

Impacts of Mongolia's FTA with the Countries in Northeast Asia: CGE Analysis with GTAP Database



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Outline

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- Mongolia's Trade Policy and Recent Trade Flow
- The Model
- Simulation Results
- Conclusions



Mongolia's Foreign Trade Policy (1)

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- Mongolia's foreign trade prior to 1990 was characterized by a state monopoly on trade, a centrally planned pricing system, and limited export markets in the former CMEA countries, where the Former Soviet Union (FSU) occupied the dominant share;
- In the early 1990s, the government has abolished the state monopoly and all quantitative restrictions on exports and imports and eliminated the state order system for exports and imports;
- Law of Mongolia on Economic Entities (May, 1991): all forms of economic entity were permitted, including sole proprietorships & individuals, to engage freely in independent foreign trade activities;
- Customs Law of Mongolia (1996): customs control and examinations of goods, customs clearance procedures;
- All merchandise exports are exempted from both customs and VAT duties, except a few items such as unprocessed camel wool, timber, wooden planks and blocks.
- Customs Tariff Law of Mongolia (1996): customs tariff system, principles for adopting customs duty rates, valuations, assessments and collection of customs duties. Current rate: 5% uniform rate with a few exceptions;
- Value-Added Tax Law of Mongolia (rev.2007): imposition of VAT, its payment to and refund from the state budget. Current rate: 10%;
- "Mongolia has one of the least restrictive trade regimes in Asia, and a relatively liberal foreign investment regime" (World Bank);

Mongolia's Foreign Trade Policy (2)

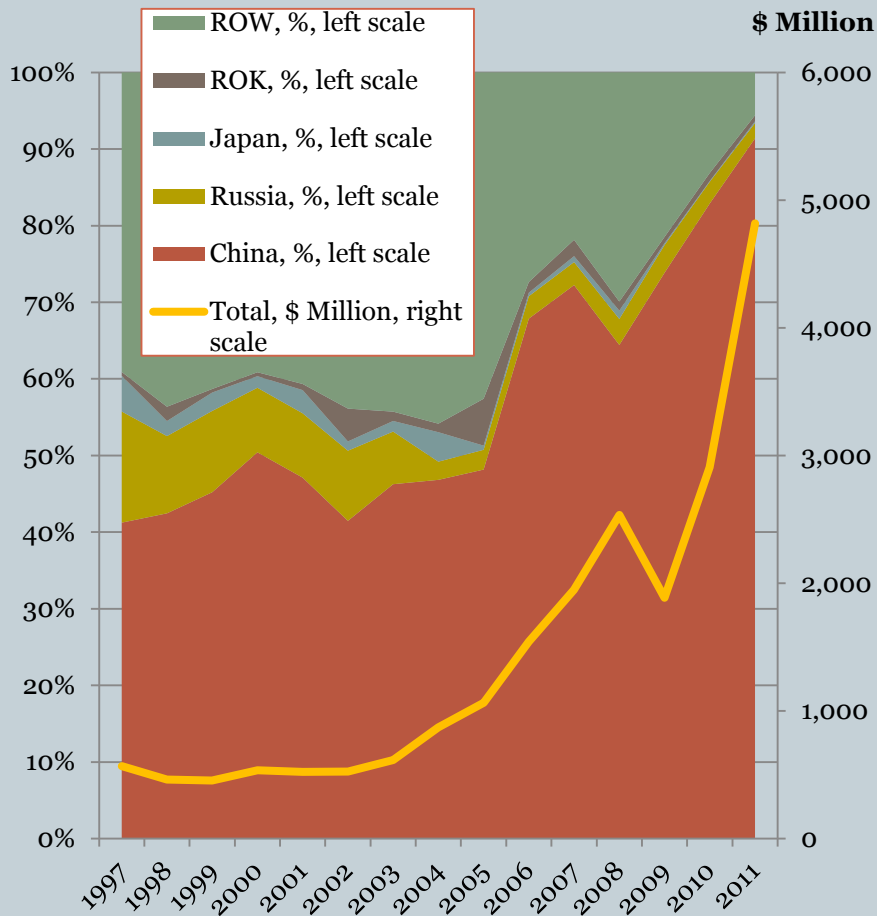
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- Mongolia is a Member of WTO since 1997 ;
- Mongolia currently trades with more than 120 countries;
- Has bilateral trade, economic cooperation and investment promotion agreements: with more than 30 countries, incl. Russia, China, ROK and Japan;
- Mongolia is included in the EU GSP+ scheme, where 7,200 items (HS) are exempted from customs tariff. But, it will expire in 2014;
- But, Mongolia is not yet a part to any regional or bilateral free trade agreements (FTA). In the outset of further robust economic development, the country is keen to further diversify its export markets.
- Mongolia-Japan EPA
 - Began talks in 2007;
 - Joint Study Group report completed in March 2011;
 - The negotiation process is currently underway:
 - ✦ The 2nd round in December 2012 in Tokyo;
 - ✦ The 3rd round held in April 2013 in Ulaanbaatar;
 - It will be the 1st EPA for Mongolia;

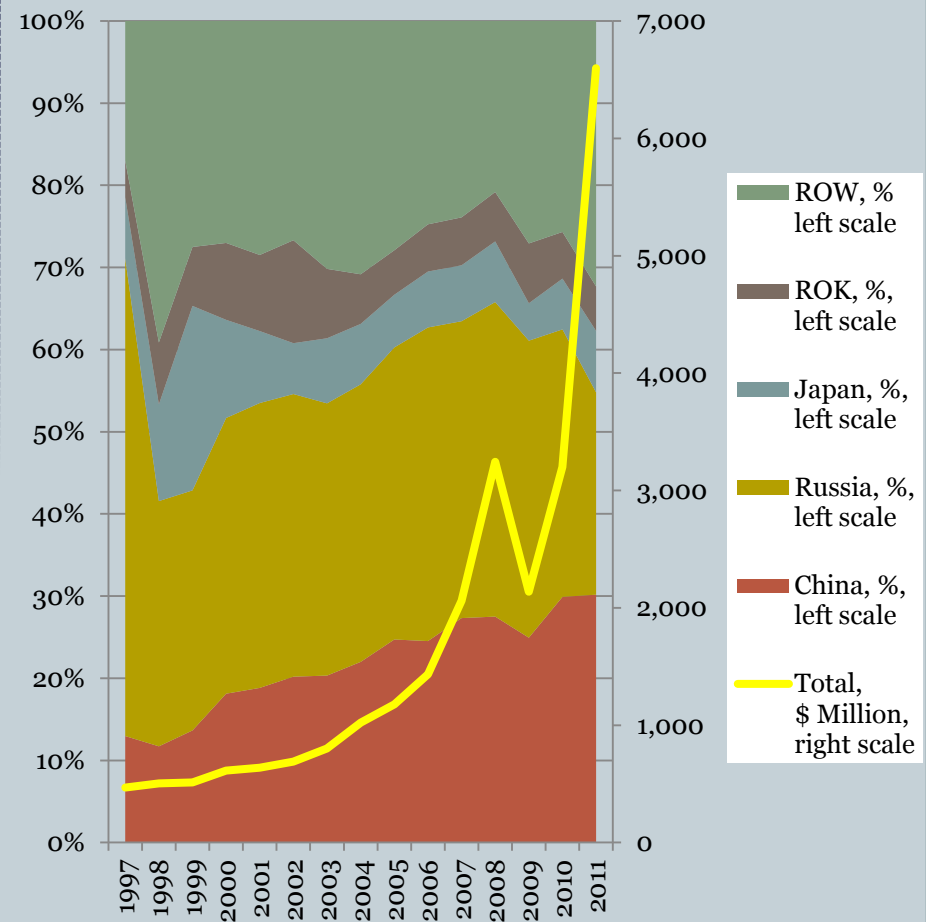
Mongolia's Trade Flow

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Export



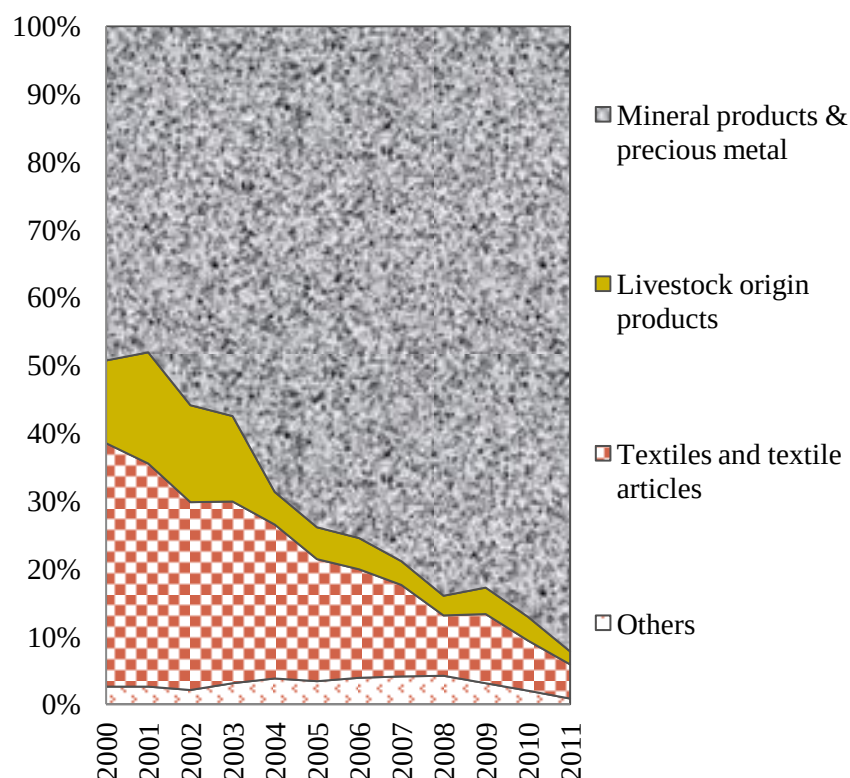
Import



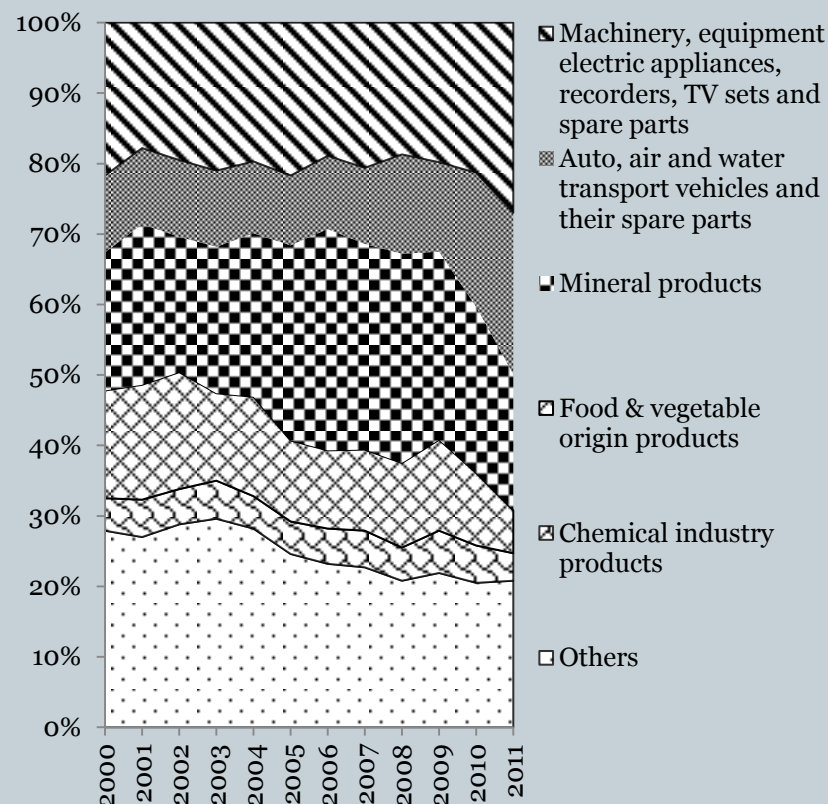
Mongolia's Foreign Trade Structure

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Raw materials or low value-added products of the mining and livestock origins account for more than 90% of the country's total export.



Mongolian import consists of a wide range of consumer and industrial products.



Mongolia's Export Structure by Country

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China, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.0	0.1	0.1	0.0	0.1
2 AnimalProd	0.8	0.6	0.4	0.2	0.1
3 Wool	11.3	18.6	10.2	6.1	3.5
4 Meat	0.1	0.1	0.0	0.1	0.0
5 Forestry	8.9	0.2	0.0	0.0	0.0
6 Coal	0.0	0.0	5.2	36.9	51.7
7 OilGas	0.0	0.7	1.9	3.7	5.7
8 OtherMineral	59.7	58.3	72.7	49.9	37.3
9 ProcFood	0.2	0.1	0.1	0.0	0.0
10 TextWapp	0.6	2.1	0.4	0.1	0.0
11 LeatherProdu	10.8	16.6	5.8	0.8	1.0
12 WoodPaperpro	0.0	0.0	0.2	0.0	0.0
13 Metals	6.8	1.7	2.0	1.2	0.2
14 Automobiles	0.5	0.1	0.3	0.0	0.0
15 MachineryEqu	0.0	0.3	0.3	0.7	0.2
16 OtherManufac	0.4	0.6	0.3	0.2	0.1
17 Electricity	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100

Russia, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.4	0.0	0.1	0.1	0.3
2 AnimalProd	0.1	0.7	0.1	0.0	0.0
3 Wool	0.2	1.2	0.3	0.6	0.8
4 Meat	12.8	32.6	30.4	0.2	0.3
5 Forestry	0.1	0.0	0.0	0.0	0.0
6 Coal	0.0	0.0	0.0	0.5	0.4
7 OilGas	0.1	1.0	8.8	3.2	2.8
8 OtherMineral	82.8	57.9	46.9	59.2	68.7
9 ProcFood	0.1	1.9	0.1	31.6	22.9
10 TextWapp	0.3	0.1	3.1	1.5	1.4
11 LeatherProdu	1.5	0.8	2.0	0.0	0.0
12 WoodPaperpro	0.1	0.0	0.0	0.0	0.0
13 Metals	0.2	0.4	0.0	0.3	0.1
14 Automobiles	0.3	0.2	7.2	0.0	0.6
15 MachineryEqu	0.4	0.4	0.4	1.8	0.8
16 OtherManufac	0.7	2.8	0.4	0.4	0.4
17 Electricity	0.0	0.0	0.0	0.4	0.5
Total	100	100	100	100	100

Mongolia's Export Structure by Country

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Japan, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.0	0.0	1.8	0.0	0.1
2 AnimalProd	0.0	0.8	0.6	2.0	0.0
3 Wool	20.9	49.6	60.4	10.0	4.6
4 Meat	0.0	0.1	1.4	4.2	0.6
5 Forestry	0.0	0.0	0.4	0.0	0.0
6 Coal	0.0	0.0	0.0	0.0	62.7
7 OilGas	0.0	0.0	2.9	0.1	0.0
8 OtherMineral	42.9	0.0	7.3	1.6	1.0
9 ProcFood	0.0	0.1	2.0	1.1	0.2
10 TextWapp	6.1	39.3	20.2	55.4	19.3
11 LeatherProdu	0.2	0.3	0.3	0.0	0.0
12 WoodPaperpro	0.0	0.2	0.3	0.8	0.2
13 Metals	21.2	3.9	0.4	3.0	0.9
14 Automobiles	0.9	0.0	0.0	4.1	1.4
15 MachineryEqu	7.3	4.9	0.1	16.5	7.9
16 OtherManufac	0.3	0.8	2.0	0.9	1.1
17 Electricity	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100

ROK, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.0	0.6	0.0	0.1	0.1
2 AnimalProd	54.7	29.0	0.1	0.1	0.4
3 Wool	14.8	7.2	0.0	2.0	2.2
4 Meat	0.1	0.0	0.4	0.1	0.0
5 Forestry	1.9	4.1	0.1	0.0	0.1
6 Coal	0.0	0.0	0.0	0.0	0.0
7 OilGas	0.0	2.7	0.8	1.9	4.2
8 OtherMineral	0.0	0.6	4.2	89.7	69.5
9 ProcFood	18.9	1.0	0.3	0.6	0.3
10 TextWapp	1.5	12.3	0.8	2.4	2.8
11 LeatherProdu	1.5	0.1	0.0	1.0	2.9
12 WoodPaperpro	0.0	4.6	0.0	0.2	0.2
13 Metals	1.0	33.6	12.2	0.0	0.0
14 Automobiles	0.4	0.0	0.1	0.0	0.2
15 MachineryEqu	0.2	0.6	0.0	1.1	0.7
16 OtherManufac	5.2	3.6	81.0	0.7	16.3
17 Electricity	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100

Mongolia's Import Structure by Country

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China, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	38.0	14.9	6.8	2.8	1.5
2 AnimalProd	0.0	0.1	0.0	0.0	0.0
3 Wool	0.0	8.7	1.1	0.1	0.1
4 Meat	0.1	0.0	0.2	0.2	0.0
5 Forestry	0.0	0.1	0.0	0.1	0.1
6 Coal	0.0	0.0	0.0	0.0	0.0
7 OilGas	1.9	5.6	6.4	1.3	1.7
8 OtherMineral	1.0	2.0	3.5	3.8	3.2
9 ProcFood	10.9	4.8	4.6	3.0	2.0
10 TextWapp	10.2	31.1	19.9	1.5	1.1
11 LeatherProdu	0.0	0.1	0.2	0.1	0.1
12 WoodPaperpro	2.6	2.8	4.1	3.5	2.8
13 Metals	6.5	4.5	11.2	14.5	18.8
14 Automobiles	3.1	2.2	3.2	25.3	22.2
15 MachineryEqu	8.2	9.5	22.9	25.0	31.0
16 OtherManufac	16.6	13.0	15.9	18.8	15.4
17 Electricity	0.7	0.4	0.0	0.0	0.0
Total	100	100	100	100	100

Russia, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.6	3.8	5.2	4.3	1.6
2 AnimalProd	0.1	0.7	0.7	0.6	0.5
3 Wool	0.0	0.0	0.0	0.0	0.0
4 Meat	0.0	0.1	0.0	0.0	0.0
5 Forestry	1.0	0.1	0.2	0.1	0.0
6 Coal	1.2	0.5	0.0	0.0	0.0
7 OilGas	26.3	49.2	62.3	64.5	67.0
8 OtherMineral	0.2	0.4	0.2	0.1	0.2
9 ProcFood	1.1	4.6	4.4	6.4	5.2
10 TextWapp	0.7	0.4	0.1	0.1	0.1
11 LeatherProdu	0.0	0.0	0.0	0.0	0.0
12 WoodPaperpro	0.4	0.6	0.4	0.3	0.3
13 Metals	5.8	7.0	7.2	2.6	6.4
14 Automobiles	3.3	12.3	5.5	5.8	5.6
15 MachineryEqu	50.0	12.7	7.1	8.2	6.0
16 OtherManufac	4.8	5.2	5.4	6.0	5.9
17 Electricity	4.5	2.3	1.3	1.0	1.0
Total	100	100	100	100	100

Mongolia's Import Structure by Country

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Japan, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.3	4.2	0.0	3.5	0.0
2 AnimalProd	0.0	0.0	0.0	0.0	0.0
3 Wool	0.0	0.1	0.3	0.0	0.0
4 Meat	0.0	0.0	0.0	0.0	0.0
5 Forestry	0.0	0.0	0.0	0.0	0.0
6 Coal	0.0	0.0	0.0	0.0	0.0
7 OilGas	1.3	1.2	0.4	0.2	0.1
8 OtherMineral	0.0	0.0	0.0	0.0	0.0
9 ProcFood	0.9	0.7	0.2	2.0	2.0
10 TextWapp	1.3	0.5	0.7	0.7	0.3
11 LeatherProdu	0.0	0.0	0.0	0.0	0.0
12 WoodPaperpro	0.6	0.4	0.2	0.9	0.3
13 Metals	3.1	1.3	4.9	2.1	3.1
14 Automobiles	18.6	18.9	51.0	67.9	70.0
15 MachineryEqu	65.9	67.7	34.1	14.8	18.1
16 OtherManufac	8.0	5.2	8.1	7.8	5.9
17 Electricity	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100

ROK, % of total

	1997	2000	2005	2010	2011
1 GrainsCrops	0.2	0.1	0.2	0.5	0.3
2 AnimalProd	0.6	0.2	0.5	0.1	0.1
3 Wool	0.9	0.0	0.7	0.1	0.0
4 Meat	0.0	0.0	0.0	0.1	0.1
5 Forestry	0.0	0.0	0.0	0.0	0.0
6 Coal	0.0	0.0	0.0	0.0	0.0
7 OilGas	2.6	3.2	6.4	7.3	6.4
8 OtherMineral	0.1	0.0	0.0	0.0	0.1
9 ProcFood	5.3	9.6	14.6	16.4	8.7
10 TextWapp	49.4	36.0	8.3	3.2	2.1
11 LeatherProdu	2.5	0.1	0.1	0.0	0.0
12 WoodPaperpro	6.7	2.6	2.8	2.8	2.0
13 Metals	0.7	0.5	2.0	3.0	4.3
14 Automobiles	9.3	20.4	28.8	26.4	40.4
15 MachineryEqu	6.6	16.8	24.3	27.4	25.3
16 OtherManufac	15.0	10.5	11.2	12.7	10.2
17 Electricity	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100

The Model

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- The standard Global Trade Analysis Project (GTAP) Model
 - A multiregion, multisector, computable general equilibrium model, with perfect competition and constant returns to scale. Bilateral trade is handled via the Armington assumption.
- GTAP Database 8
 - It combines detailed bilateral trade, transport and protection data characterizing economic linkages among regions, together with individual country input-output data bases which account for inter-sectoral linkages.
- Reference year: 2007
- Regions: 129
 - Mongolia was one of the newly added regions in the GTAP Database 8.
- Sectors: 57 GTAP commodities

The Model: Classification of Regions

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No	Model (14 regions)	GTAP 8 (129 regions)
1	Mongolia	Mongolia
2	Oceania	Australia, New Zealand, Rest of Oceania,
3	China	China
4	Japan	Japan
5	ROK	Republic of Korea
6	Russia	Russian Federation
7	USA	United States of America
8	East Asia	Hong Kong, Taiwan, Rest of East Asia
9	SE Asia	Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Philippines, Singapore, Thailand, Vietnam, Rest of Southeast Asia
10	South Asia	Bangladesh, India, Nepal, Pakistan, Sri Lanka, Rest of South Asia
11	North America	Canada, Mexico, Rest of North America
12	Latin America	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela, Rest of South America, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, El Salvador, Rest of Central America, Caribbean
13	EU_25	Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom
14	ROW	Switzerland, Norway, Rest of EFTA, Albania, Bulgaria, Belarus, Croatia, Romania, Ukraine, Rest of Eastern Europe, Rest of Europe, Kazakhstan, Kyrgyzstan, Rest of FSU, Armenia, Azerbaijan, Georgia, Bahrain, Iran, Israel, Kuwait, Oman, Qatar, Saudi Arabia, Turkey, UAE, Rest of Western Asia, Egypt, Morocco, Tunisia, Rest of North Africa, Cameroon, Cote d'Ivoire, Ghana, Nigeria, Senegal, Rest of Western Africa, Central Africa, South Central Africa, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Tanzania, Uganda, Zambia, Zimbabwe, Rest of Eastern Africa, Botswana, Namibia, South Africa, Rest of South African Customs Union, ROW

The Model: Classification of Sectors

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Model (18 Sectors)	GTAP Database 8 (57 Sectors)
1 GrainsCrops	Paddy rice, Wheat, Cereal grains nec, Vegetables, fruit, nuts, Oil seeds, Sugar cane, sugar beet, Plant-based fibers, Processed rice, Crops nec.
2 AnimalProd	Raw milk, Fishing
3 Wool	Wool, silk-worm cocoons
4 Meat	Cattle, sheep, goats, horses, animal products nec, Meat: cattle, sheep, goats, horse, meat products nec.
5 Forestry	Forestry
6 Coal	Coal
7 OilGas	Oil, Gas, Petroleum, coal products
8 OtherMineral	Minerals nec
9 ProcFood	Vegetable oils and fats, Dairy products, Sugar, Food products nec, Beverages and tobacco products,
10 TextWapp	Textiles, Wearing apparel
11 LeatherProdu	Leather products
12 WoodPaperpro	Wood products, Paper products, publishing,
13 Metals	Ferrous metals, Metals nec, Metal products
14 Automobiles	Motor vehicles and parts,
15 MachineryEqu	Transport equipment nec, Electronic equipment, Machinery and equipment nec
16 OtherManufac	Chemical, rubber, plastic prods, Mineral products, Manufactures nec
17 Electricity	Electricity
18 Services	Gas manufacture, distribution, Water, Construction, Trade, Transport nec, Sea transport, Air transport, Communication, Financial services nec, Insurance, Business services nec, Recreation and other services, Public administration, Defense, Education, Health, Dwellings

The Model: Import Tax Rate of Mongolia, %

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	China	Japan	ROK	Russia
1 GrainsCrops	6.8	4.5	5.4	5.0
2 AnimalProd	-	-	5.0	-
3 Wool	-	-	-	5.0
4 Meat	4.9	-	5.0	4.9
5 Forestry	5.0	-	5.0	5.0
6 Coal	5.0	-	5.0	-
7 OilGas	5.0	5.0	5.0	5.0
8 OtherMineral	5.0	5.0	5.0	5.0
9 ProcFood	5.3	6.3	9.8	6.9
10 TextWapp	5.0	5.0	5.0	5.0
11 LeatherProdu	5.0	5.0	5.0	5.0
12 WoodPaperpro	5.0	5.0	5.0	5.0
13 Metals	5.0	5.0	5.0	5.0
14 Automobiles	5.0	5.0	5.0	5.0
15 MachineryEqu	4.8	4.9	4.5	4.9
16 OtherManufac	5.0	5.0	5.0	5.0
17 Electricity	5.0	-	-	5.0

Note: “-” Not applicable.

The Model: Import Tax Rate of Other Regions for Mongolia, %

15

	China	Japan	ROK	Russia
1 GrainsCrops	12.4	6.0	1.7	0.0
2 AnimalProd	6.7	0.0	0.0	0.0
3 Wool	9.1	0.0	0.0	10.3
4 Meat	7.7	1.6	20.6	14.0
5 Forestry	0.0	0.0	0.0	4.0
6 Coal	4.5	0.0	0.0	5.0
7 OilGas	0.0	0.0	0.0	0.0
8 OtherMineral	0.0	0.0	0.1	13.4
9 ProcFood	11.1	12.6	26.5	7.0
10 TextWapp	10.7	7.0	9.2	16.0
11 LeatherProdu	8.8	7.2	8.3	6.7
12 WoodPaperpro	0.6	0.1	4.6	9.7
13 Metals	1.2	1.5	5.2	9.2
14 Automobiles	0.0	0.0	8.0	10.2
15 MachineryEqu	7.9	0.0	4.7	7.8
16 OtherManufac	8.0	0.0	2.9	5.9
17 Electricity	0.0	0.0	0.0	0.0

The Model: Composition of Mongolia GDP, % of total

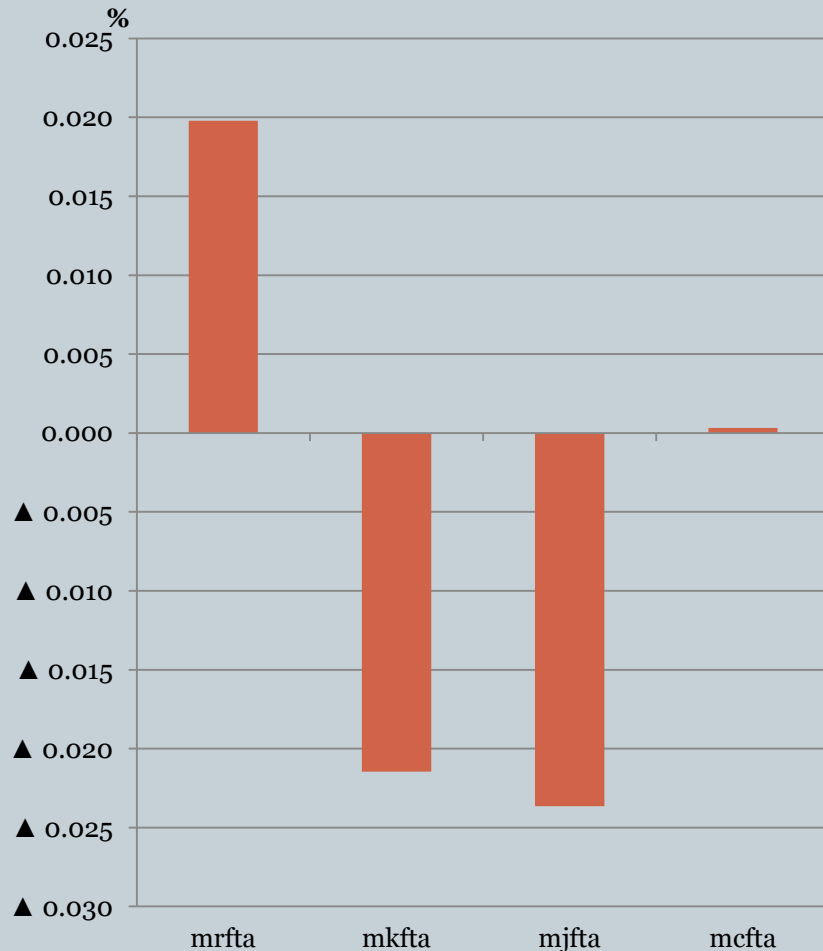
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1 Private Consumption	50.5
2 Investment	37.5
3 Government consumption	13.2
4 Export	60.9
5 Import	-62.1
Total	100.0

S/Results: GDP Quantity Index, % change

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Mongolia

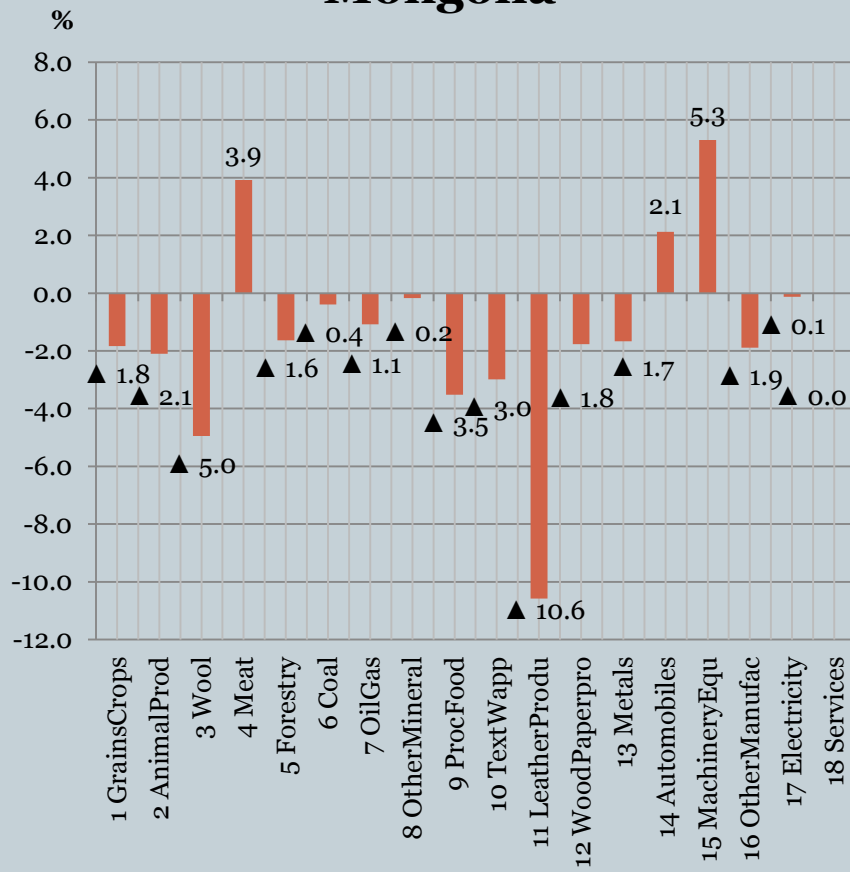


- Mongolia's GDP would increase by a merely 0.02%, when Mongolia has FTA with Russia, while there is almost no change from FTA with China;
- No positive changes on GDP are expected from Mongolia's FTA with ROK and Japan;

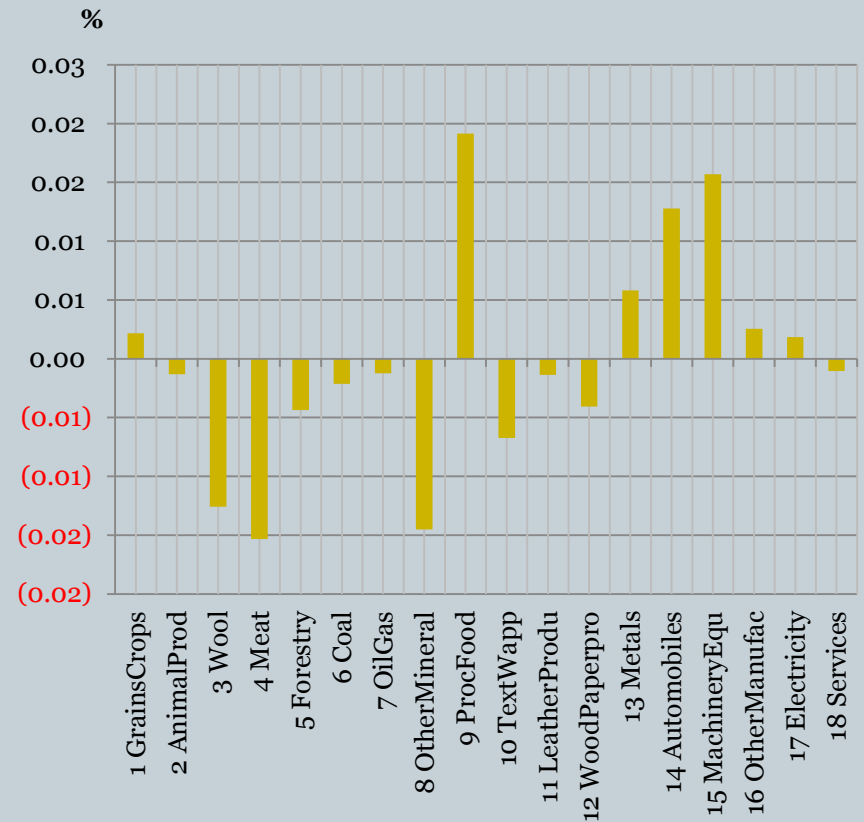
S/Results: Value-Added, % Change

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Mongolia-Russia FTA Mongolia



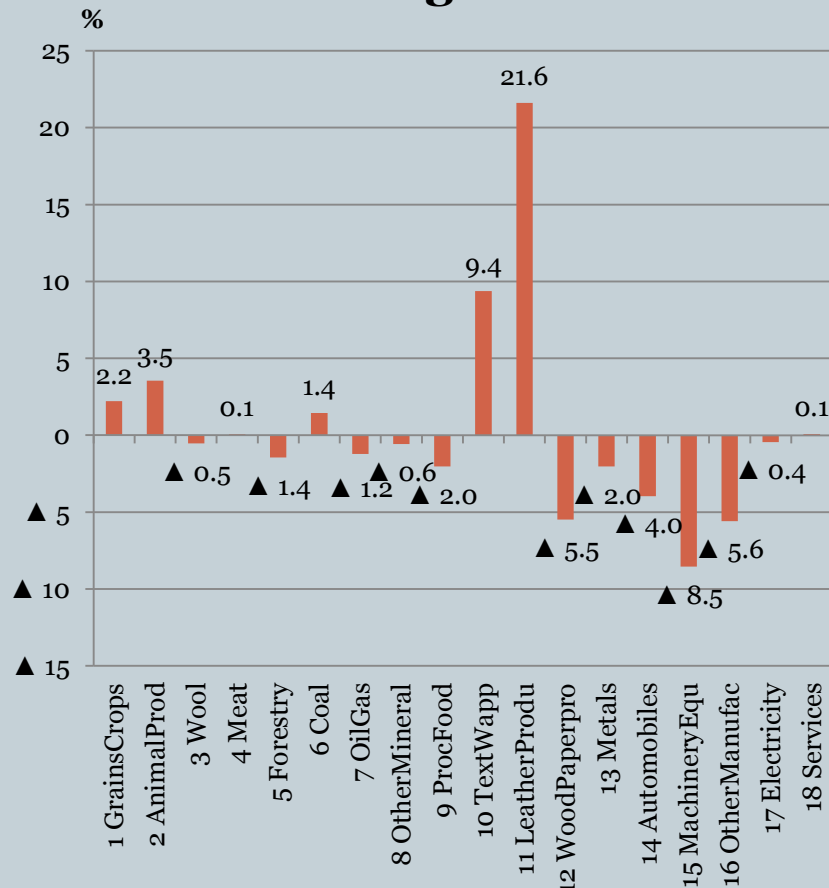
Mongolia-Russia FTA Russia



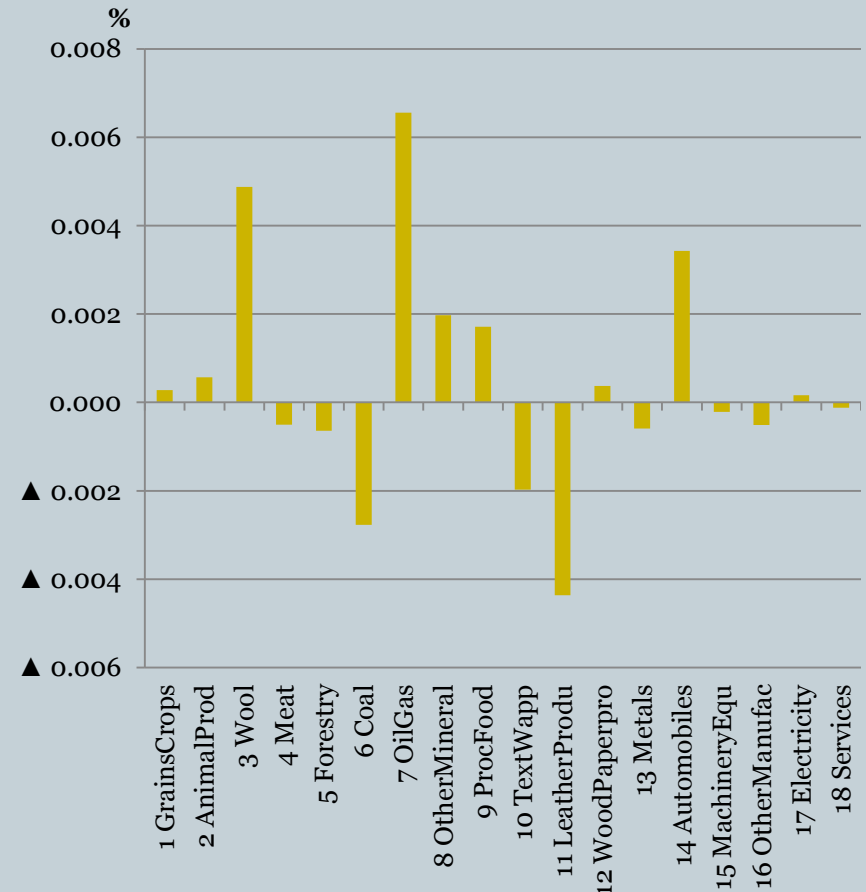
S/Results: Value-Added, % Change

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Mongolia-China FTA Mongolia



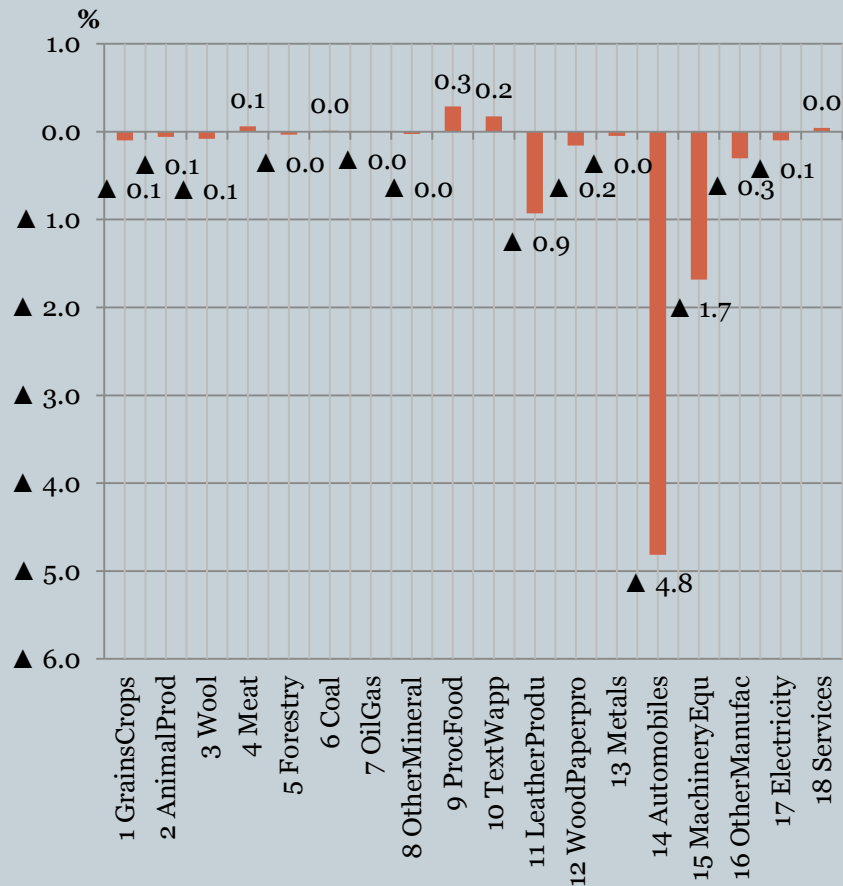
Mongolia-China FTA China



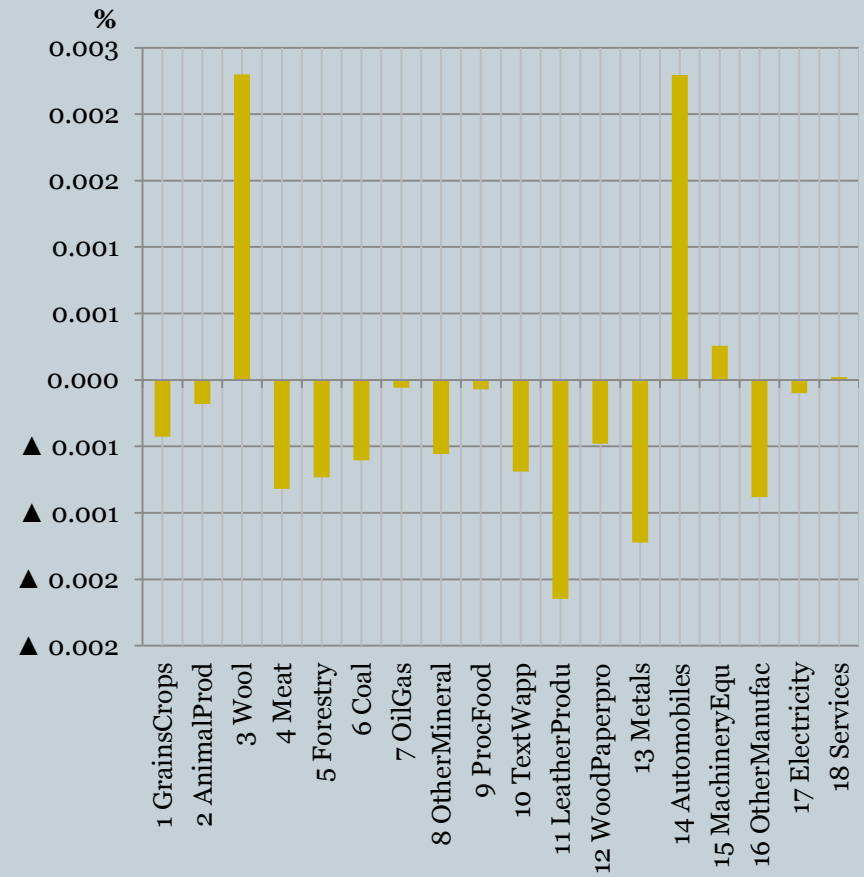
S/Results: Value-Added, % Change

20

Mongolia-Japan FTA Mongolia



Mongolia-Japan FTA Japan



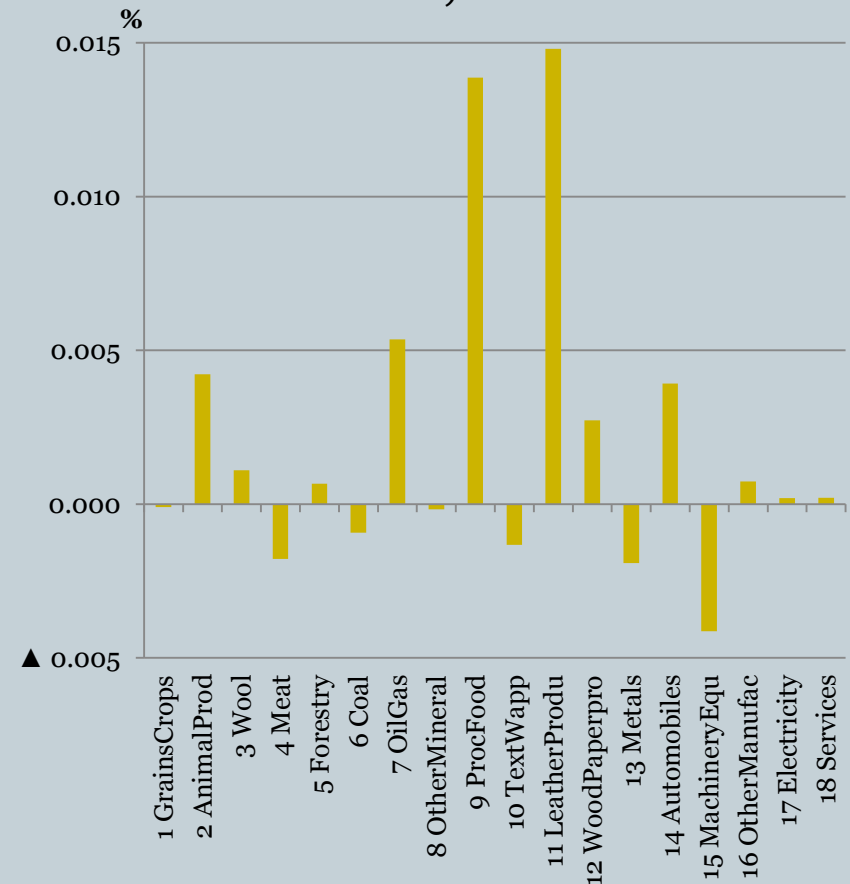
S/Results: Value-Added, % Change

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Mongolia-Korea FTA Mongolia



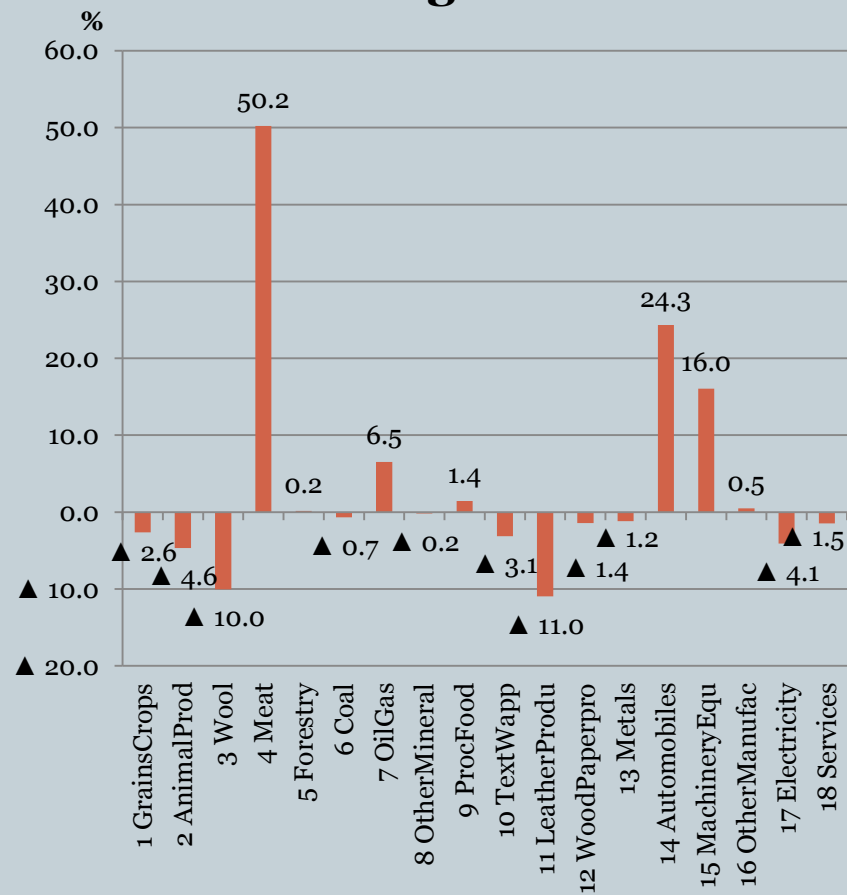
Mongolia-Korea FTA ROK, %



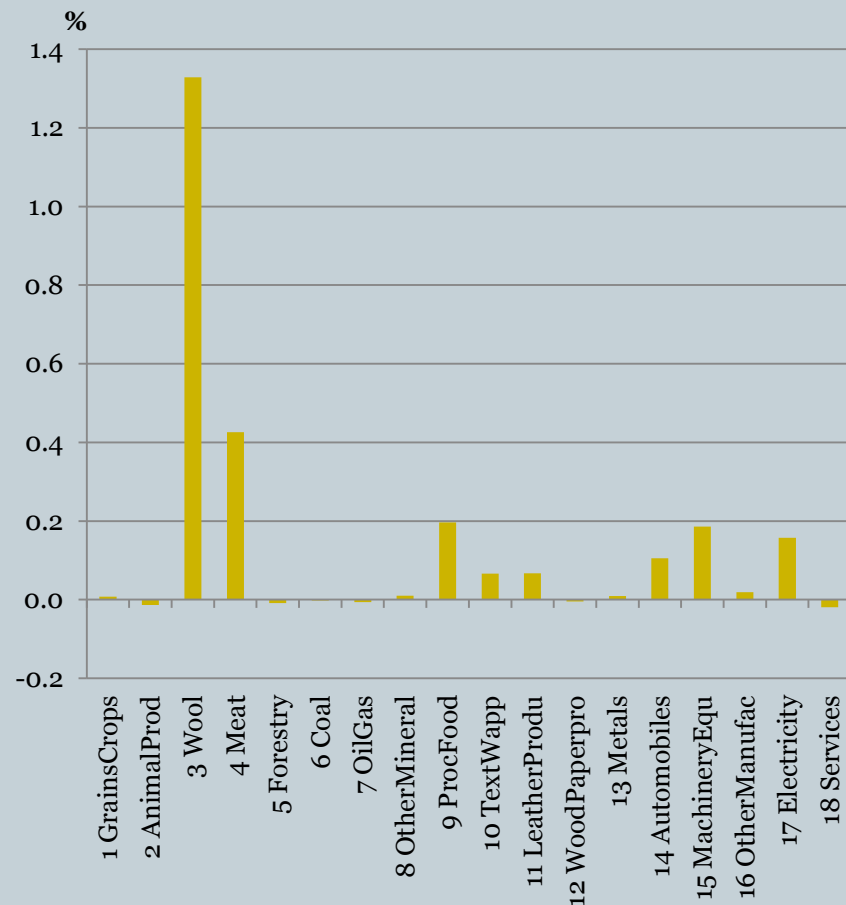
S/Results: Export sales, % change

22

Mongolia-Russia FTA Mongolia



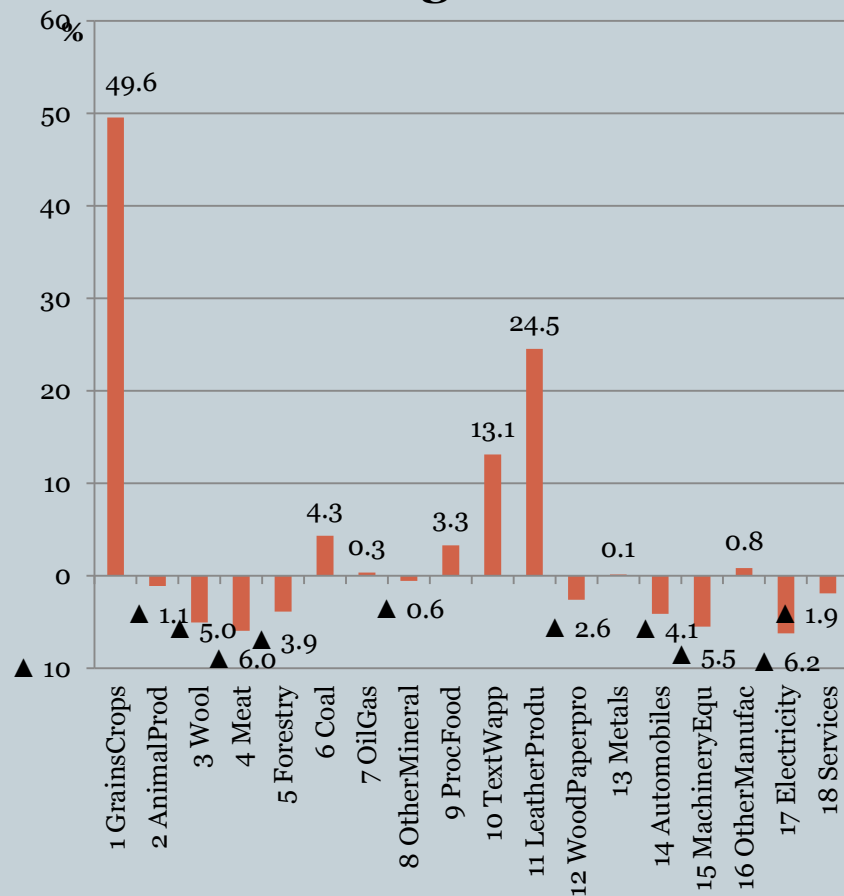
Mongolia-Russia FTA Russia



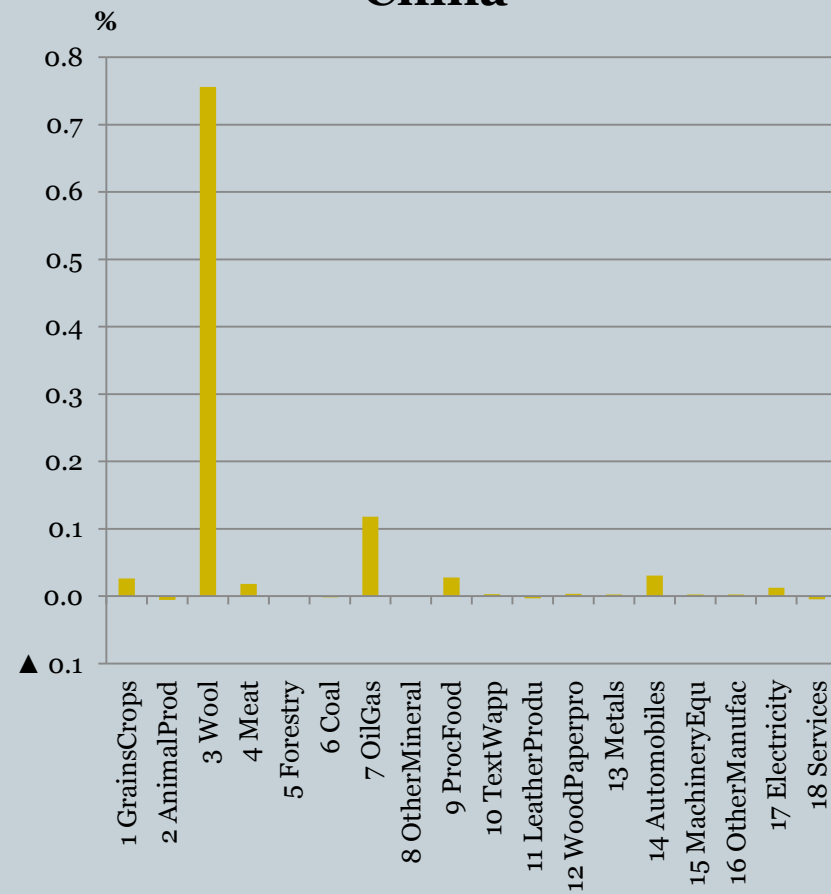
S/Results: Export sales, % change

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Mongolia-China FTA Mongolia



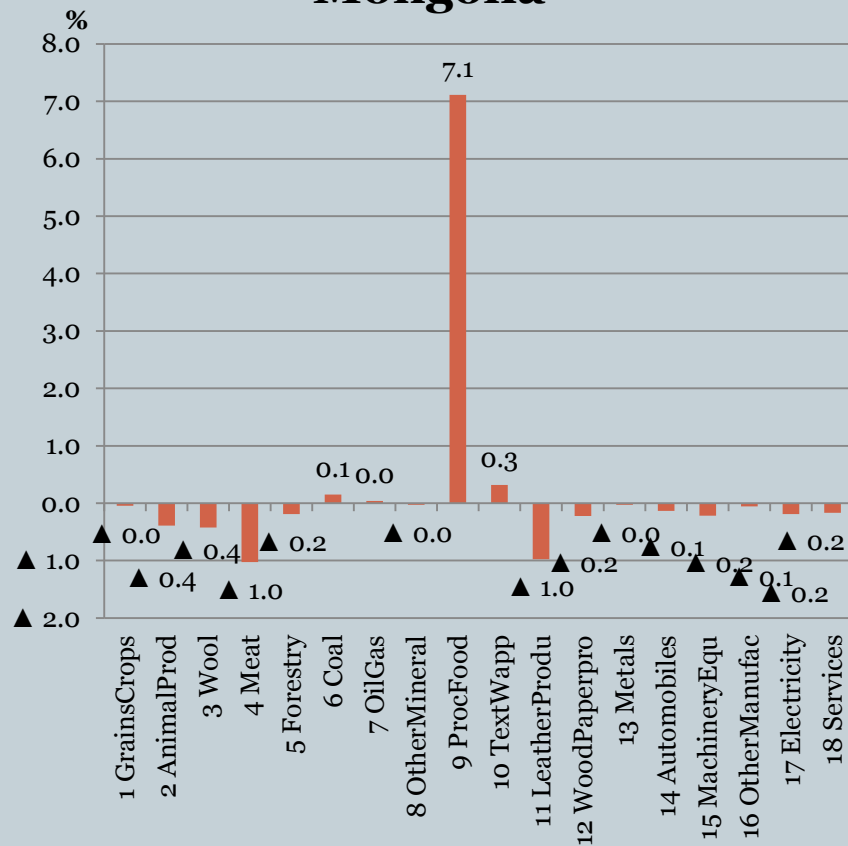
Mongolia-China FTA China



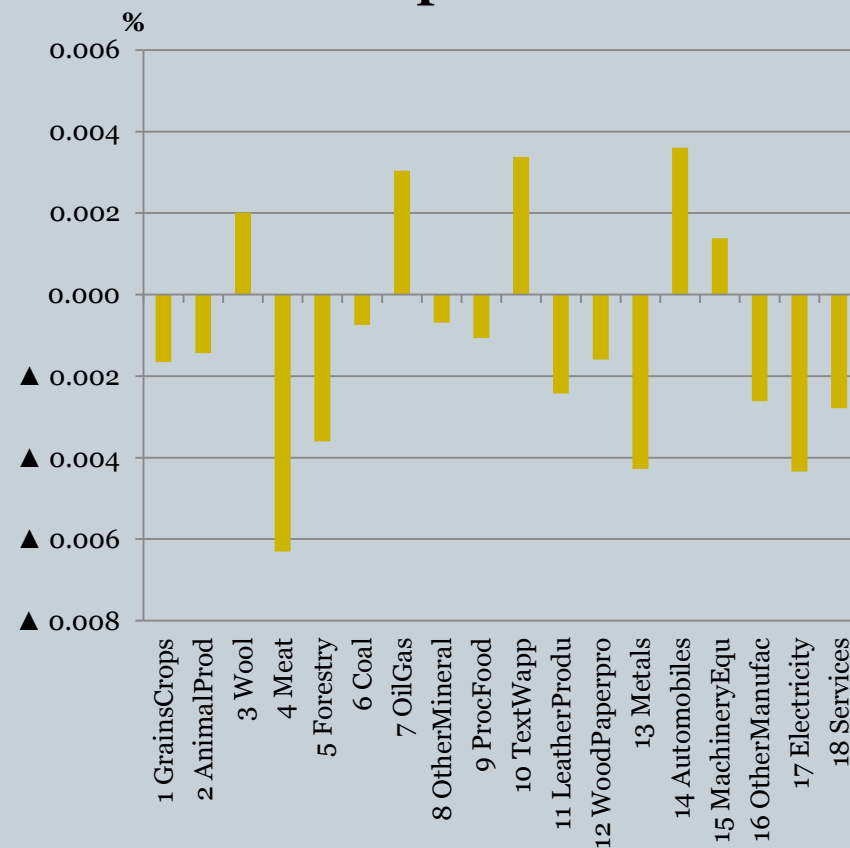
S/Results: Export sales, % change

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Mongolia-Japan FTA, Mongolia



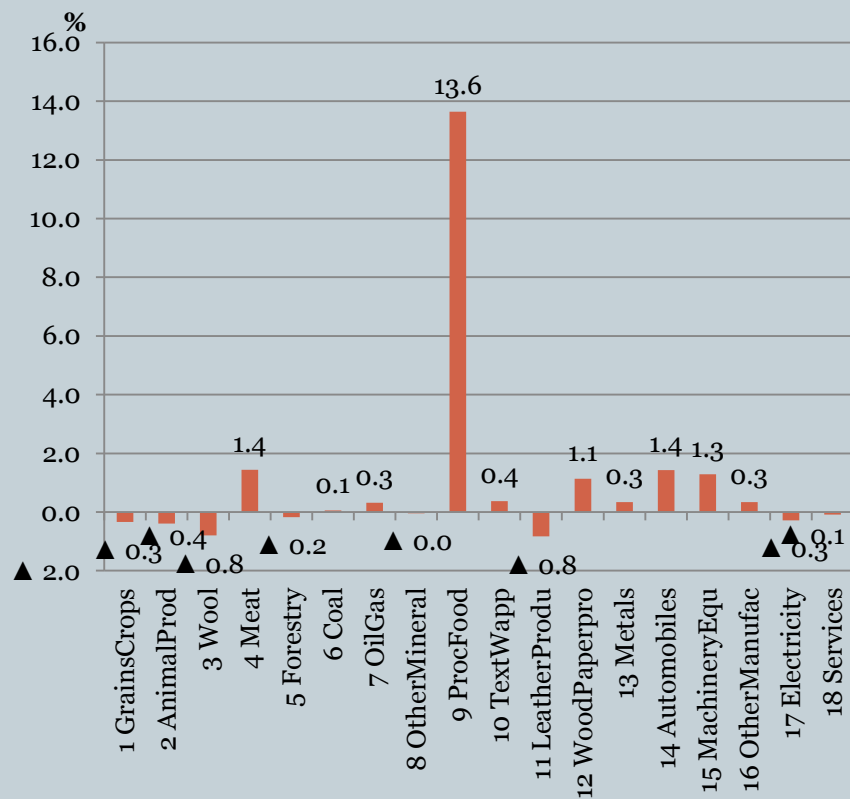
Mongolia-Japan FTA Japan



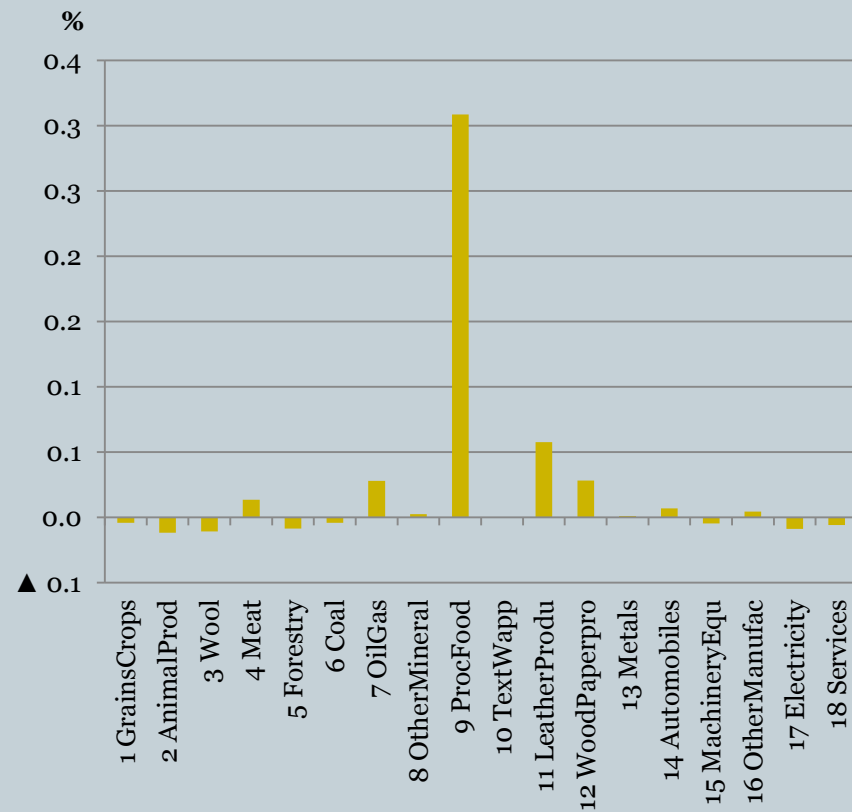
S/Results: Export sales, % change

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Mongolia-Korea FTA Mongolia



Mongolia-Korea FTA ROK

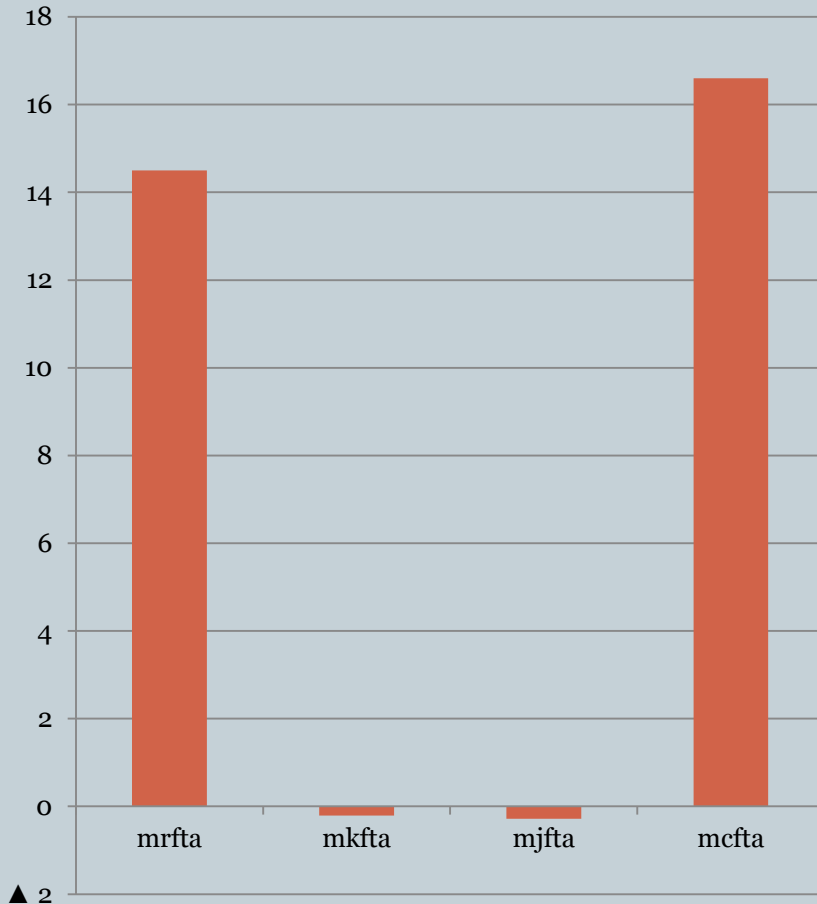


S/Results: Equivalent Variation (EV), \$US mil

(positive figure indicates welfare improvement)

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EV: 1 Mongolia, Million \$



	mcfta	mjfta	mkfta	mrfta
Mongolia	16.6	-0.3	-0.2	14.5
China	10.5			
Japan		7.3		
ROK			13.2	
Russia				4.4

Mongolia consumers would expect welfare improvements from FTA with its neighbors : China, Russia, while all partners would benefit from bilateral FTA with Mongolia.

Contributions to EV:

- Most of welfare gains come from improvements of ToT: more exports, cheaper imports;
- But, domestic tradable commodity would be negatively affected, except in mcfta;
- While, imported tradable commodity have positive changes except in mjfta.

	mcfta	mjfta	mkfta	mrfta
(Million \$)	16.6	-0.3	-0.2	14.5
Terms of Trade (ToT)	16.7	0.8	0.7	13.5
Exports of tradable commodities	0.4	0.0	0.1	0.1
Aggregate imports of tradable commodities at market prices	-2.5	-0.9	-1.0	-1.7
Domestic tradable commodity demanded by government HH	0.002	-0.008	-0.008	0.007
Imported tradable commodity demanded by government HH	0.02	0.001	0.002	0.01
Domestic tradable commodity demanded by private HH	-0.5	-0.09	-0.3	-0.8
Imported tradable commodity demanded by private HH	1.8	-0.03	0.3	2.6
Non-saving commodity output	0.3	0.009	-0.005	-0.3
Total	16.2	-0.2	-0.2	13.5

S/Results: Labor, % change

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Sectors	Skilled Labor				Unskilled Labor			
	MCFTA	MJFTA	MKFTA	MRFTA	MCFTA	MJFTA	MKFTA	MRFTA
1 GrainsCrops	2.5	-0.1	-0.2	-1.7	2.4	-0.1	-0.2	-1.8
2 AnimalProd	3.9	-0.1	-0.2	-2.0	3.8	-0.1	-0.2	-2.1
3 Wool	-0.4	-0.1	-0.3	-5.0	-0.5	-0.1	-0.3	-5.1
4 Meat	0.3	0.1	0.2	5.0	0.2	0.1	0.2	4.6
5 Forestry	-1.7	0.0	-0.2	-1.9	-1.7	0.0	-0.2	-2.0
6 Coal	2.5	0.0	0.0	-0.7	2.5	0.0	0.0	-0.8
7 OilGas	-1.9	0.0	0.0	-1.7	-2.0	0.0	0.0	-1.8
8 OtherMineral	-0.6	0.0	0.0	-0.2	-0.7	0.0	0.0	-0.3
9 ProcFood	-2.0	0.3	-0.5	-3.5	-2.3	0.3	-0.5	-4.1
10 TextWapp	9.4	0.2	0.2	-3.0	9.0	0.2	0.2	-3.6
11 LeatherProdu	21.9	-0.9	-1.3	-10.1	21.5	-0.9	-1.4	-10.8
12 WoodPaperpro	-5.5	-0.2	-0.7	-1.8	-5.8	-0.2	-0.7	-2.4
13 Metals	-2.1	0.0	0.1	-1.7	-2.4	0.0	0.1	-2.4
14 Automobiles	-4.0	-4.8	-1.9	2.1	-4.3	-4.8	-1.9	1.4
15 MachineryEqu	-8.2	-1.7	-0.4	6.0	-8.6	-1.7	-0.4	5.2
16 OtherManufac	-5.6	-0.3	-0.8	-1.9	-6.0	-0.3	-0.8	-2.6
17 Electricity	-0.4	-0.1	-0.1	0.0	-0.7	-0.1	-0.1	-0.7
18 Services	0.1	0.0	0.0	0.0	-0.3	0.0	0.0	-0.7

Conclusions

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- Macro-economic impacts of Mongolia's bilateral FTAs with four Northeast Asian countries: Russia, ROK, Japan and China - Mongolia's major trading partners- would be almost negligible, despite some welfare gains due to ToT improvements;
- This result was consistent with the fact that currently Mongolia's import tariff rates are already relatively low and the partner countries exercise almost near zero-tariffs for Mongolia's major export commodities: mining and livestock origin raw materials
 - However, Mongolian coal industry would benefit from increases of value-added and exports in MCFTA, as China is imposing a relatively high tax on coal import;
- Moreover, some of Mongolia's manufacturing industries, such as textile and wearing apparel, leather and meat products can expect positive changes in their value-added along with increases of export sales and labor.
 - But, due to relatively small shares of these products in Mongolia's exports, their impact on the country's GDP are very small.
- Therefore, Mongolia needs to promote high value-added, export-oriented industries if the economy aims to benefit from free trade agreements with its trading partners.

Thank you for your attention!

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