



IMPACT OF COVID-19 AND ITS PREVENTION MEASURES ON MONGOLIAN ECONOMY

According to the latest update on national statistics, the Mongolian economy has shrunk by 10,7% in connection with the pandemic. The primary condition for the shrink is the decrease in the export of coal, copper and zinc concentrate, and oil due to declining demand for mineral resources in connection with the slowdown of Chinese economy, as the dependence from China is substantial. Following this, the current account deficit reached 767.0 million USD, increased by 368.9 million USD as of the first quarter compare to the same period of the previous year. Also, there has been a negative influence on the manufacturing industry. For instance the sales of the paper products, woodworks, rubber and plastic products, chemical products, tobacco, furniture, textile production, and garments has decreased by 2.5-58.9 percent for the first 4 months of the year due to import reduction of the raw materials and spare parts. As well as the following decrease has occurred as of the first 5 months of the year:

- Inflation by 3.3%;
- Total State Budget Revenue and Grants by 19.0%;
- Production in Mining and Exploitation Industry by 34.6%;
- Manufacturing by 16.1%;
- Export by 38.5%;
- Import by 13.9%.

While, State expenditure and net loan amount have increased by 29.3%, overdue loan debt by 39.5%, the amount of benefits provided by the Unemployment Fund by 39.0%.

Furthermore, in connection with the pandemic and its prevention measures, domestic enterprises has been confronting crisis as a result of suspension of the activities of all kinds of public centers and reduced hours of restaurants and cafeterias¹, e.g., total revenue of hotel industry decreased by 56%, and total revenue of catering industry decreased by 20.1% in the first quarter of 2020, compare to the previous quarter.

On the other hand, the spread of colds and flu, respiratory and intestinal disease decreased notably due to the shutdown of all levels of educational institutes. Also, the crime rate has fallen, yet domestic violence has increased by 61.6% in comparison to the previous year due to the partial closure of entertainment centers and bars, changes to their schedules, and stay home campaign.

As known previously, Mongolia has been maintaining “Higher Level of Readiness” against COVID-19 since February where activities of all levels of educational institutes, centers, any

¹ Decree No A/223 of the Mayor of Ulaanbaatar, dating 26, February 2020

kind of demonstrations, gatherings, meetings, public events, entertainments' services have been suspended and extended its term repeatedly. However, in between, some training activities, gyms and swimming pools were allowed to resume its business. On 1, July, the State Emergency Commission announced its decision to further extend the "Higher Level of Readiness" until 15, July. However, this time, all kinds of kids play centers, bars, billiards, religious and cultural institutions, entertainment centers shall be allowed to continue their business under strict adherence to infection control regime. While any demonstrations, public sport events, PC game centers, disco and night clubs shall still be shut. Further, the international borders remained shut however the Government continues to repatriate its citizens on charter flights. For example, over 2000 citizens were returned home in June, while 3000 citizens are going to be brought this July according to the aforementioned decision.

Source:

1. Minutes of State Emergency Commission of Mongolia, dating 1, July 2020
<https://nema.gov.mn/wp-content/uploads/2020/07/%D0%A3%D0%9E%D0%9A-%D1%8B%D0%BD-2020-%D0%BE%D0%BD%D1%8B-25-%D1%80-%D1%85%D1%83%D1%80%D0%BB%D1%8B%D0%BD-%D1%82%D1%8D%D0%BC%D0%B4%D1%8D%D0%B3%D0%BB%D1%8D%D0%BB.pdf>
2. Impact of prevention and quarantine measure from COVID-19 on enterprises – National Statistics Office of Mongolia, 2020
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3. Corona virus and the economy, May 2020– National Statistics Office of Mongolia, 2020.06.16
https://1212.mn/BookLibraryDownload.ashx?url=COVID-19_2020.05.pdf&ln=Mn

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