

Economic sectors
and strength products
in mongolia
economics essay



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Mongolia is a landlocked state in the Centre of the Asia and it is surrounding with the People 's Republic of China and Russian Federation. Mongolian population is 2, 736. 800. Mongolian capital is Ulaanbaatar and it is home to approximately 38 % of the population.

The period from 1960-1991 characterized as a communist state and period from 1991 until present is democracy. Therefore, before 1990 Mongolia was a member of the USSR Council for Mutual Economic Assistance (COMECON) and had an economic support from USSR and other communist states spouses. An entree to the COMECON contributed to make high degrees of human development and free entree to the other communist states markets. The COMECON collapsed together with Soviet Union and it caused Mongolia to alter its topographic point in the universe economic system. Mongolia seeks new merchandising spouses in a competitory environment which caused to its accession to the World Trade Organization (WTO) . It provided benefits to Mongolia in footings of improved and more unafraid entree to markets.

On the other manus, non exercised new market based economic system contributed to a painful passage procedure market by economic system recession like in rise of unemployment. While the prostration of the fabrication sector was hastened by the death of COMECON, the response served chiefly negative impact in economic system and on human development. In recent old ages the minerals sectors has grown and this has resuscitated some advancement on economic system and human development, but it is the instance when other sectors of the economic system make large springs. Even when mean growing rates look good, they

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conceal the continuity of poorness which is around `` one tierce of the population lives below the poorness. `` (One World Internet) . Mongolia can cut down the poorness due to merchandise which will construct up a strong and competitory economic system and my inquiry is to happen out the manner of the profitable development in Mongolia.

Economic Sectors

Economy

Economic activity in Mongolia is centered on agribusiness and excavation. Mongolia has some of Asia 's richest sedimentations of minerals, such as `` Cu, coal, Mo, wolfram, and gold. `` (CIA) Get downing in 1991, Mongolia made a rapid passage from a Soviet-style planned economic system to a market economic system. (The Academy of Sciences MPR. 186) The Government made major reforms in the countries of monetary value liberalisation, denationalization, agribusiness, industry, and banking, every bit good as towards making market-based establishments.

Recently, economic growing increased and the poorness has bit by bit declined. The excavation sector 's part to revenues has aggressively increased, due to increasing the monetary value Cu and gold during that period. Mongolia farther facilitates opening its economic system and develops a close cooperation with its neighbors and other states in the part. An active engagement in international and regional organisations may go a one of the key to success.

The Main Economic Sectors

Agribusiness

The agricultural and farm animal sector is still the largest employer in Mongolia. Agricultural merchandises include wheat, barley, veggies, eatage harvests, sheep, caprine animals, cowss, camels and Equus caballuss. (CIA)

Agriculture employs near the half of the labour force in Mongolia and is the most importance beginning of income in rural countries. (CIA) The entire caputs of farm animal, including camels, Equus caballuss, cowss, sheep and caprine animals are now around 45 million. (Mongolian Agriculture) Unfortunately, Mongolian meat merchandises are non internationally certified, hence neighbours importing the meat merchandises with a really low monetary value. In other words, there is small market entree for Mongolian exports due to the deficiency of enfranchisement. Therefore, we can non resuscitate the fabrication sector without first rehabilitating the farm animal sector, peculiarly veterinary and carnal genteelness services, natural stuffs and concluding merchandises quality control.

Mining Sector

Mongolia is rich with minerals, which at present remain undeveloped. Mongolia 's extended mineral sedimentations include Cu, coal, Mo, wolfram, and gold. The development of Mongolia 's mineral resources over the following decennary is expected to increase the economic system, eliminate unemployment and cut down the poorness. Mongolia is ready to get down the development of strategic and other major mineral sedimentations, such

as the Tavan tolgoi coking coal sedimentation, Oyo tolgoi copper-gold sedimentation, Tumurtei Fe ore sedimentation, Tsagaan suvarga Cu sedimentation and Asgat silver-mix metals sedimentation. (Ministry of Mineral Resources and Energy) .

In the past decennaries, Mongolia was non able to develop or work discovered mineral resources because of a deficiency of substructure and capital investing. Since 1973, Mongolia, with fiscal and proficient aid from bilateral and many-sided givers, has set up and operated joint ventures to research and develop major sedimentations of `` gold, Cu, Mo, U, coal and fluorite. `` (CIA)

Harmonizing to my personal interview with Ms. Togsoo. B, `` Mongolia is now going one of the largest manufacturers of several of these metals and minerals. Mongolia produces about 15 per centum of the universe 's fluorite and is a major manufacturer and exporter of Cu, Mo and U. `` (electronic mail)

The Government of Mongolia has late signed an investing understanding with Ivanhoe Mines (Canadian excavation company) to develop the Oyu Tolgoi copper-gold mine. Once in full operation, that Oyu Tolgoi copper-gold mine could do Mongolia one of the largest Cu manufacturers in the universe. (CIA)

Mongolia 's bing and freshly discovered natural resources are its comparative advantage. However, most of locally produced mineral merchandises are being exported in the signifier of natural stuffs. The ultimate end is to cut down the export of minerals in the signifier of natural
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stuffs and increase the production of higher value added mineral merchandises for both domestic and foreign markets.

Foreign trade plays an of import portion in Mongolia 's economic system. Since submitting to the World Trade Organization in 1997, Mongolia has well liberalized its trade government. This liberalisation has involved the decrease of duty rates and riddance of a figure of import licensing demands. Mongolia 's overall trade policy aims are to back up economic growing through an effectual trade policy, promote the industrial, agricultural and services sectors and increase exports.

More than 50 % of Mongolian entire trade histories for trade with the Russian Federation and China. The chief export merchandises of Mongolia to Russia are chiefly merchandises of carnal beginning and minerals, including beef, Equus caballus meat, fluorite and Cu dressed ores and gold and to China are Cu and Mo dressed ores, wool, cashmere, fells and teguments. Due to the ground that exports to these states are dominated by agricultural merchandises, they are delicate to proficient barriers of these states.

Besides, entree to the Russian market is going more debatable, import responsibilities on Mongolian traditional merchandises are aggressively increasing and external trade activities are going more dearly-won in relation to Russia 's accession procedure to the WTO. In peculiar, Russia 's transit costs and export revenue enhancements have been increased, which negatively affect Mongolia 's trade as a whole, and bilateral trade shortage is increasing twelvemonth by twelvemonth. As of 2003, compared to 1995, trade turnover with Russia dropped by about 10 % , whereas trade with

China increased by 3. 5 times. Within the model of its accession to the WTO, <https://assignbuster.com/economic-sectors-and-strength-products-in-mongolia-economics-essay/>

Mongolia held bilateral dialogue with Russian negotiants on duties in goods since 2000, and the dialogue has successfully completed by the two parties in July 2005. (Mongolian Ministry of Foreign Affairs and Trade. 121-124)

The Government considers FDI as an of import push in the economic development of the state. In making its aim to guarantee a 6 % one-year economic growing, the Government in its Action Program stated to make an environment that protects FDI.

Concentrating on Traditional Strength Merchandises

The instance of milk

In the beginning of the 20th century farm animal genceelness was the lone subdivision of material production in Mongolia. Mongolian people from the ancient clip respected the farm animal because Mongolian acquiring every necessary dairy merchandises from the farm animal particularly from the cow and sheep. Therefore, farm animal has a particular topographic point in Mongolian civilization. Focus on milk and meat two merchandises that constituted the traditional strength of Mongolia in the yesteryear but which have fallen recent old ages.

Mongolian Ministry of Trade and Foreign Affairs stated that milk is traditionally been self sufficient in bring forthing. However, at the beginning of the democracy the province farms were collapsed and the animate beings were distributed to directors and workers. Domestic milk production increased up to 470 million liters yearly in 1990-1999 but in 2001 it decreased by 40 per centum to 290 million liters because of the farm animal

have perished nationally from the cold (39) . The milk production is by and large low, but Mongolian have to last with cold winter.

Over the past decennary, rural poorness has increased disparities between urban and rural populations have widened and some agricultural patterns are no longer environmentally sustainable. Farms in the socialist epoch benefited from free or subsidized inputs and even produced excesss for export but they did so under a soft budget restraint and issues of economic viability so were nowhere every bit of import as now under the market based system.

Trade in agribusiness remains at the head of planetary and regional trade understandings both from an violative position of procuring new export markets and defensive position of guaranting nutrient security and safeguarding the supports of vulnerable people.

A revitalised dairy sector can supply higher incomes and greater employment chances to Herders. Womans are expected to peculiarly profit as they have traditionally been involved in the processing of milk. Demand for dairy merchandises in Northeast Asia is expected to turn quickly with milk tantamount imports of 100 billion kilograms prognosis for 2015.[1]The market scheme could therefore concentrate more on quality control and stigmatization. In this respect, two types of Mongolian milk saihan airag made of Bulgan 's female horse 's and camel milk from Omngobi aimag, have been registered as Geographic Indications. All these steps should ideally organize portion of an export scheme for milk merchandises that emphasis quality high safety criterions and shelf life.

Promoting Mongolian Meat

Mongolia is an eminently pastoral state with a tradition of meat production from Equus caballus, sheep, caprine animal, cattles, yacks and camels. For the Herders to derive income signifier universe markets there are several necessary hurdling to traverse. First there is a demand to authorise Herders to run into the SPS demands in export markets with the assistance of modern equipment and engineering. Second it will be necessary to heighten the repute of their merchandise. Third, it would be critical to negotiate improved entree to export markets turn toing both duty and non-tariff barriers including those related to the adminidtration of veterinary and healthful ordinances.

The Russian Federation imports 90 % of Mongolian meat exports, followed by Japan the Republic of Korea and Kazakhstan. Mongolian companies export meat in the signifier of low value added merchandises such as frozen carcasses of mammal.

Status and Trends

Mongolia has quickly embraced free trade and presently has one of the unfastened economic systems in the universe. In 1997, it joined the World Trade Organization and imposed 5. 0 per centum duty on most imports and a modest revenue enhancement on exports of a little figure of natural stuffs. In 2003 the foreign trade volume exceed 1. 0 billion US dollars.

Mongolia is merchandising with more than 80 states of which the People 's Republic of China, the Russian Federation and the USA are the chief trade spouses.

Bettering the Trading System

As I discussed in the first chapter poorness increased dramatically in the early old ages of passage as national income plummeted, unemployment increased, rising prices soared and societal disbursement fell. There is deficient informations on the period up to the mid-1990s. And due to chief differences in study methodological analysis the information for 1995 and 1998 life criterions measurement studies are uncomparable.

Other informations on alterations in existent income per capita, nutrient ingestion and herd size among the hapless have shown bettering tendencies since 1995. However a reversal took topographic point in 1999 when terrible Zud or winter catastrophes, struck big countries in Mongolia. Many rural people lost their animate beings and were left without the agencies to prolong their support. A high immigration rate has been observed to Ulaanbaatar, Darkhan and Erdenet. Guaranting entree to wellness and instruction services became a pressing issue non merely for rural people, but even more for urban population in the suburbs of the metropoliss. Since so, economic growing slowed down to 1. 0-1. 1 per cent in 2000 and 2001 due to crisp diminution in agricultural sector, which procedures more than 1/3 of the GDP. However, acceleration was recorded as 4. 0 per cent in 2002 and 5. 5 per cent in 2003 severally.

Decision

As a consequence of denationalization of agricultural farms and fabricating sector in the 1990s, the measure unemployed people was raised. In this connexion the measure people, who is populating below the poorness line was increased.

36. 3 per centum of Mongolians-or 828, 000 people lived in poorness in 1995. The people, who lived in poorness in rural countries was 43, 4 per centum and urban countries was 30, 3 per centum in 2002-2003. At the same clip, the labour-force engagement rate was 64, 2 per centum in the state.

I think to cut down poorness and unemployment in Mongolia, Mongolian Government should take the undermentioned steps:

- Regenerate the fabrication sector to supply new employment for displaced workers and immature people and growing the figure of occupation topographic point
- Create favourable concern environment for the immature people
- Remove tendencies toward greater inequalities in Mongolian society
- Promote rural development and enhance nutrient security
- Addition regular income for Herder families in agribusiness
- Develop labour market system in complex, train functionaries and workers in line with

market demand, better their practical accomplishments ;

- Protect citizen 's right to work, increase their salary

- Addition the figure of pupils in vocational preparation centres

- Addition the mean household income and increase he figure of citizens having in-between income

- Reduce the unemployment rate

- Addition the volume of employed individuals above 35 old ages

- Addition the quality and handiness of societal public assistance services

- Allocate fiscal assistance and public assistance to newly-weds, kids and new-born babes

- Supply societal and medical insurance for every Herder.