

**Under embargo until 12:00 noon. Bangkok Time, Monday, 1 May 2017**

## MONGOLIA

GDP (current US\$, billions):	\$11.76	Population (thousands):	3,006
Share of GDP in developing Asia-Pacific:	0.05%	GDP per capita (current US\$):	\$3,973.40
Share of GDP in East and North-East Asia:	0.1%	Average inflation (2016)	1.1%

- Economic growth in Mongolia slowed to 1.2 per cent in 2016 from a growth rate of 2.3 per cent in 2015 and average growth of 12.3 per cent during the period of the mining boom in 2011-2014.
- The plunge in global commodity prices and weaker demand in China mainly accounted for lower economic growth in 2016. Domestic demand was also subdued, as private consumption and fixed investments decreased.
- The unemployment rate increased to almost 9 per cent at end-2016.
- The mining sector, which had propelled the economy in the past, experienced a drastic fall in foreign direct investment due to waning confidence and investor disputes.
- The decline in mining revenues pushed up government debt to nearly 90 per cent of GDP, raising concerns over debt repayments. In this regard, the Government introduced austerity measures in August 2016 and availed itself of external financing assistance. An immediate policy priority is to demonstrate a credible fiscal consolidation plan and effective macroeconomic management
- Growth is projected to pick up to 2 per cent in 2017 and 3.5 per cent in 2018.
- An expected increase in global prices of coal and copper, higher coal export volumes to China and the expansion of a major copper and gold mine are some of the contributing factors.
- In addition, railway construction under China's Belt and Road Initiative and the signing of a transit transport agreement with China and the Russian Federation are expected to facilitate cross-border trade in this landlocked country.
- Beyond exports, the 25 per cent minimum wage hike that became effective in January 2017 could help ease the impact of fiscal tightening and support consumer spending.
- To promote medium-term economic development, the Government launched an economic recovery programme for the period 2016-2020, which includes the policy aim of diversifying the country's income sources to non-mining sectors, such as tourism and agriculture.