

40.9% of GDP,
58% of total employment

100% of potato need is provided domestically

20% of milk need is provided domestically

50-97% of vegetable and crop needs are provided domestically

Total livestock has reached over 50 million herds by 2009

Registered FDI into Mongolia by sector /Australia/

(1000 USD)

No.	Sectors	%	Total	2008	2009	2010
1	Others	54.33	12291.90	-	-	90
2	Trade and catering	14.15	3201.20	45.00	516.50	2,032.00
3	Geology, mining, exploration	24.35	5508.84	3316.90	-	50
4	Engineering, construction materials production	4.84	1094.00	-	-	-
5	Light industry	1.81	410.00	-	-	-
6	Health, cosmetics	0.01	1.80	-	-	1.80
7	Tourism	0.51	115.00	-	-	100
	Total	100	22622.74	3361.90	516.50	2273.80

Source: FIFTA, Mongolia

Number of FDI companies by sector /Australia/

No.	Sectors	%	Total	2008	2009	2010
1	Others	6.85	5	-	-	-
2	Trade and catering	73.97	54	4	4	20
3	Geology, mining, exploration	13.70	10	-	-	1
4	Engineering, construction materials production	1.37	1	-	-	-
5	Light industry	1.37	1	-	-	-
6	Tourism	2.74	2	-	-	1
	Total	100	73	4	4	22

Source: FIFTA, Mongolia

Tourism sector



Mongolian Tourism sector in a glance

Mongolian tourism sector was almost fully private-sector based in the last decade and a business-friendly legal environment has been effectively sustained in this sector.

4% of GDP,
1% of employment

Revenue of USD 296 mln.
per year

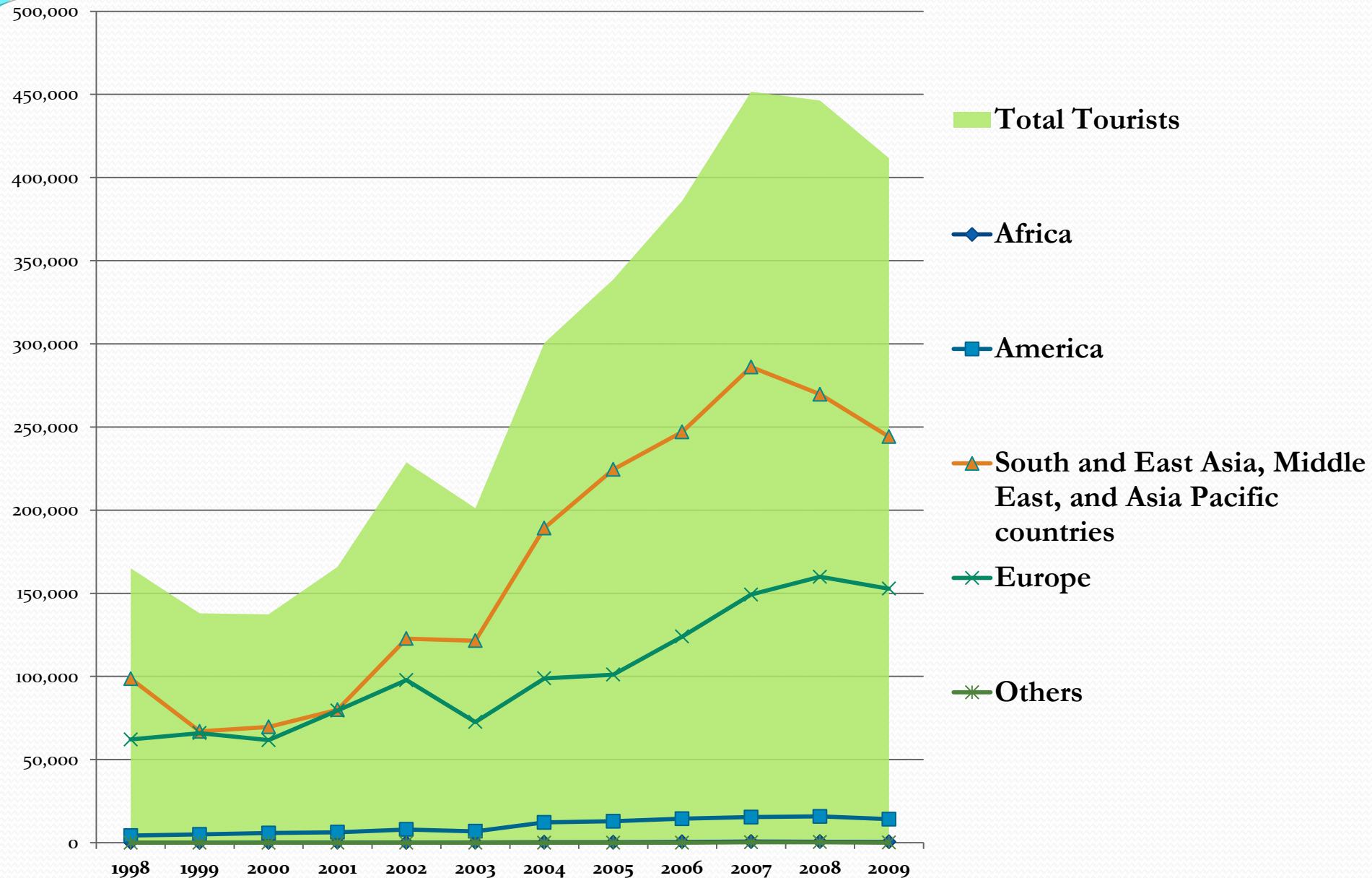
452 tour
operator
companies

340 tourist
camps, of
which 79 are
high standard
camps

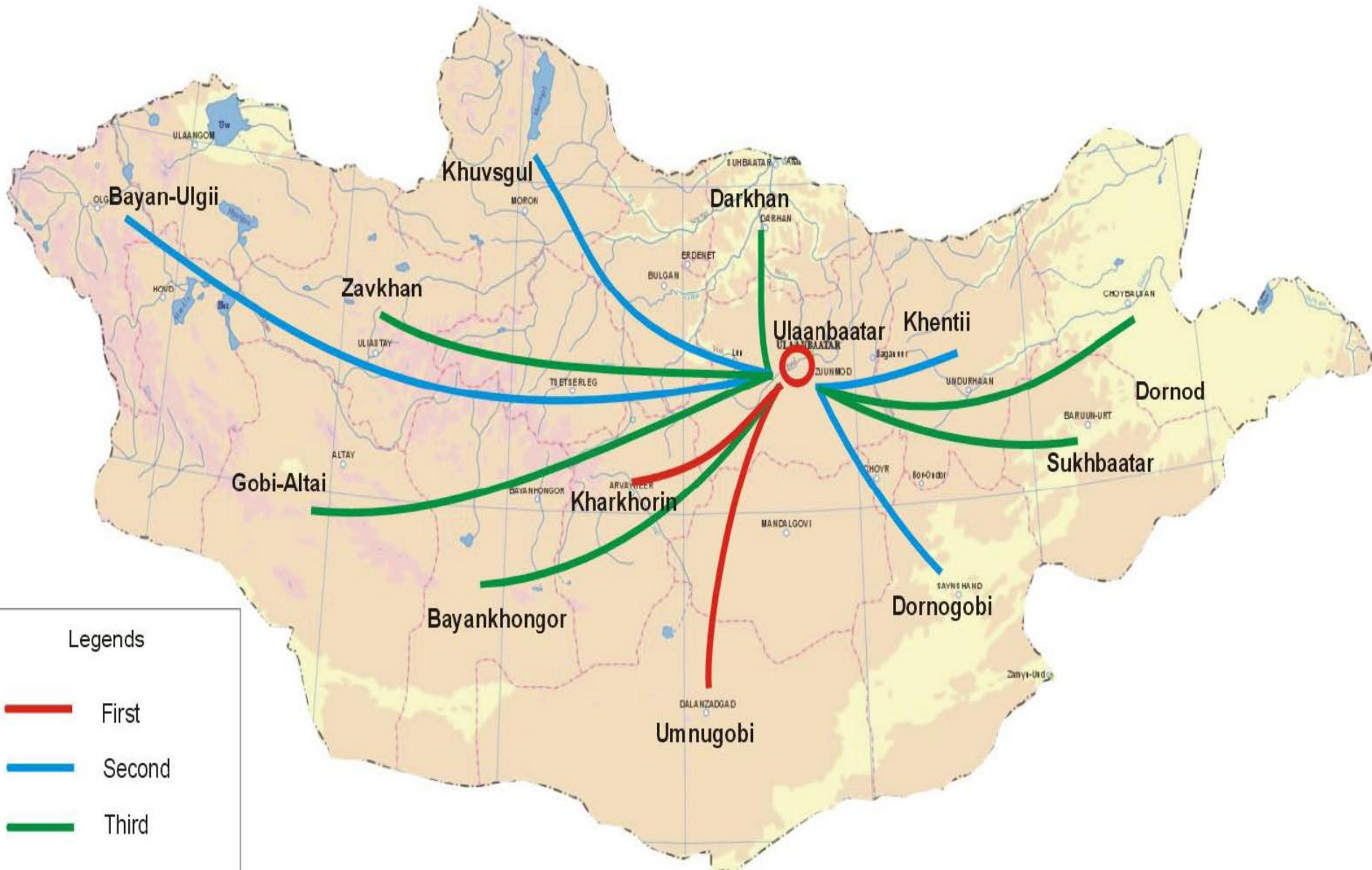
326 hotels, of
which 60 are
star-rated

52 public and
private
universities in
the sector

Tourists' Volume in the last decade



Main tourist destinations



Tourists' major destinations in Mongolia



Ulaanbaatar



Gobi



Karakorum



Khuvsgul



Thank you for your attention!

Mongolian National Chamber of Commerce and Industry

MNCCI's building, Khan-Uul district,

M. Gandhi street, Ulaanbaatar-17011, Mongolia

UB Post-101011001

Tel: 976-11-327176/312501

Fax: 976-11-324620

E-mail: chamber@mongolchamber.mn

Website: www.mongolchamber.mn