



**MONGOLIAN NATIONAL
CHAMBER OF COMMERCE
AND INDUSTRY**

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CHAMBER OF COMM
INDUSTRY



Mongolian National Chamber of Commerce and Industry's role on supporting Japan-Mongolian businesses

DUUREN.T, CEO of MNCCI

2023.08.18

1

**CURRENT ECONOMIC RELATION BETWEEN
MONGOLIA AND JAPAN**

2

BRIEF INTRODUCTION OF MNCCI

3

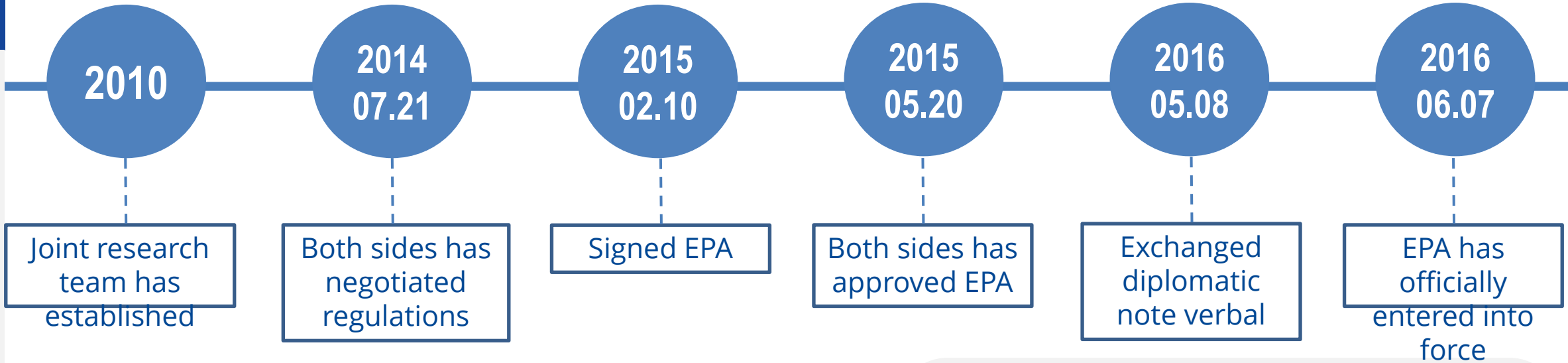
**CURRENT ISSUES THAT EXPORTERS ARE FACING AND
NEEDED SUPPORT**

4

CONCLUSION



Economic Partnership Agreement





Benefits of EPA:

Increased export of value added industrial products, localized Japanese high technology to Mongolia, increased income of foreign currency, decreased tariff and non-tariff barriers of Japan, trade facilitation, simplified process of customs declaration.

Previous research:

- 50-60 percent increase in total foreign trade
- 0.33-0.34 percent increase in GDP
- 0.36 percent increase in export
- Increase in trade and investment

		
Customs tariff agreement:	5700 types of products	9300 types of products

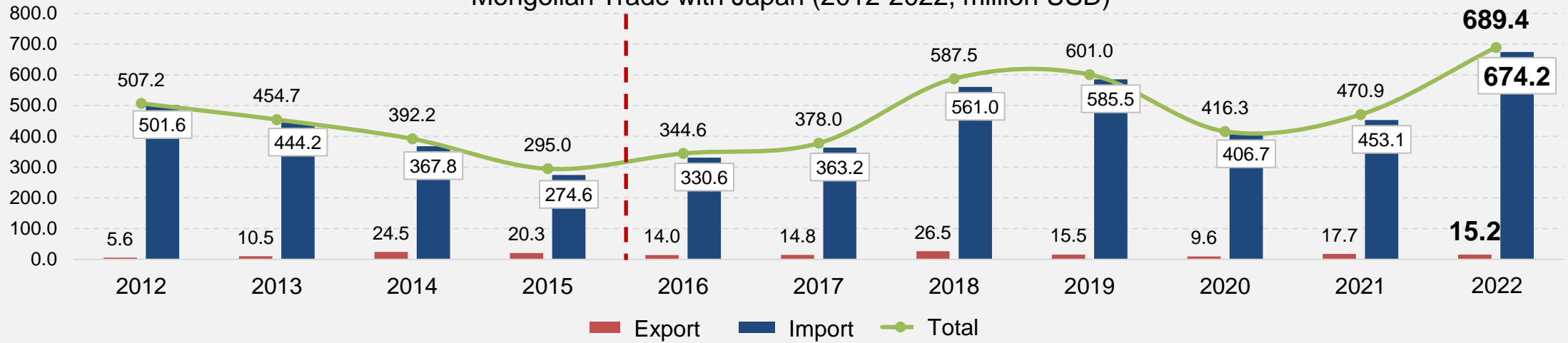
Mongolia has made tax exemption on 59% (3429 types of product) and Japan has made tax exemption on 86% (8000 types of product) of products on day that EPA has entered into force.



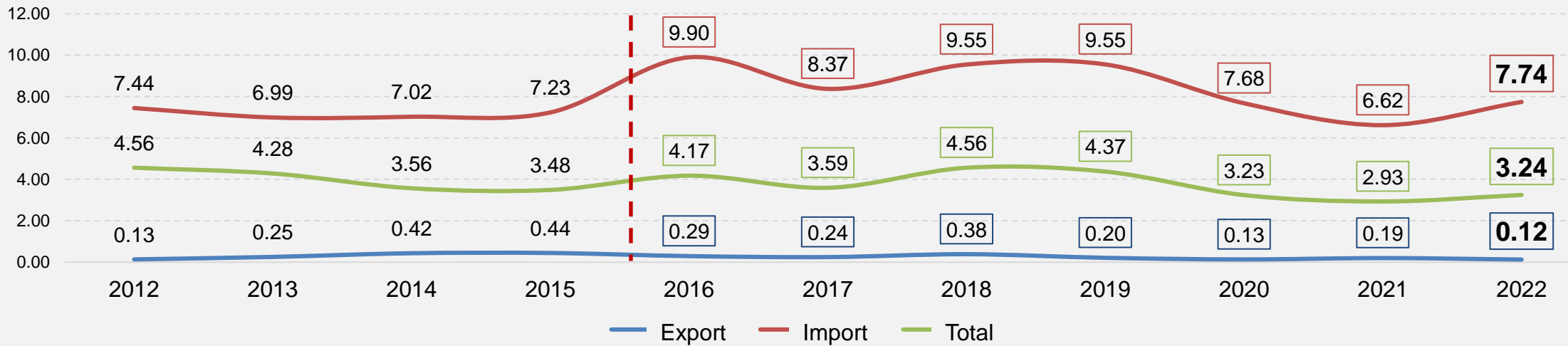
Foreign Trade



Mongolian Trade with Japan (2012-2022, million USD)



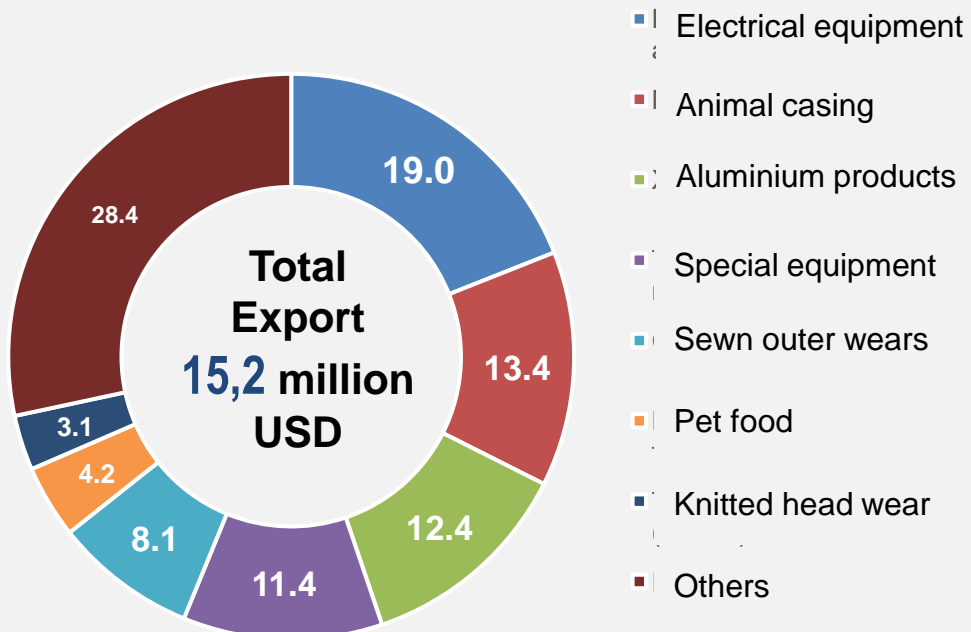
Japan's share in Mongolian total trade (2012-2022, %)



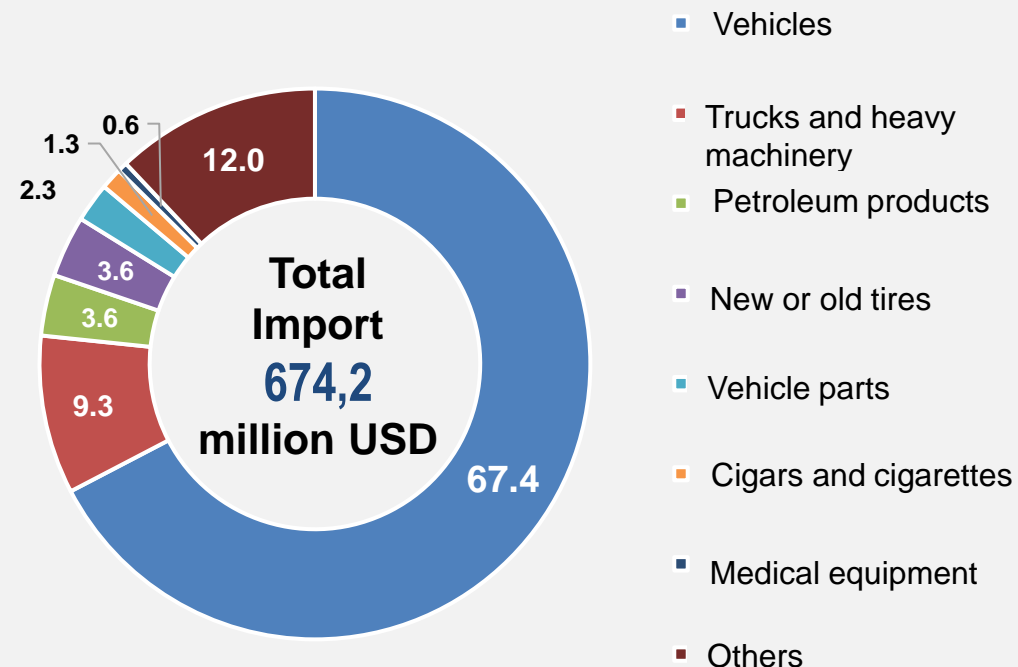
Composition of Export and Import of Mongolia



Composition of Mongolian export to Japan (2022)



Composition of Mongolian Import from Japan (2022)



In 2022, animal casing export has shared **13.4** percent of total export and aluminium products export has been increased from previous years marking **12.4** percent of total export. Generally **30-40** percent of total export is knitted and sewn products.



Vehicle import shares **67** percent of total import of Mongolia. Trucks and heavy machinery shares **9.3** percent and petroleum import reached **3.6** percent.

Changes in Foreign Trade in result of Economic Partnership Agreement



Comparison of changes in Foreign trade (2016-2021)

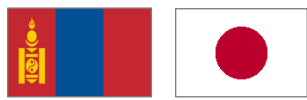
		2017/2016	2018/2016	2019/2016	2020/2016	2021/2016	2022/2016
Changes (by million USD)	Export	0.78	12.44	1.49	(4.40)	3.71	1.17
	Import	32.54	230.43	254.87	76.10	122.51	343.6
	Total	33.33	242.87	256.35	71.70	126.22	344.8
Changes (by percentage)	Export	5.6	88.6	10.6	(31.4)	26.4	8.3
	Import	9.8	69.7	77.1	23.0	37.1	103.9
	Total	9.7	70.5	74.4	20.8	36.6	100.0

- Since EPA has entered into force in 2016, trade between 2 countries have been increased gradually and sharply increased in 2018 with **88.6%** increase in export and **69.7%** increase in import compared to 2016 reaching **580** million USD.
- In 2022, total foreign trade and import volume has doubled value of 2016 and reached **689.4** million USD which marks historical accomplishment.

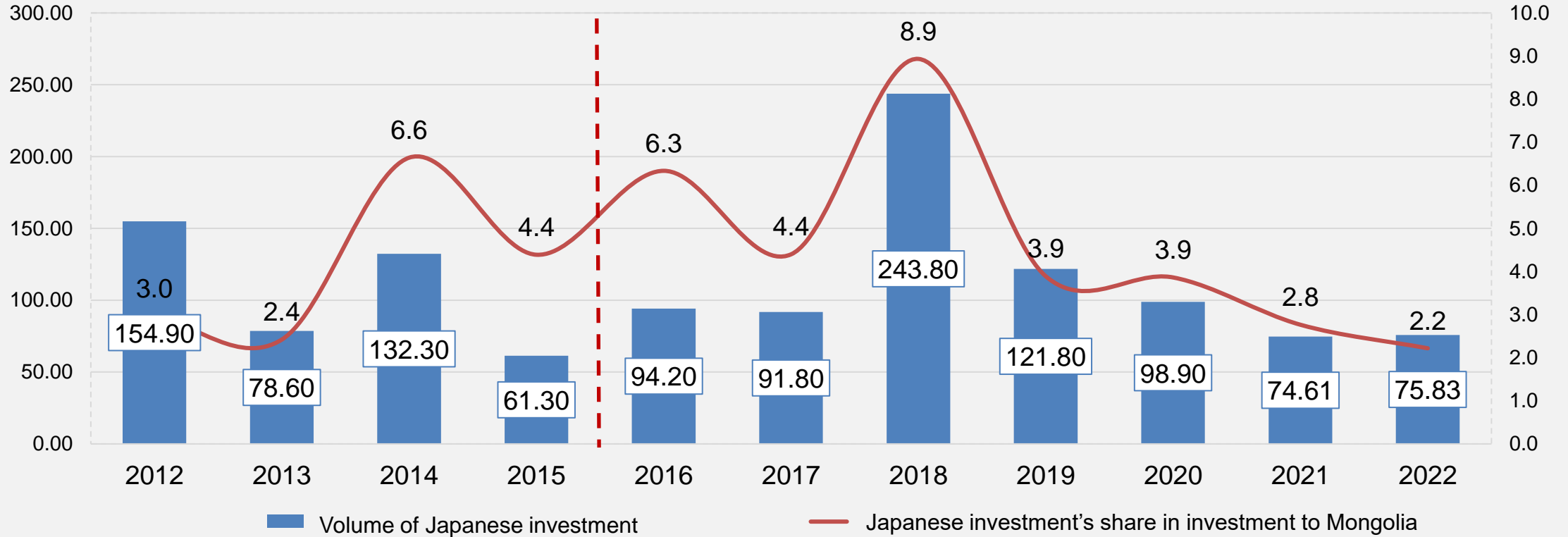




Investment



Japanese Investment to Mongolia (2012-2022, million USD)



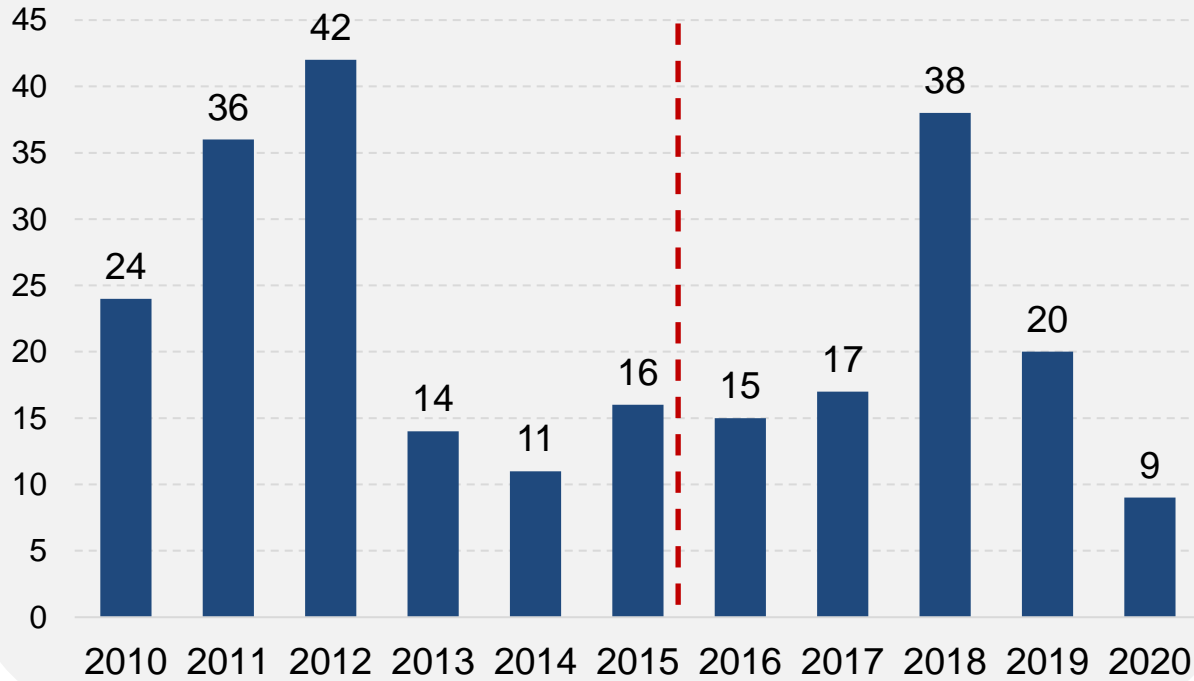
- It could be said that in result of EPA, Japanese investment has reached to the highest volume in 2018.
- Economic relation and investment environment has been neglected due to the economic “Covid-19” pandemic, investment has been declined in 2019-2022.



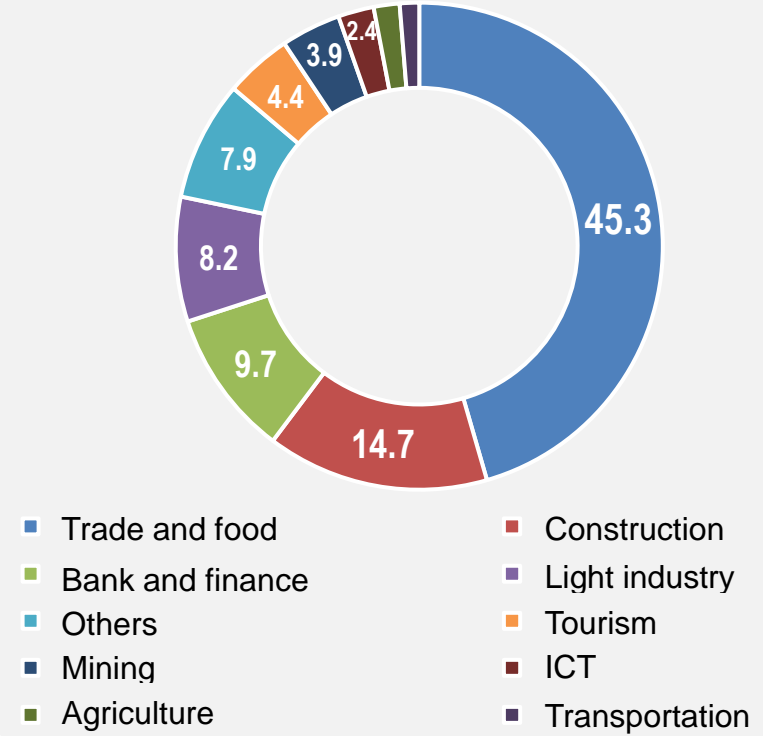
Investment



Number of companies with Japanese investment in Mongolia



Japanese Investment, by sector



- There were **670** active Japanese invested companies in Mongolia in year 2020.
- **100** companies has made investment to Mongolia after EPA has entered into force on 2016.



- Japanese investment to Mongolia is focused on non-mining sectors in Mongolia.
- **45.3%** of total investment has been made in to trade and food sector and share of **14.7%** has been invested into construction sector.



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Mongolian National Chamber of Commerce and Industry



Chamber today:

60+

YEARS OF EXPERIENCE

5000+

MEMBERS

21

LOCAL CHAMBERS

25

REPRESENTATIVES ABROAD

23

BUSINESS COUNCIL

MNCCI acts as “BRIDGE” between Mongolian businesses and Mongolian Government as well as bridge to connect with International organizations, partners and investors.



Main services:



CERTIFICATE OF ORIGIN, FORM-D and halal certificate



EXTERNAL MONITORING or “EXPERTISE”



PATENT, PRODUCT MODEL, TRADE MARK and GEOGRAPHICAL INDICATORS



“ORGANIC PRODUCT” label



GREEN HOTEL label



International and domestic TRADE FAIRS and BUSINESS FORUMs



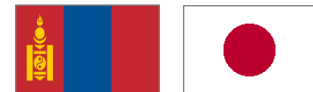
ATA CARNET form



FORCE MAJOR & HARDSHIP certificate

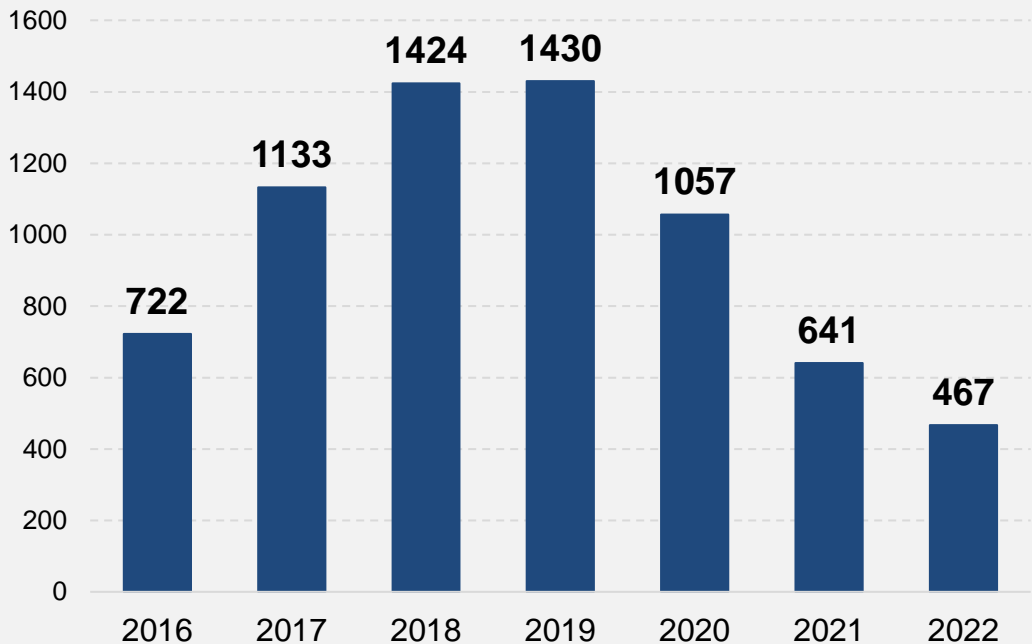


Certificate of Origins issued by MNCCI



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Number of COOs issued for products to be exported to Japan (2016-2021)



Number of Certificate of origins has been gradually increased after EPA has entered into force and it has reached to highest volume in 2019.

Products that receives COO constantly
(80 percent of COOs issued to cashmere products in value):



Cashmere



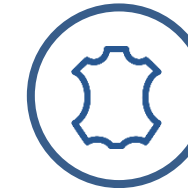
Aluminium products



Copper



Sheep casing



Leather



Frozen horse placenta



Wool products



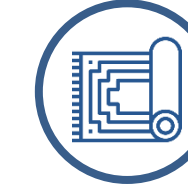
Sea buckthorn juice



Salt



Felt products



Carpet



Sea buckthorn cream



Events organized by MNCCI



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10th edition of “Mongolia-Japanese Public-Private consultative meeting” was held in Japan on November 30, 2022 and MNCCI has participated with 36 companies representing Mongolian business side.



During the consultative meeting MNCCI has organized Mongolia-Japanese business meeting with co-organization of JETRO and more than 220 business representatives has participated.

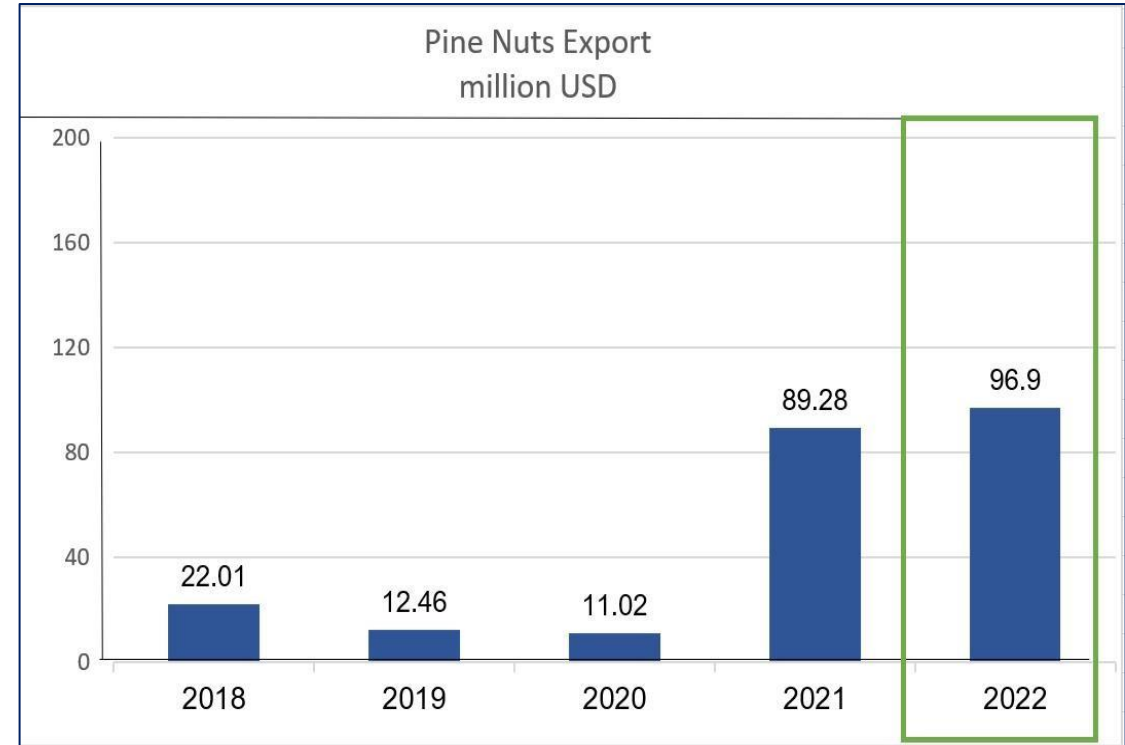


Cluster under MNCCI



МОНГОЛЫН
САМРЫН КЛАСТЕР

In order to increase and diversify non-mining export, MNCCI has established “Mongolian Pine Nut Cluster” NGO under chamber in 2021.



- Value of exported pine nut has reached 80-90 million USD in 2021-2022 in result of MNCCI's effort to increase pine nut export.
- Pine nut export has potential to reach 300 million USD in the future

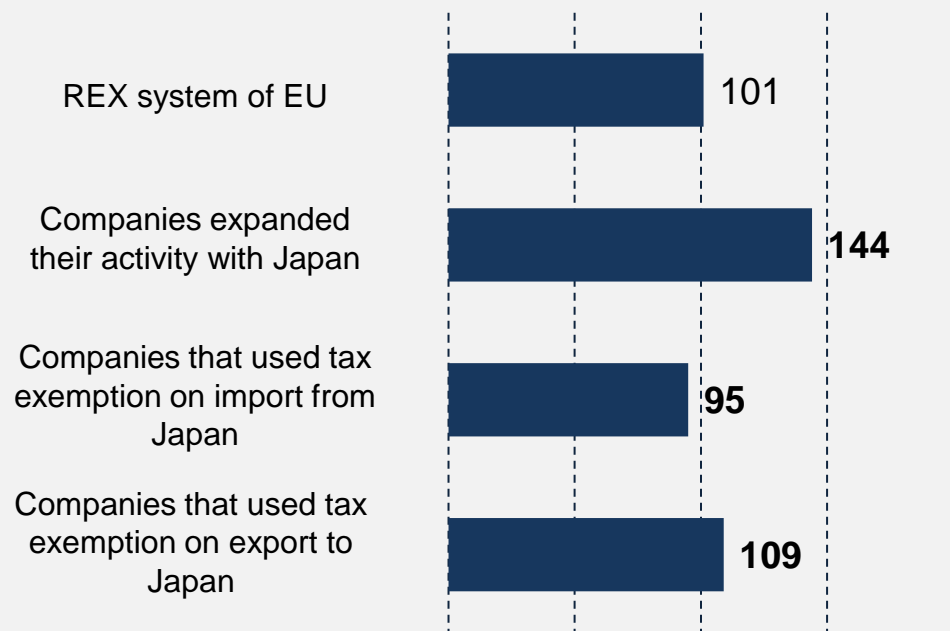


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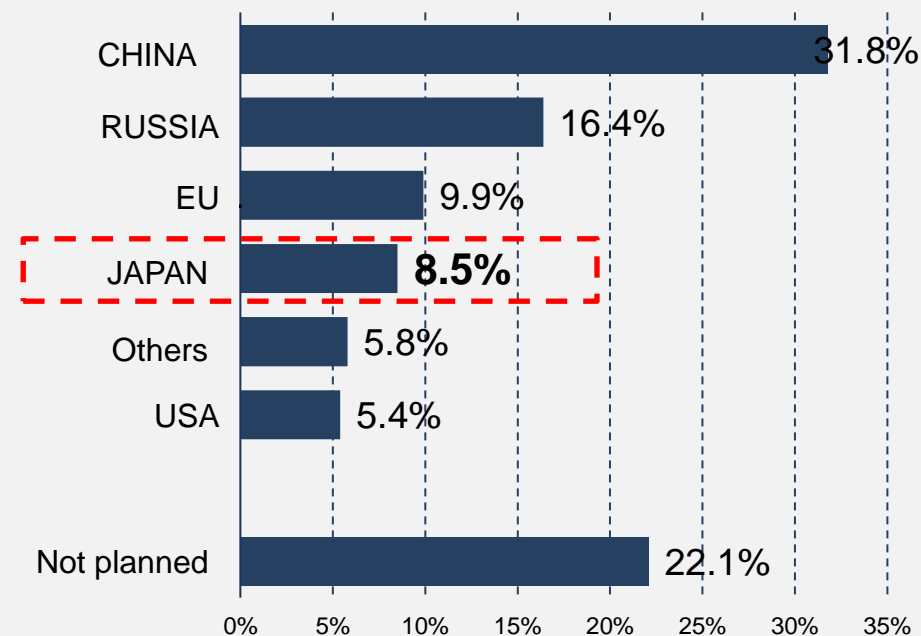
Mongolian Business Environment- 2020 survey



Usage of Economic agreements /number of enterprises/



Companies that planning to penetrate into new market /by percentage/

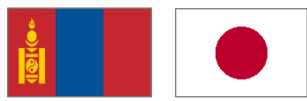


- **109** companies or 9.8% of total participants has answered that they have exported their product to Japan and used advantage of tax exemption. **95** companies has answered they have used import tax exemption and **144** companies has answered they have expanded their activity with Japan.
- **8.5%** of total participants in survey has expressed their interest in Japanese market.

Source: Mongolian Business Environment survey 2020, MNCCI;



“Issues in Export to Japan” survey



Mongolian National Chamber of Commerce and Industry has conducted survey from more than 50 companies to identify barriers they are facing and issues to be addressed further in order to improve implementation of EPA.

Судалгаанд оролцогчдын мэдээлэл:



Exporters
85%



Importers
15%



45%

Knitted and sewn product producers



40%

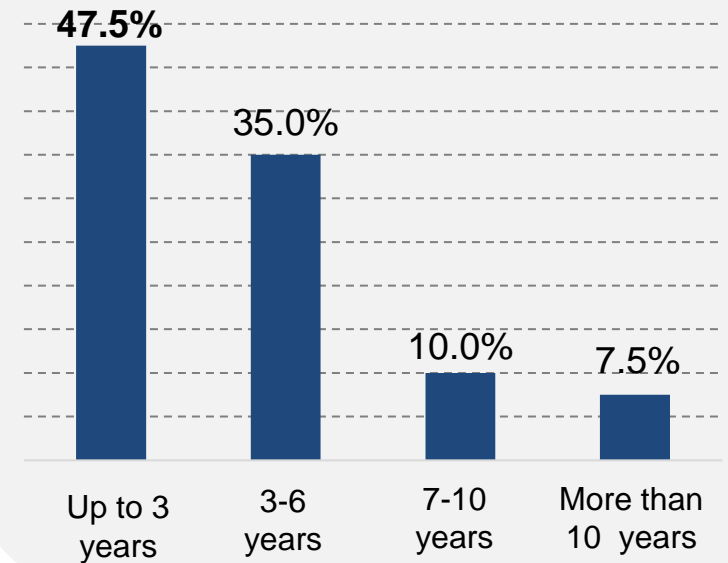
Food and pet food producers



15%

Felt and leather products producers

Number of years exporting to Japan



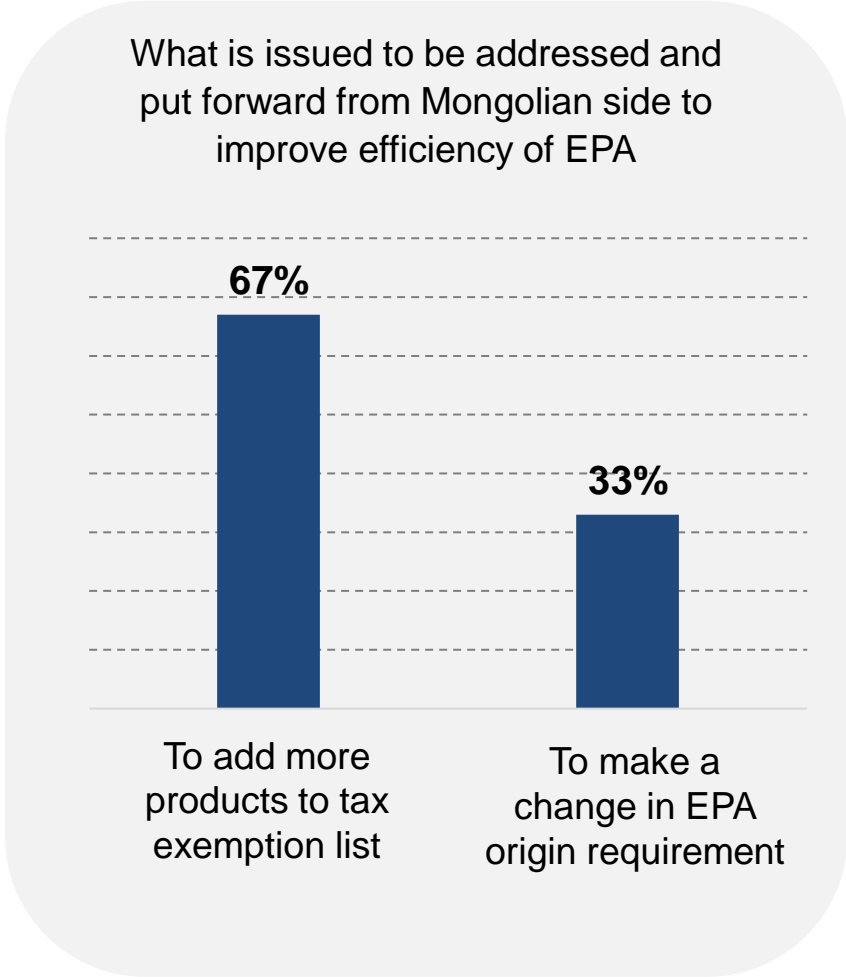
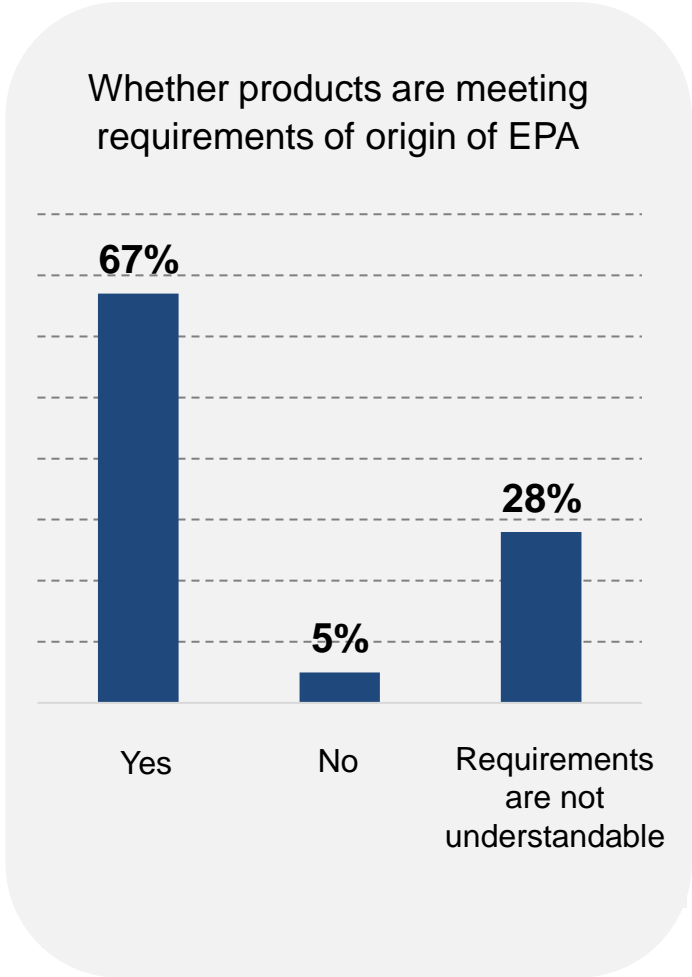
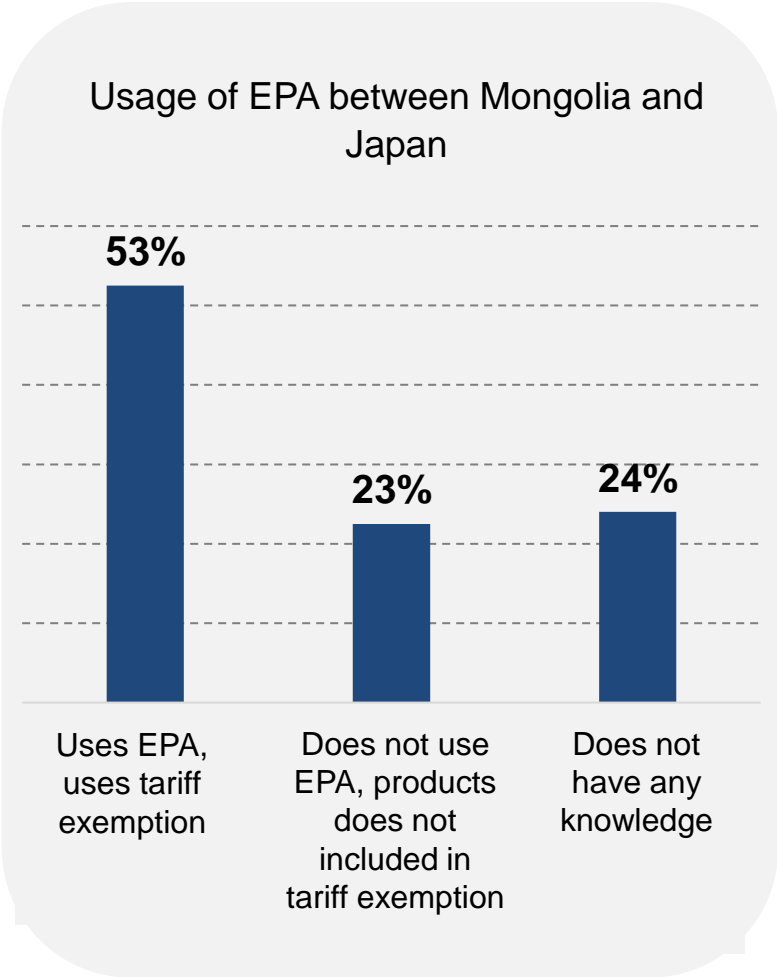
It can be seen that **47.5%** of survey participants has answered they have started to export to Japan in last 3 years which can be result of EPA.



“Issues in Export to Japan” survey



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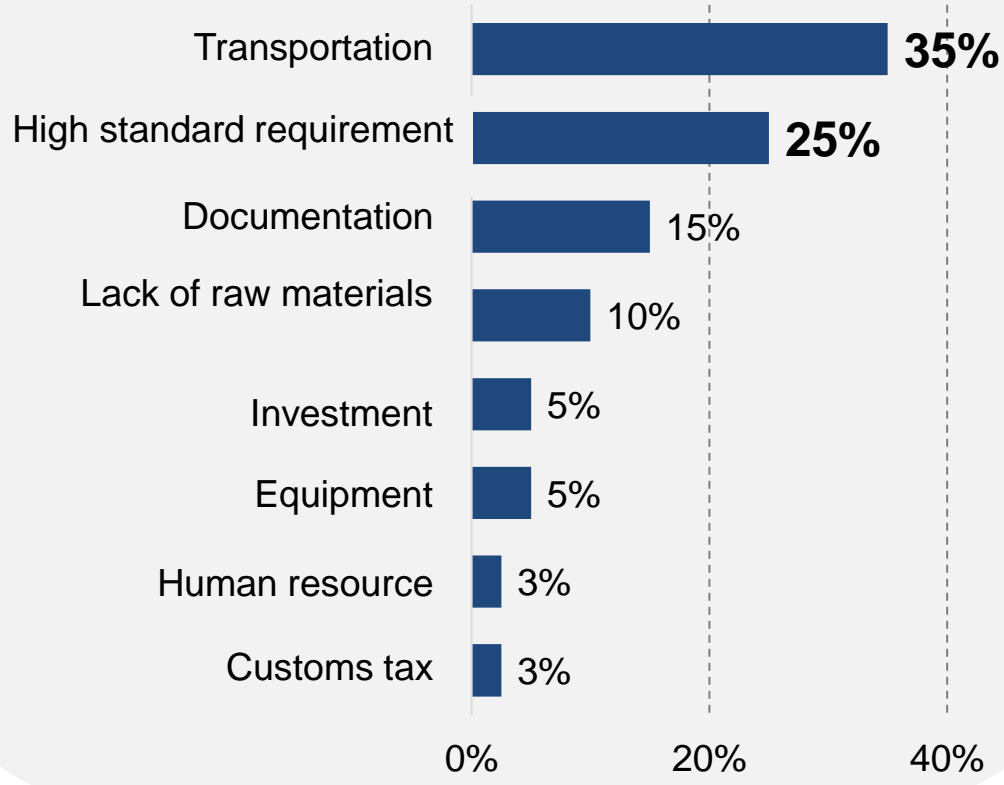
47% percents of participants in survey or half of surveyors answered that they do not use EPA or do not have any knowledge about it. Food and felt product producers know about EPA but not possible to use tax exemption on their products whereas mining, leather and some food producers expressed they have no knowledge about EPA.



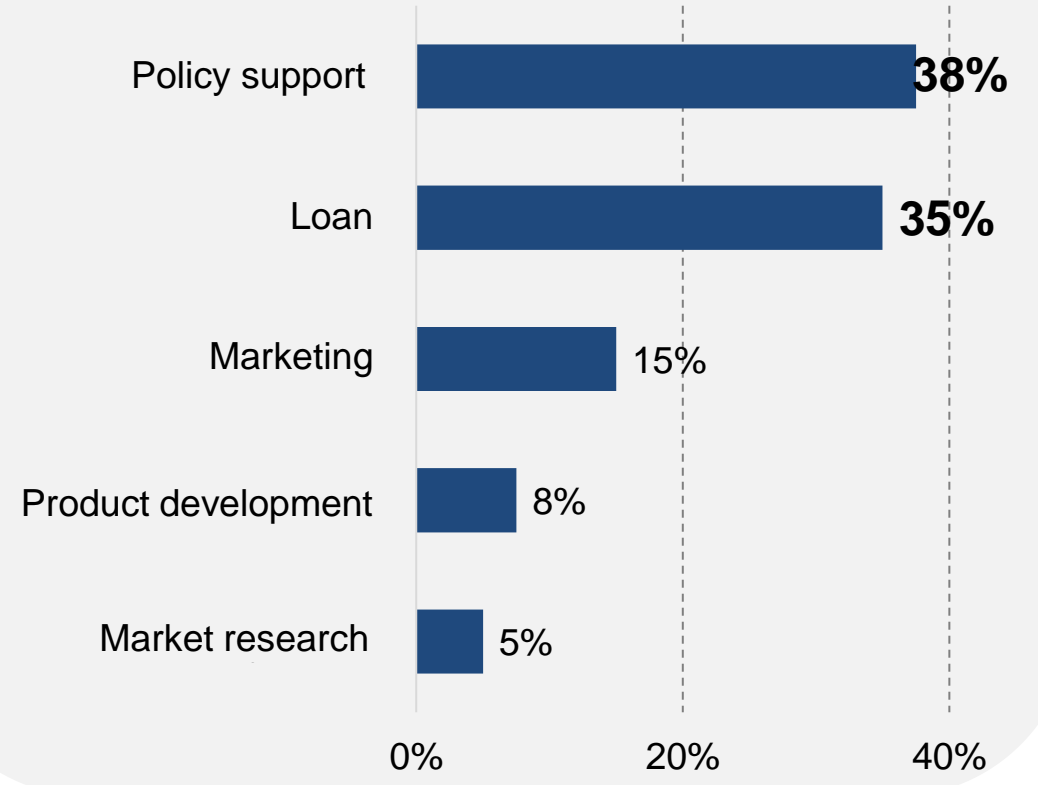
“Issues in Export to Japan” survey



Issues in Exporting to Japan



Required supports in order to increase export to Japan





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Дүгнэлт

МОНГОЛЫН ҮНДЭСНИЙ ХУДАЛДАА АЖ ҮЙЛДВЭРИЙН ТАНХИМ

- 1 The biggest accomplishment on economic and trade relation between Japan and Mongolia was signing **“Economic Partnership Agreement”** in 2016 and trade between two countries has been gradually increased and reached 690 million USD in 2022.
- 2 Even though trade between our countries has increased, it is only on **Mongolian import** side which shows there are needs to increase export by diversifying export product types and develop mutually beneficial partnership.
- 3 Mongolia has economy which is heavy dependent on mining sector and on the verge pushing forward to develop **non-mining export**. So it is utmost important to focus on improving implementation of EPA between Japan and Mongolia.
- 4 In result of various surveys conducted by MNCCI, it shows that there are many Mongolian companies interested in Japanese market and the most crucial issues to be addressed are transportation and **Japanese high standard and requirements**.
- 5 MNCCI organizes various types of events and business forums in scope of it’s objective to develop multi lateral business relation and would like to express that we will act as **“Bridge”** to connect Japanese and Mongolian businesses, build mutually beneficial cooperation and find **“trustful” Mongolian partners** to Japanese investors who are interested in Mongolia.

Mongolia-China-Japanese cooperation council



MNCCI has initiated to build “Mongolia-China-Japanese cooperation council”.

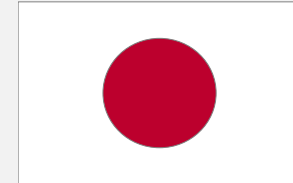
Council will act to increase export of Mongolian products to China and South East Asia furtherly by combination of Mongolian resources, Japanese know-how and high technology and Chinese market and production capacity.



- Resource and raw materials
- Export



- Market
- Production



- Technology
- Quality and standard

Thanks for your
ATTENTION



www.mongolchamber.mn