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The Competitive Advantage of Mongolia

Richard Bryden
Strategy and 
Competitiveness
Associates

Strategic Action



Data Analysis

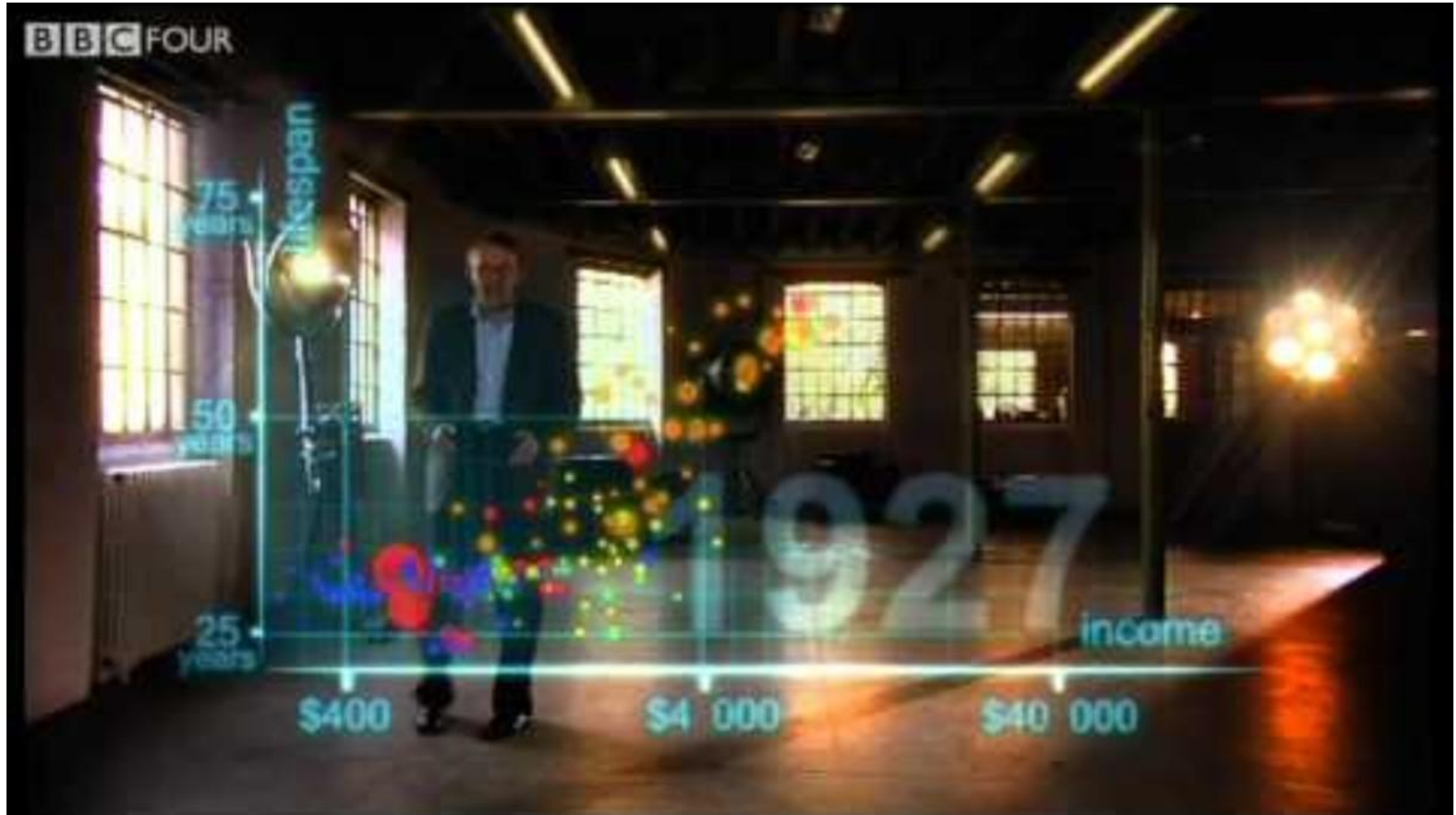


**Frameworks for
Economic Development Analysis**

Tools for Mongolia

- Economic Performance
- Social Progress Indicators
- **Regional Cluster Mapping**
- Exports Analysis

Inspirations: Hans Rosling



You cannot manage what you do not measure.

You cannot manage what you do not measure.

To measure, you must understand.

Strategic Action



Data Analysis



**Frameworks for
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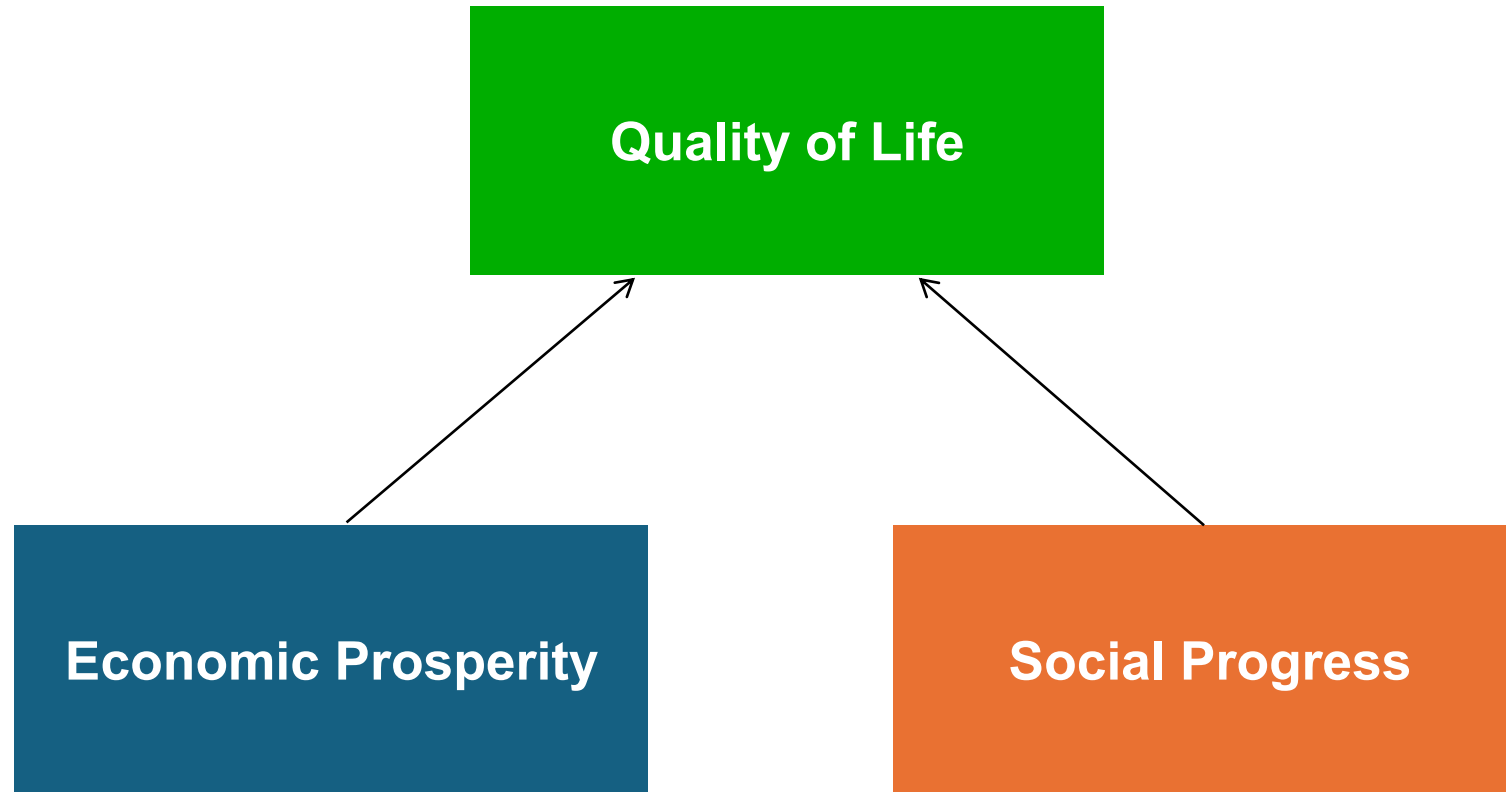
- Economic Performance
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What is Competitiveness?

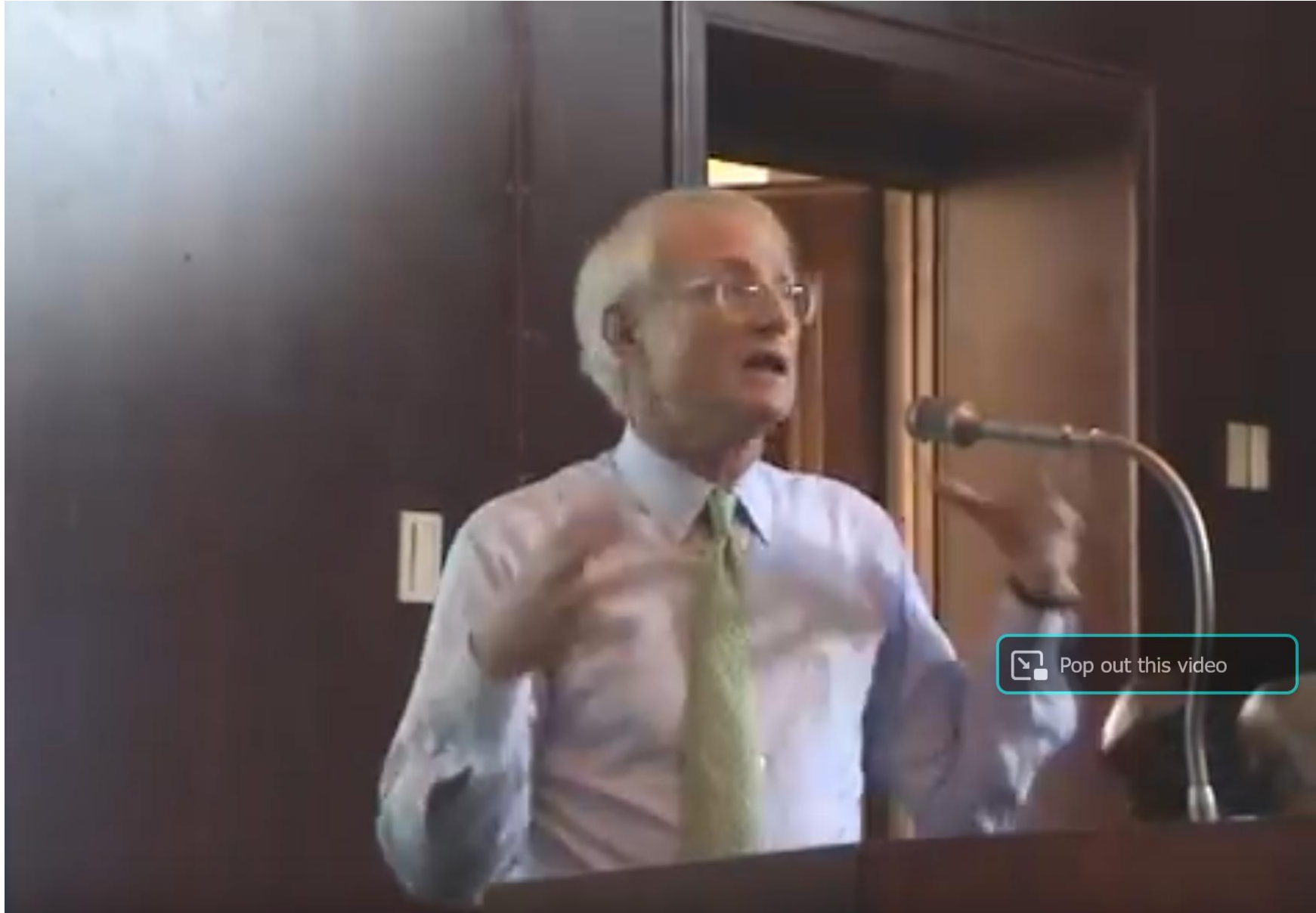
A country (or region) is competitive to the extent that firms operating there are able to **compete successfully** in the regional and global economy while supporting **high and rising wages and living standards** for the average citizen

- Competitiveness depends on the **long-run productivity** of a location as a place to do business
 - Productivity of existing firms and workers
 - Ability to achieve high participation of working age citizens in the workforce
- Competitiveness is **not**:
 - Low wages
 - A weak currency
 - Jobs per se

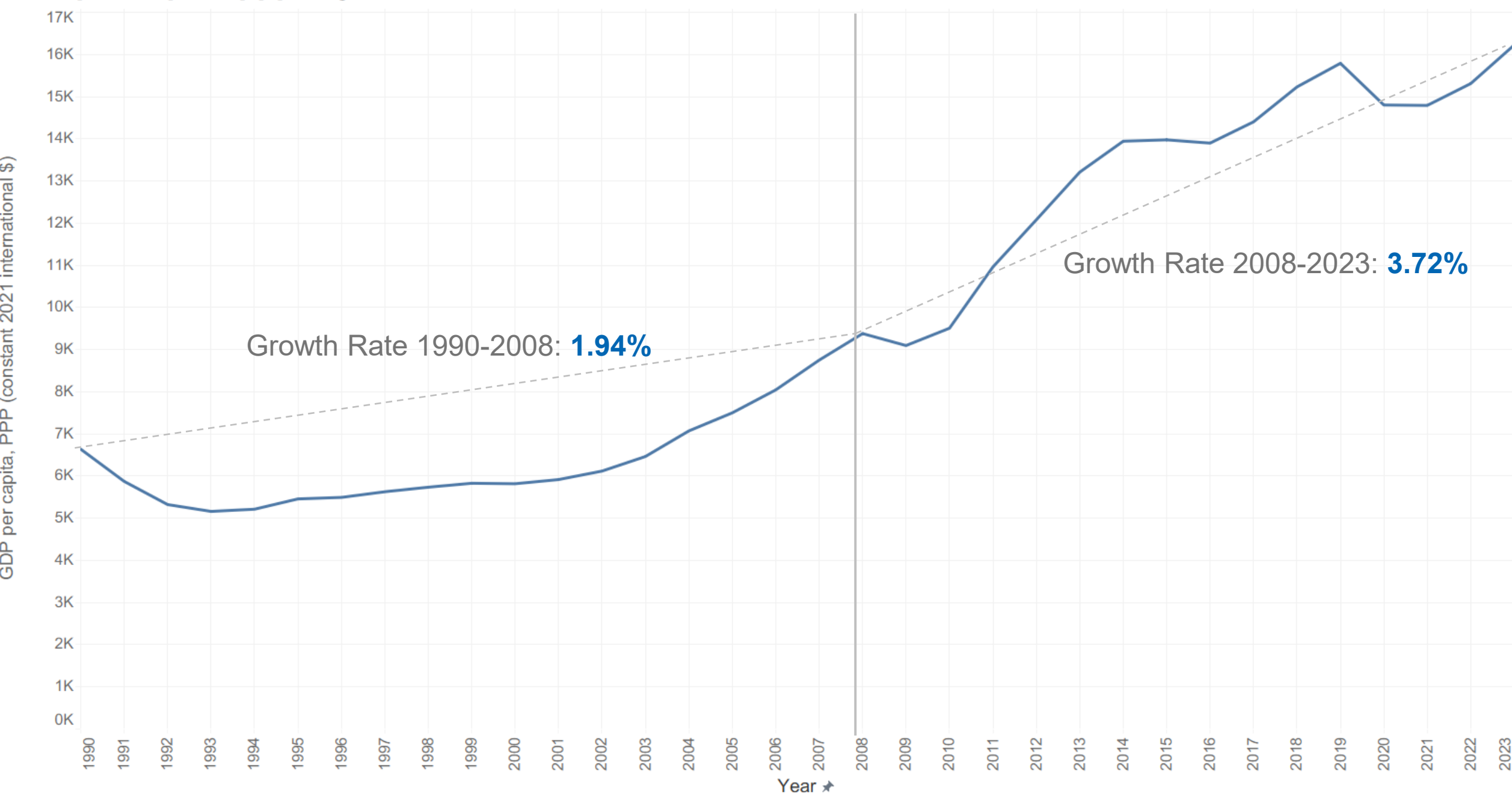
Measuring National or Regional Success



Michael Porter in Mongolia, 2008



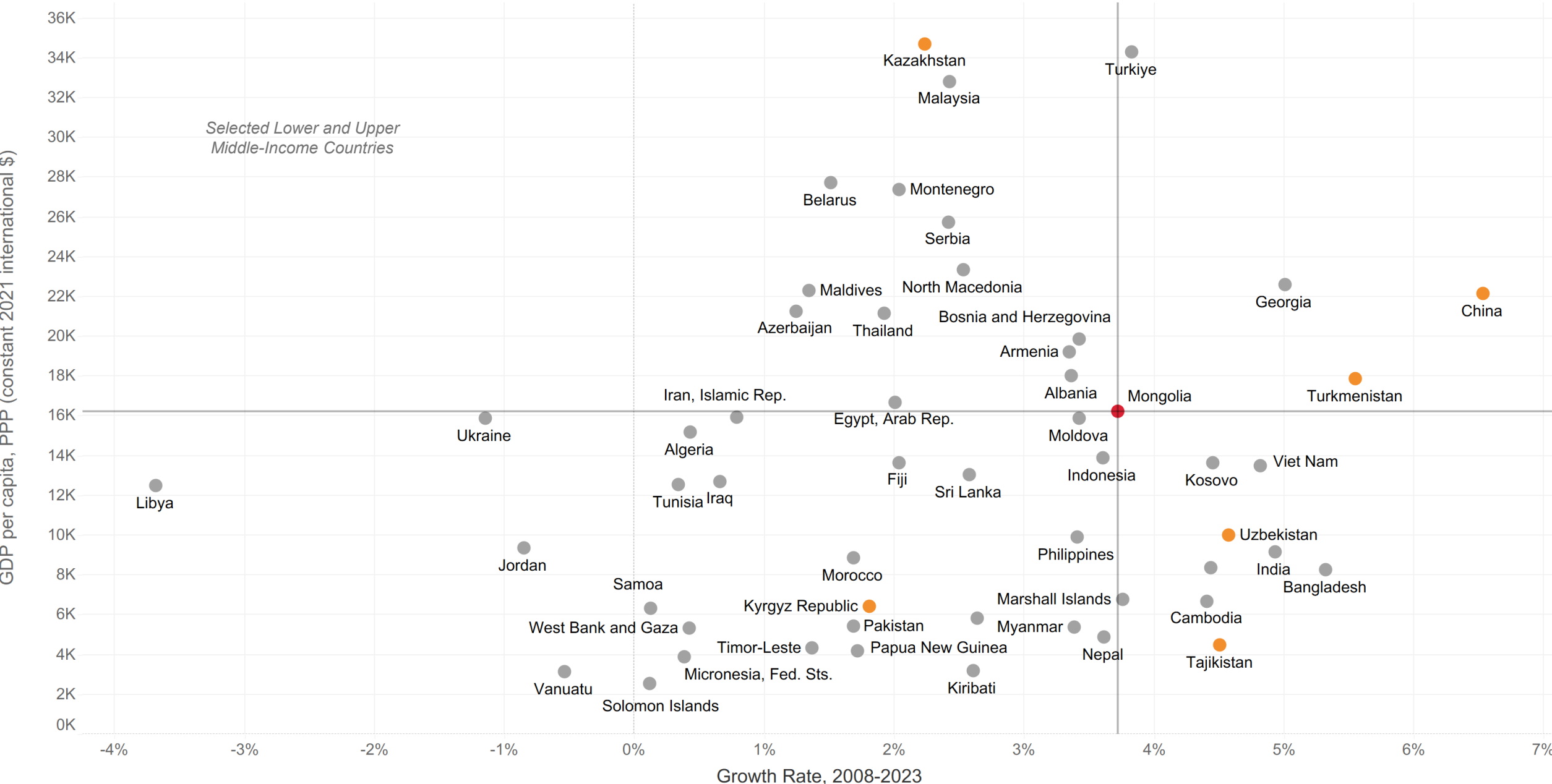
GDP per capita, ppp-adjusted, constant dollars, 1990-2023



Source: World Bank, author's analysis. 2021 constant \$. Growth rates are CAGR

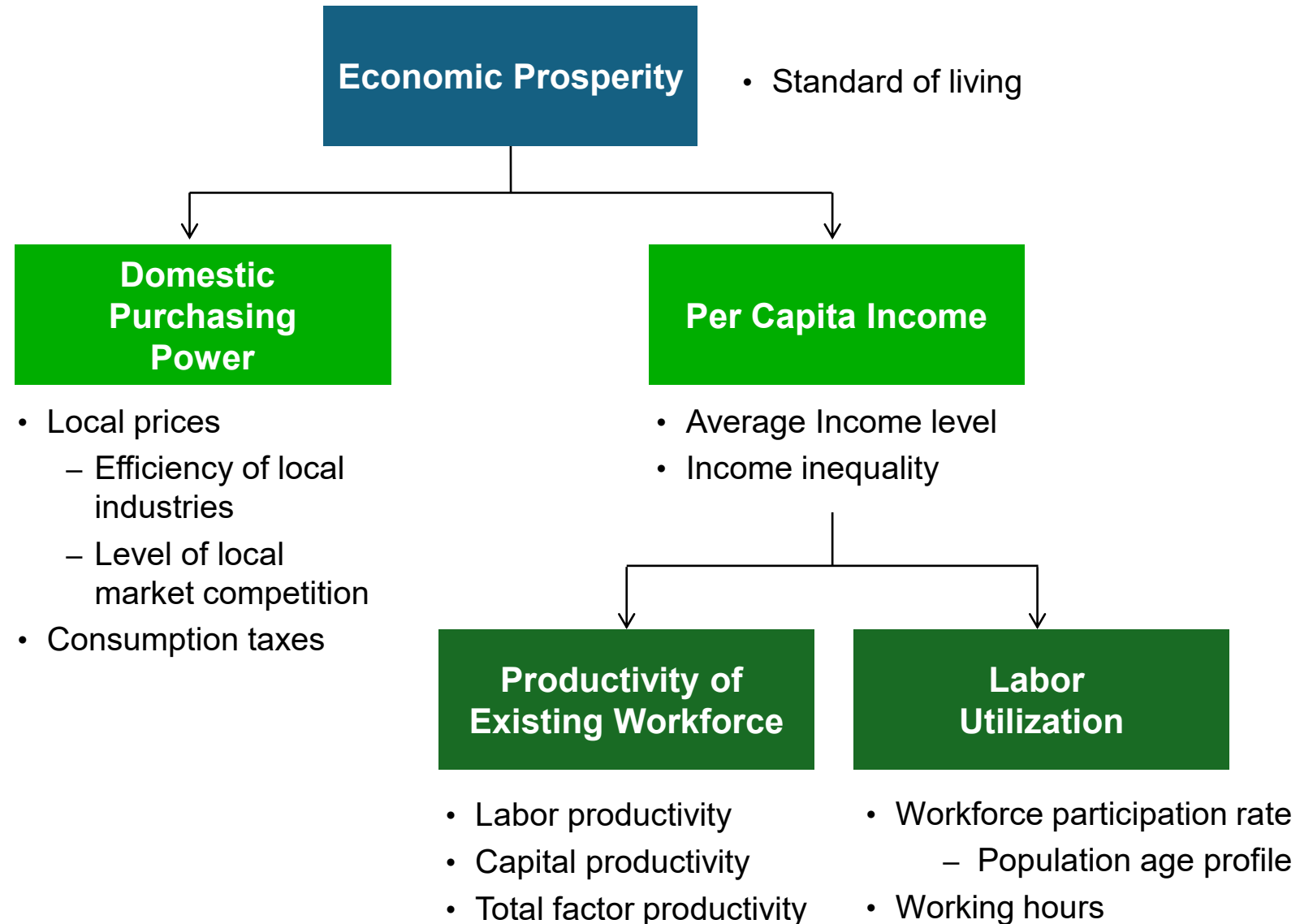
Comparative Prosperity Performance, 2008-2023

GDP per capita, ppp-adjusted, constant dollars



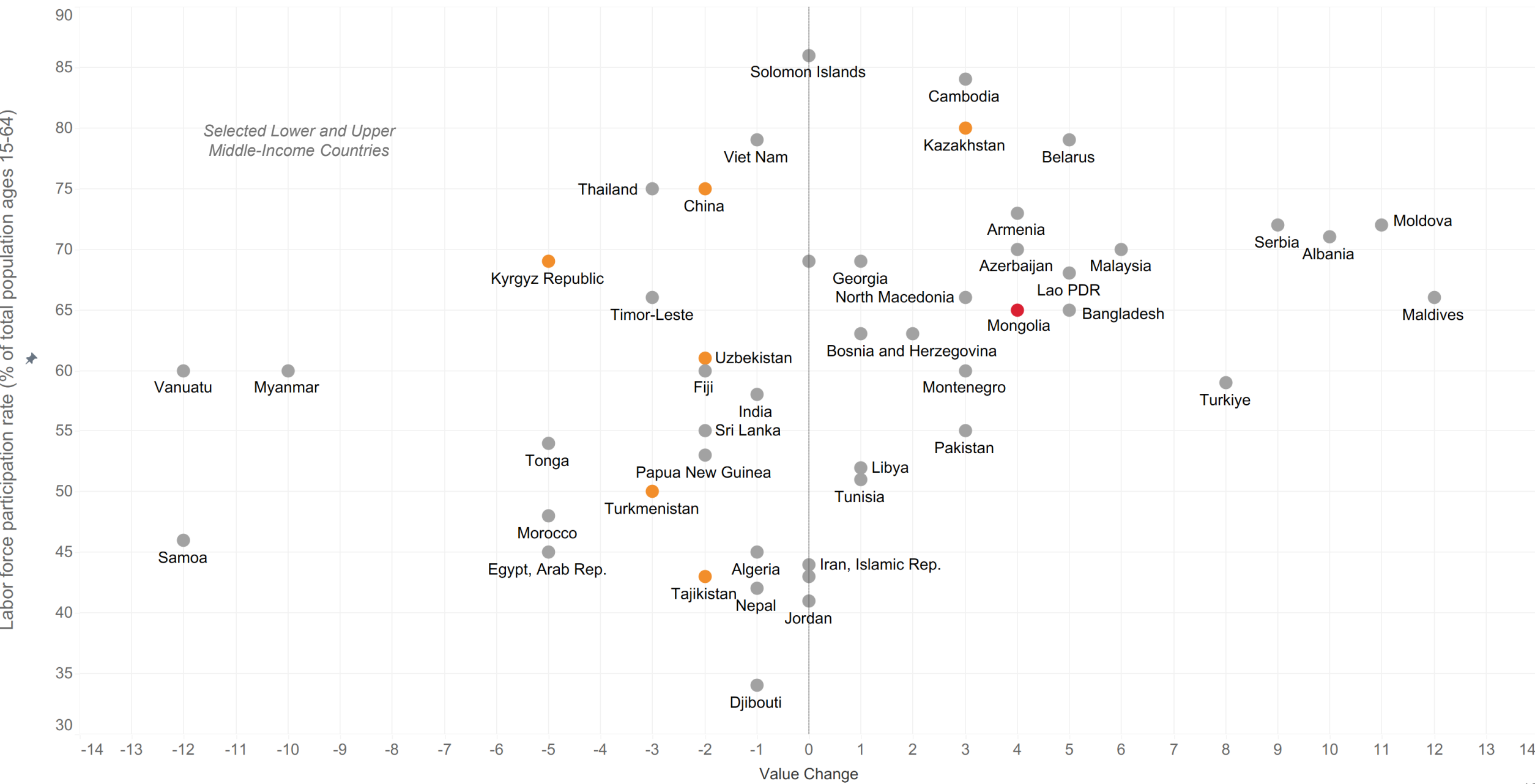
Source: World Bank, author's analysis. 2021 constant \$. Growth rates are CAGR

Decomposing Economic Prosperity

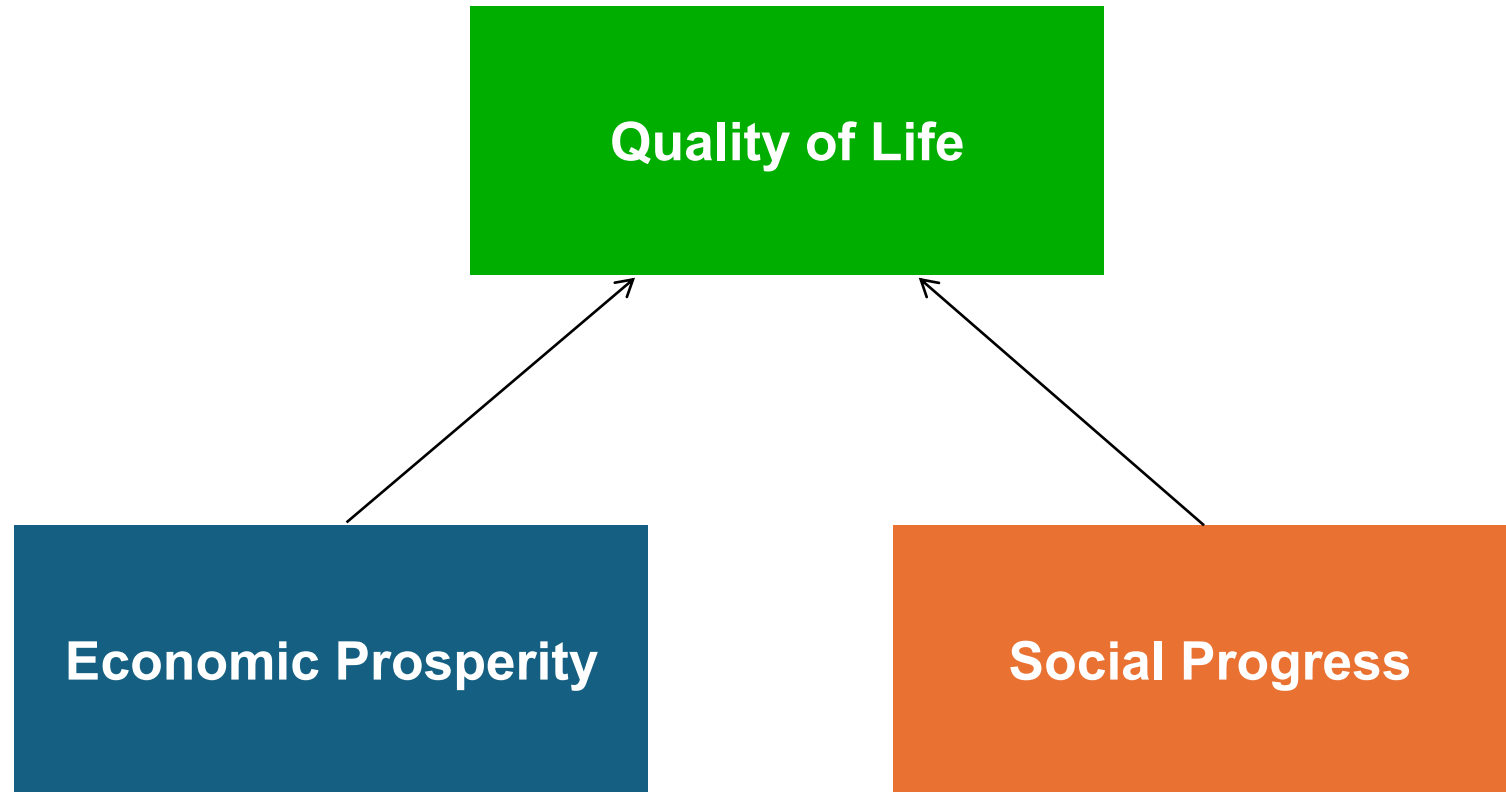


Comparative Prosperity Performance, 2008-2023

Labor Force Participation Rate 15-64



Measuring National or Regional Success



Social Progress Index

BASIC NEEDS

- Nutrition & Medical Care
 - Undernourishment
 - Maternal mortality
 - Child mortality
 - Child stunting
 - Infectious diseases
 - Diet low in fruit and vegetables
- Water & Sanitation
 - Basic water service
 - Basic sanitation services
 - Unsafe water, sanitation and hygiene
 - Satisfaction with water quality
- Housing
 - Access to electricity
 - Household air pollution
 - Dissatisfaction with housing affordability
 - Usage of clean fuels and technology for cooking
- Safety
 - Interpersonal violence
 - Intimate partner violence
 - Money stolen
 - Feeling safe walking alone
 - Transportation related injuries

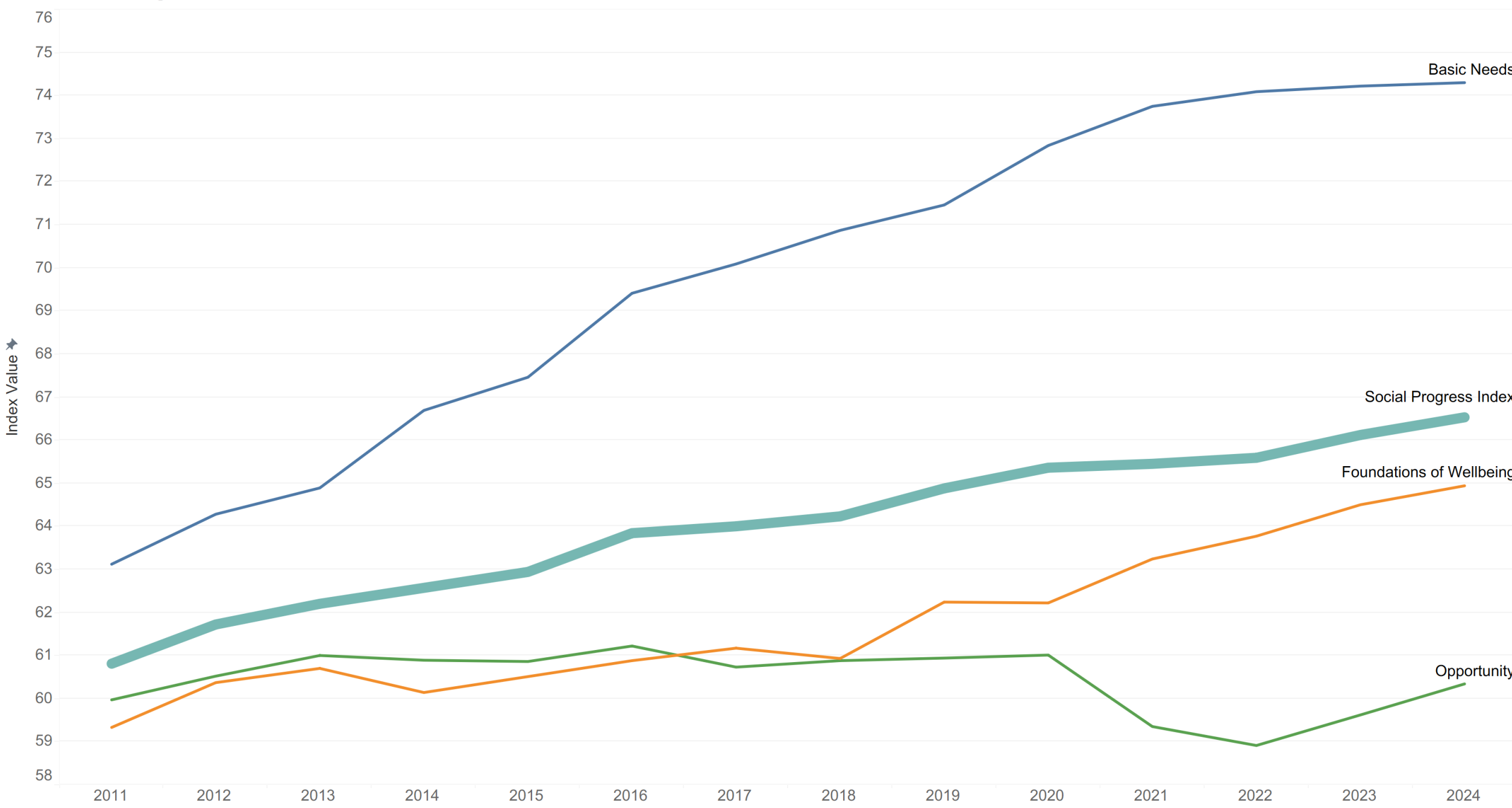
FOUNDATIONS OF WELLBEING

- Basic Education
 - Primary school enrollment
 - Secondary school attainment
 - Gender parity in secondary attainment
 - Equal access to quality education
 - Children grow and learn
- Information & Communications
 - Mobile telephone users
 - Internet users
 - Access to online governance
 - World Press Freedom Index
- Health
 - Life expectancy at 65
 - Non-communicable diseases
 - Access to essential health services
 - Equal access to quality healthcare
 - Health problems
- Environmental Quality
 - Outdoor air pollution
 - Particulate matter pollution
 - Lead exposure
 - Waste recovery

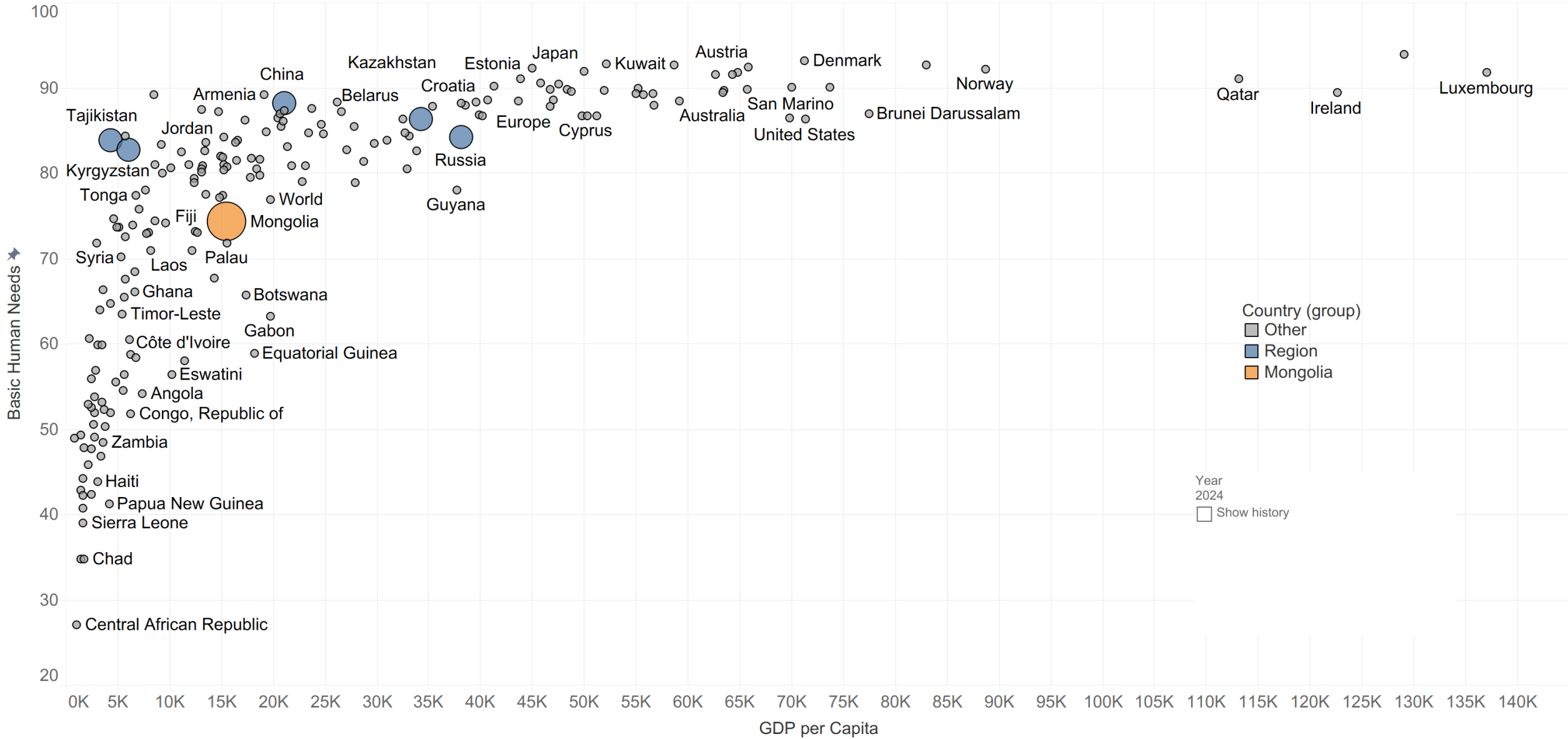
OPPORTUNITY

- Rights & Voice
 - Political rights
 - Freedom of peaceful assembly
 - Equality before the law & individual liberty index
 - Rights equality
 - Perception of corruption
- Freedom & Choice
 - Vulnerable employment
 - Early marriage
 - Satisfied demand for contraception
 - Freedom over life choices
 - Civil Society Organization (CSO) repression
- Inclusive Society
 - Acceptance of gays and lesbians
 - Discrimination and violence against minorities
 - Equal access index
 - Count on help
 - Young people not in education, employment or training
- Advanced Education
 - Expected years of tertiary education
 - Women with advanced education
 - Quality weighted universities
 - Citable documents
 - Academic freedom

Social Progress Index, 2011-2024



Mongolia's Social Progress Index over Time, 2024



Social Progress Index

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Water & Sanitation

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Housing

- Access to electricity
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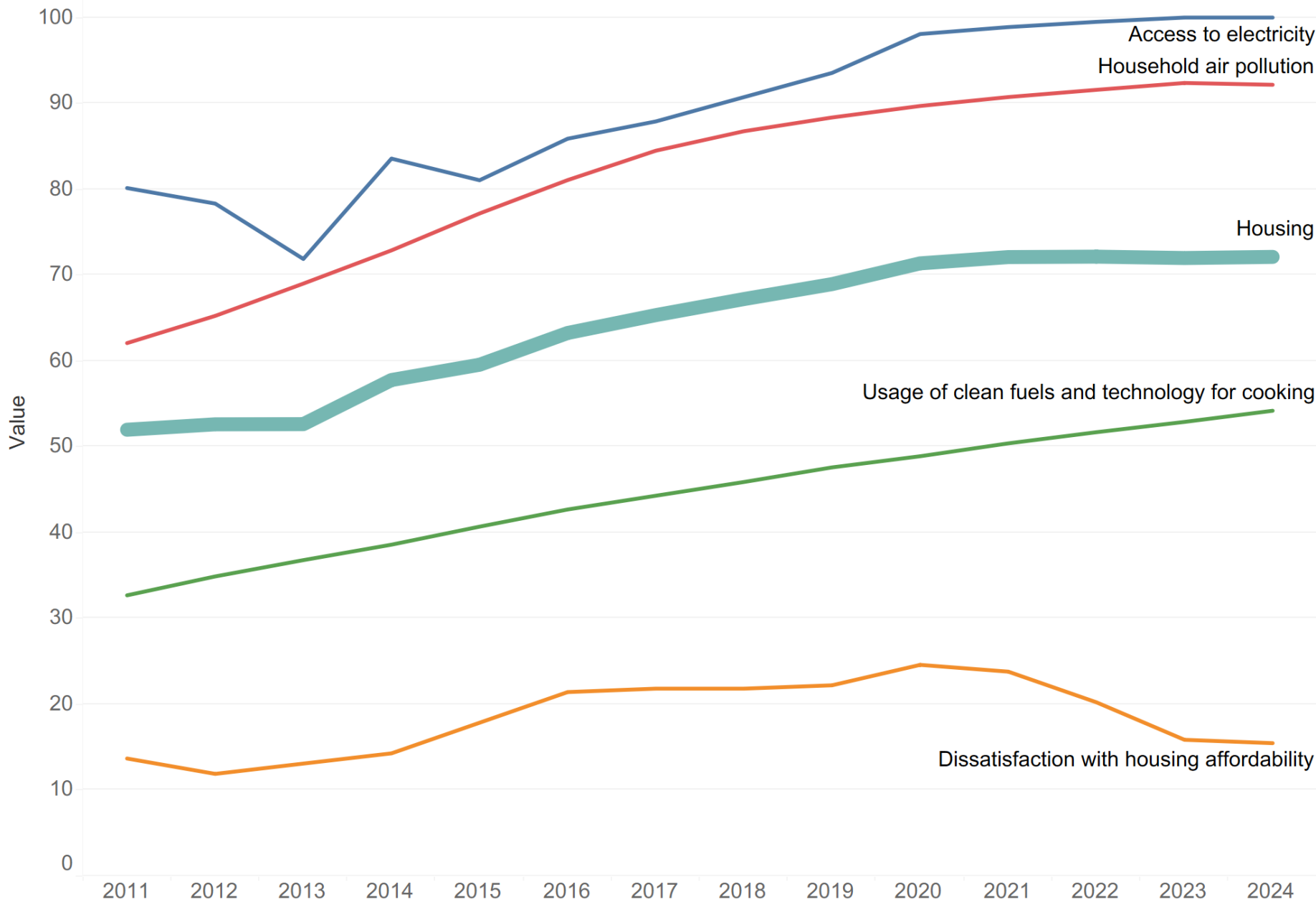
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Mongolia - Basic Needs: Housing



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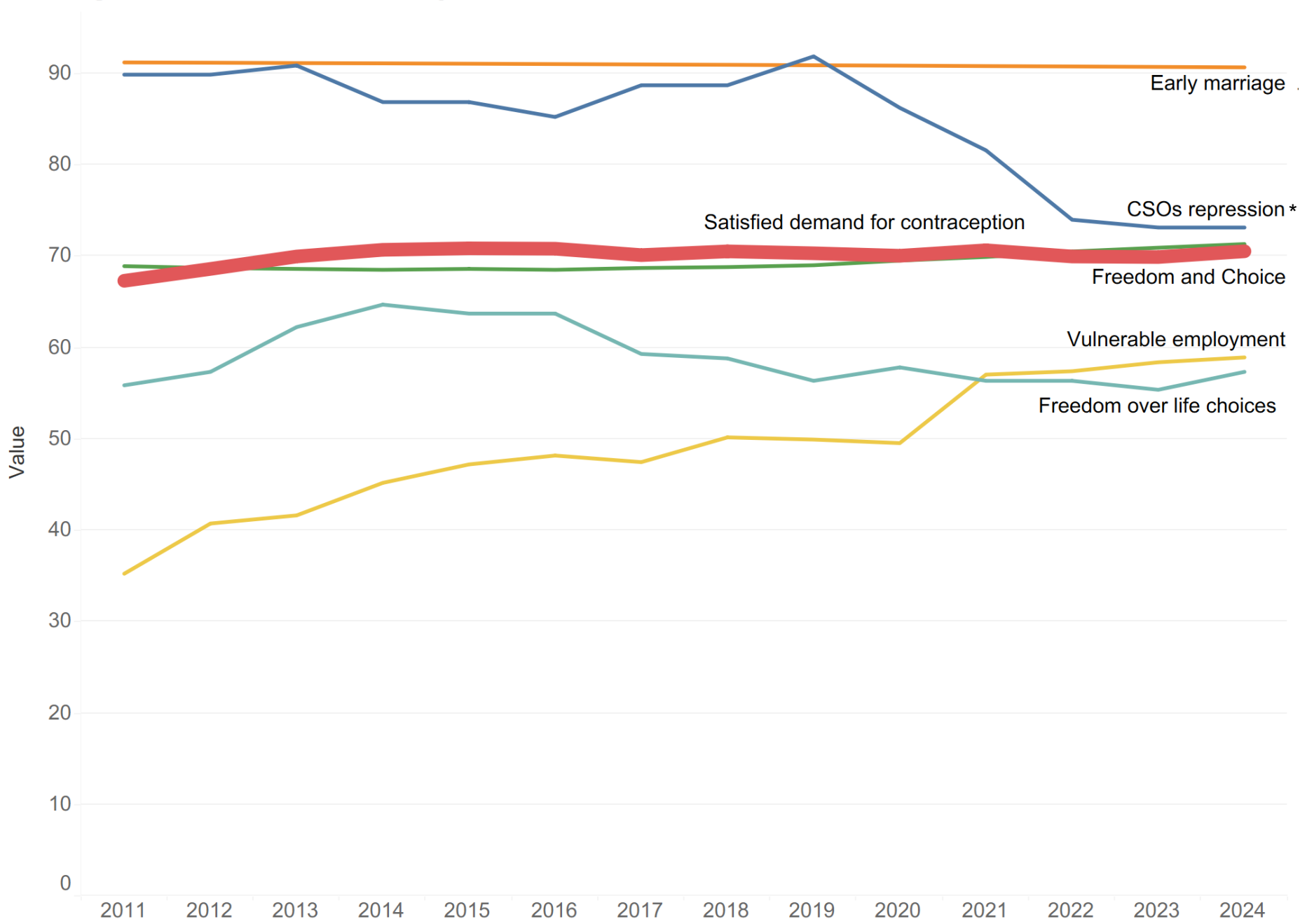
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Mongolia - Opportunity: Freedom and Choice



*Country experts' aggregated evaluation of the question, "Does the government attempt to repress civil society organizations (CSOs)?"

The Basis of Prosperity

Inherited Prosperity

- Prosperity derived from **inherited natural resources / endowments**
 - Prosperity is **limited** by the endowments themselves



- **Dividing** the pie
- **Government** usually becomes the central actor in the economy
- Resource revenues allow **unproductive policies and practices to persist** and fuel **corruption**

Created Prosperity

- Prosperity arising from **productivity** in producing goods and services
 - Prosperity is **unlimited**



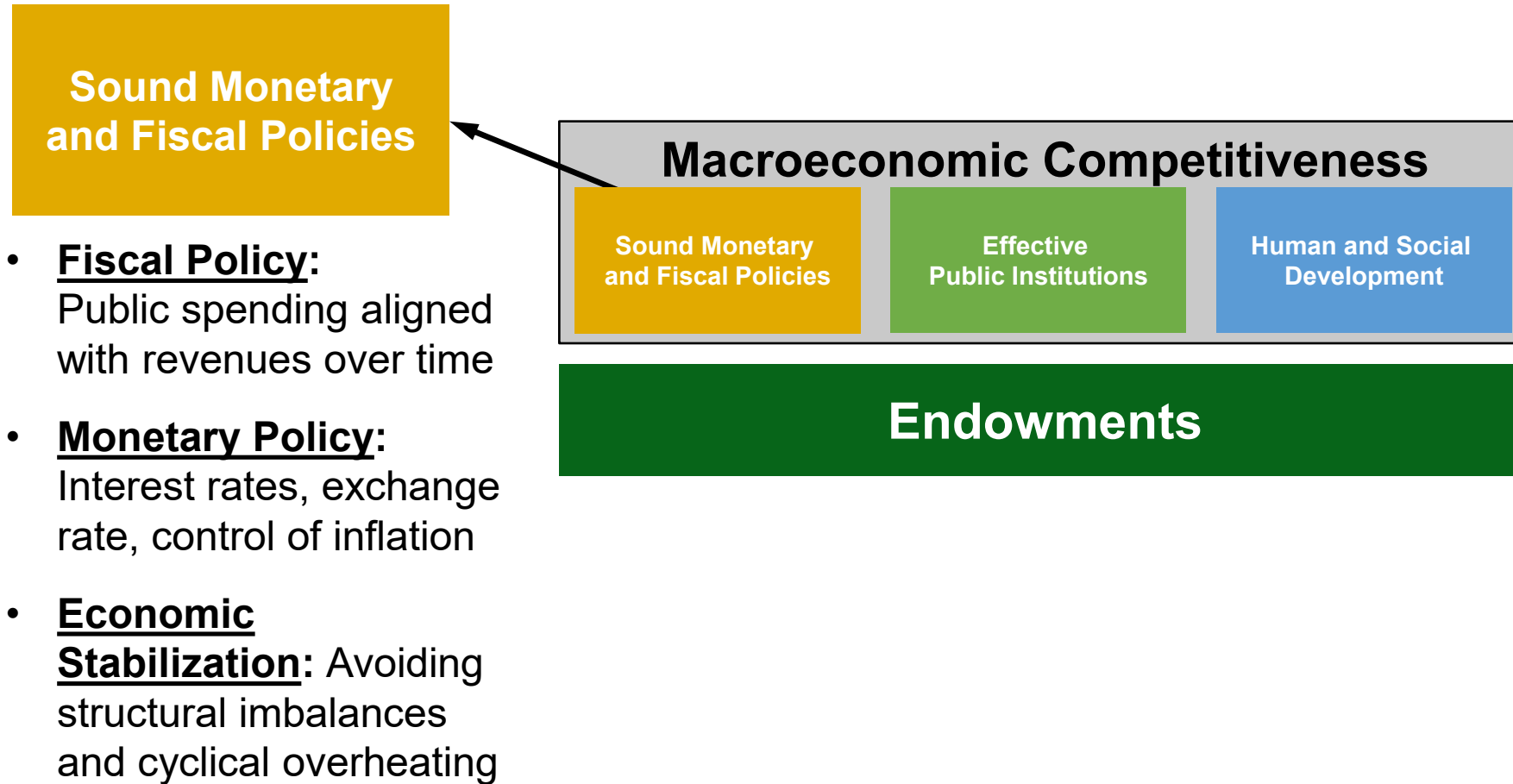
- **Expanding** the pie
- **Companies** are the central actors in the economy
- Government's role is to create the **enabling conditions for productivity** and foster private sector development

What Determines Competitiveness?

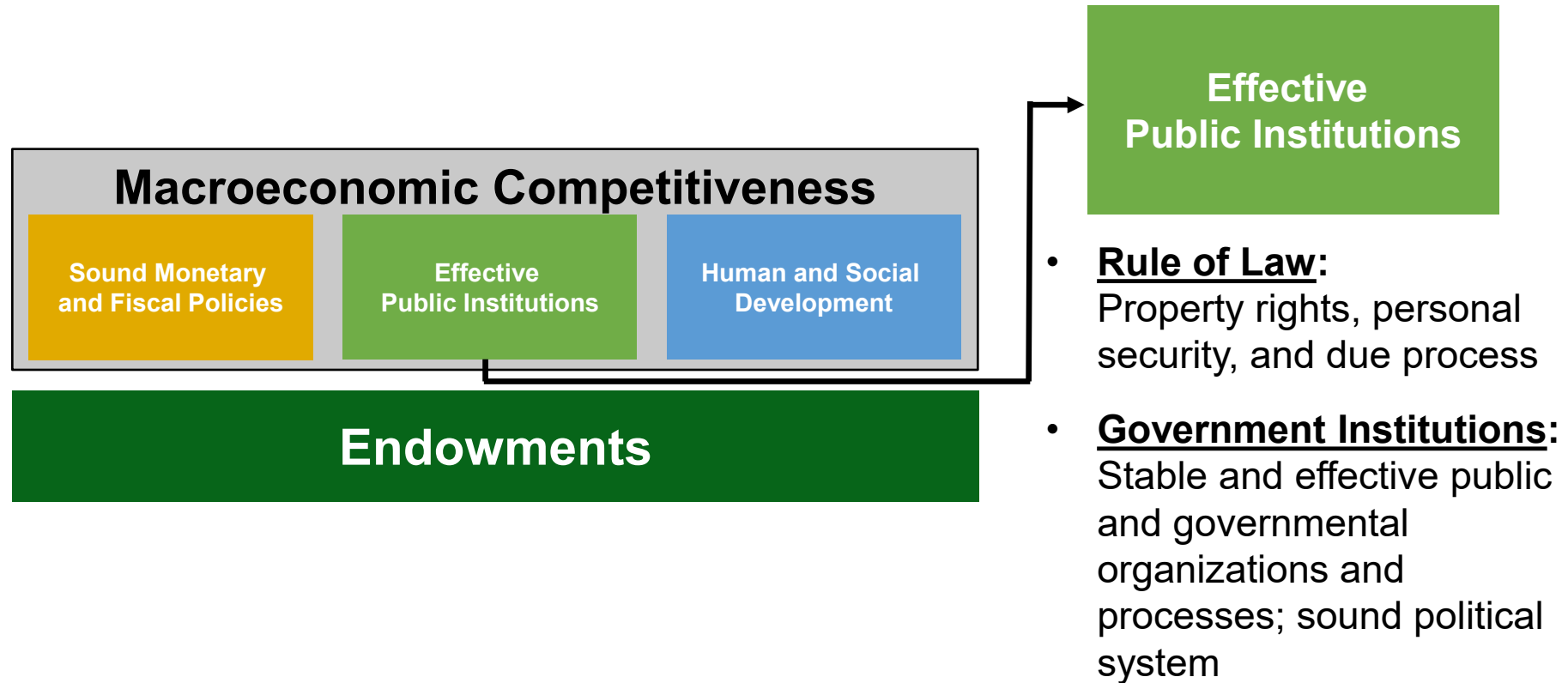
Endowments

- Endowments create a foundation for prosperity, but true prosperity arises from productive use of endowments

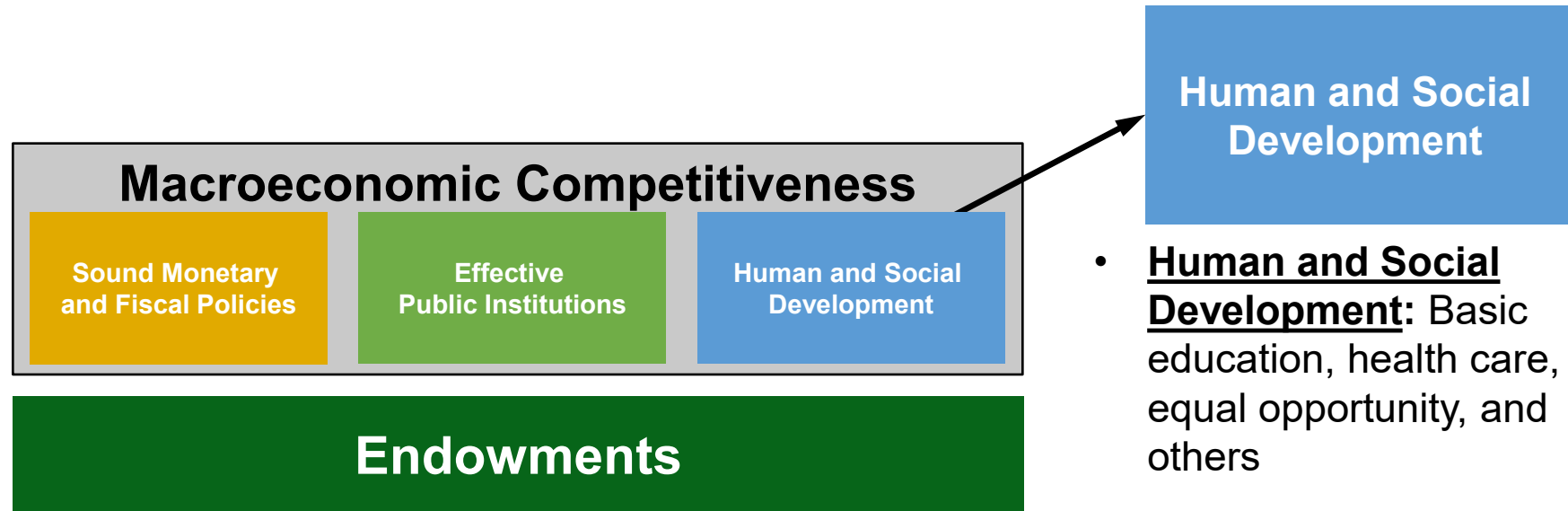
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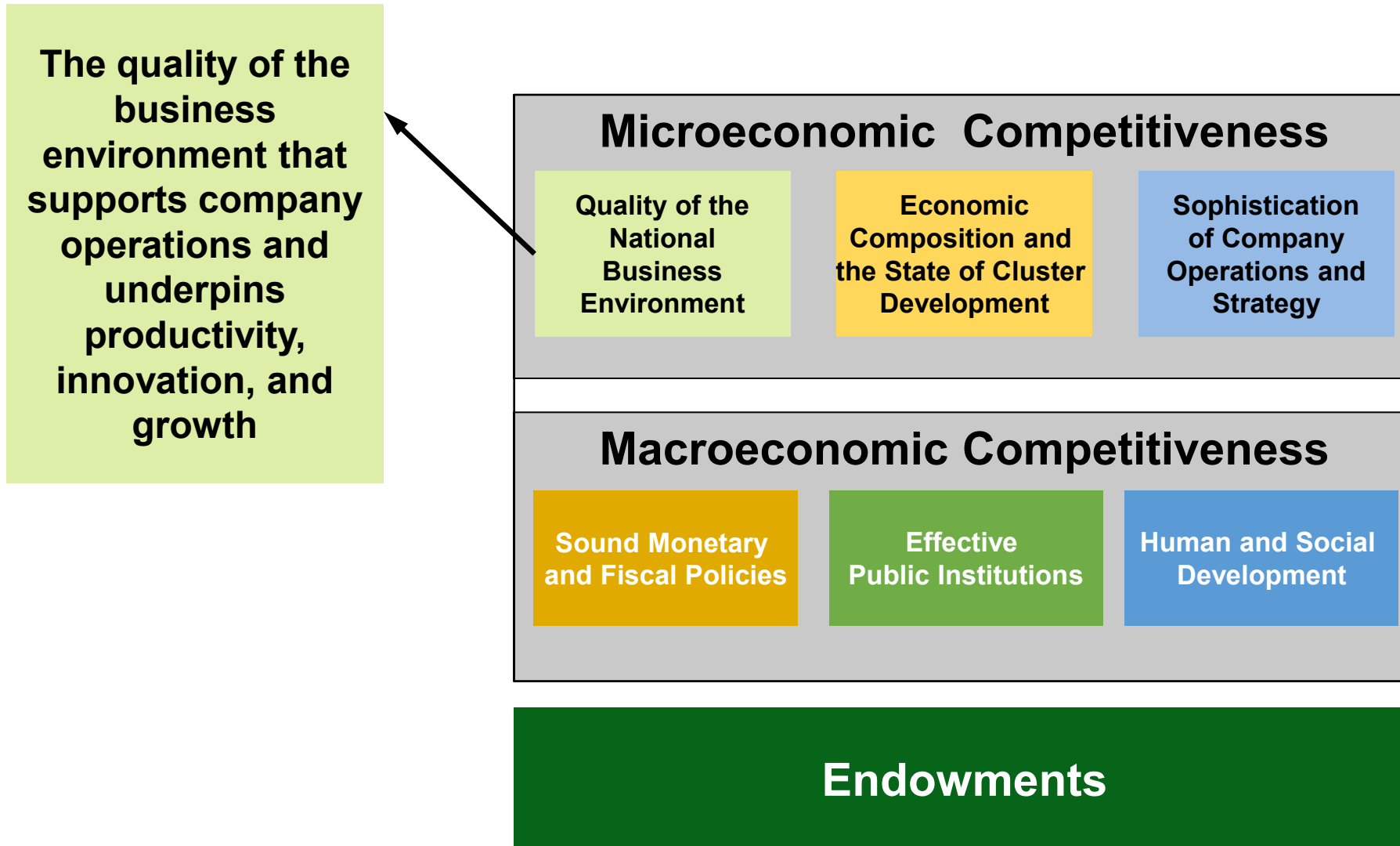
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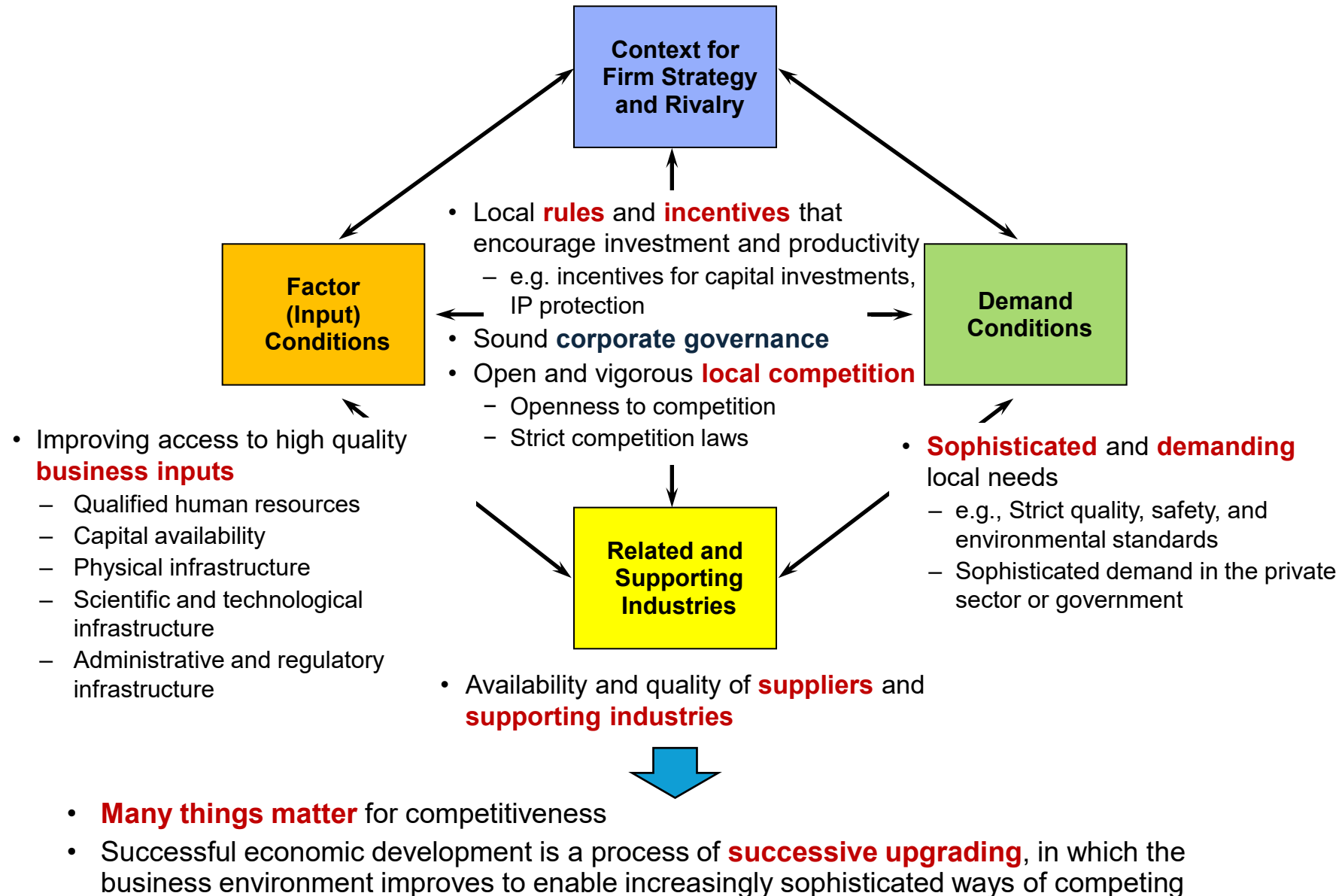
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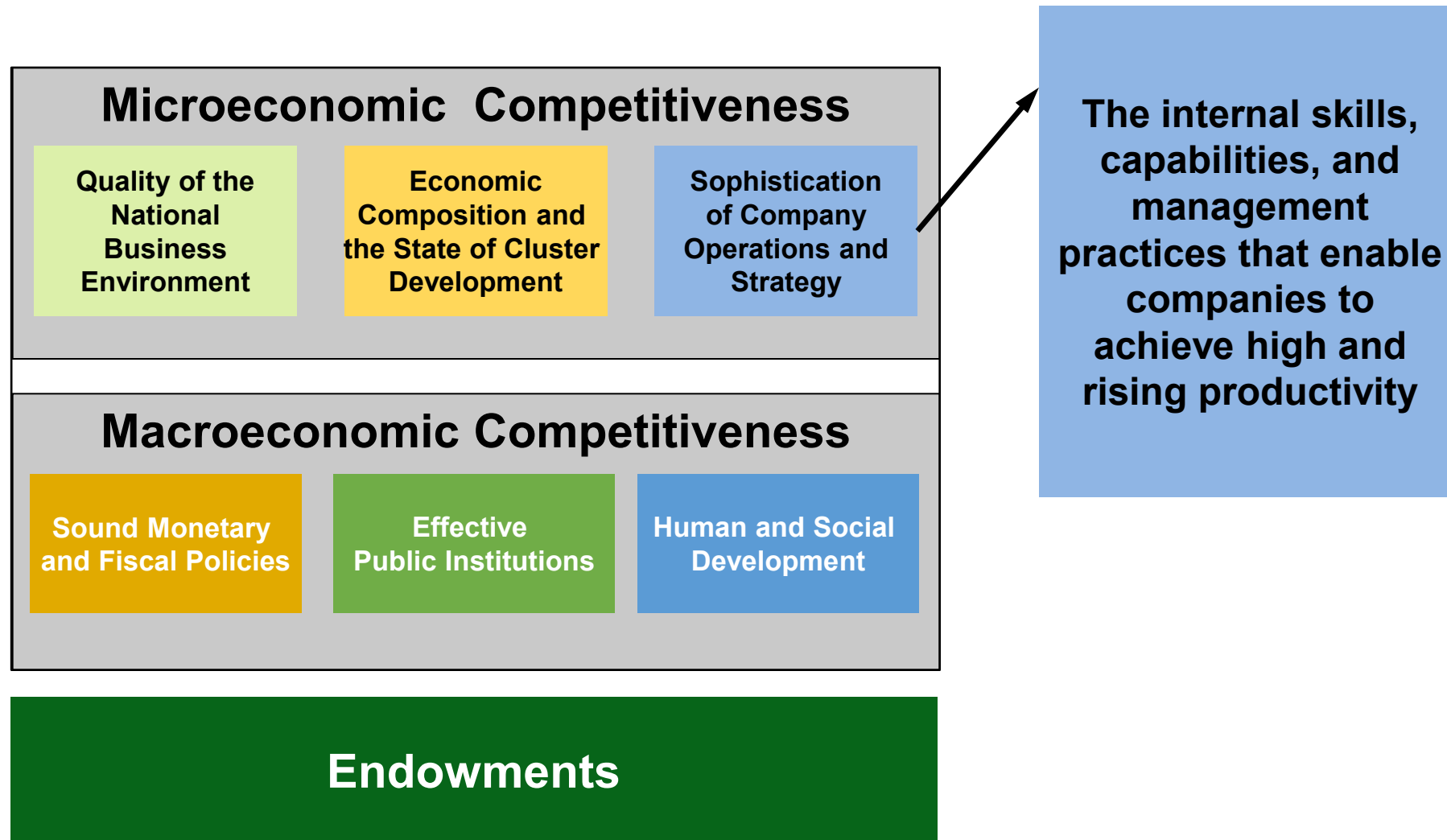
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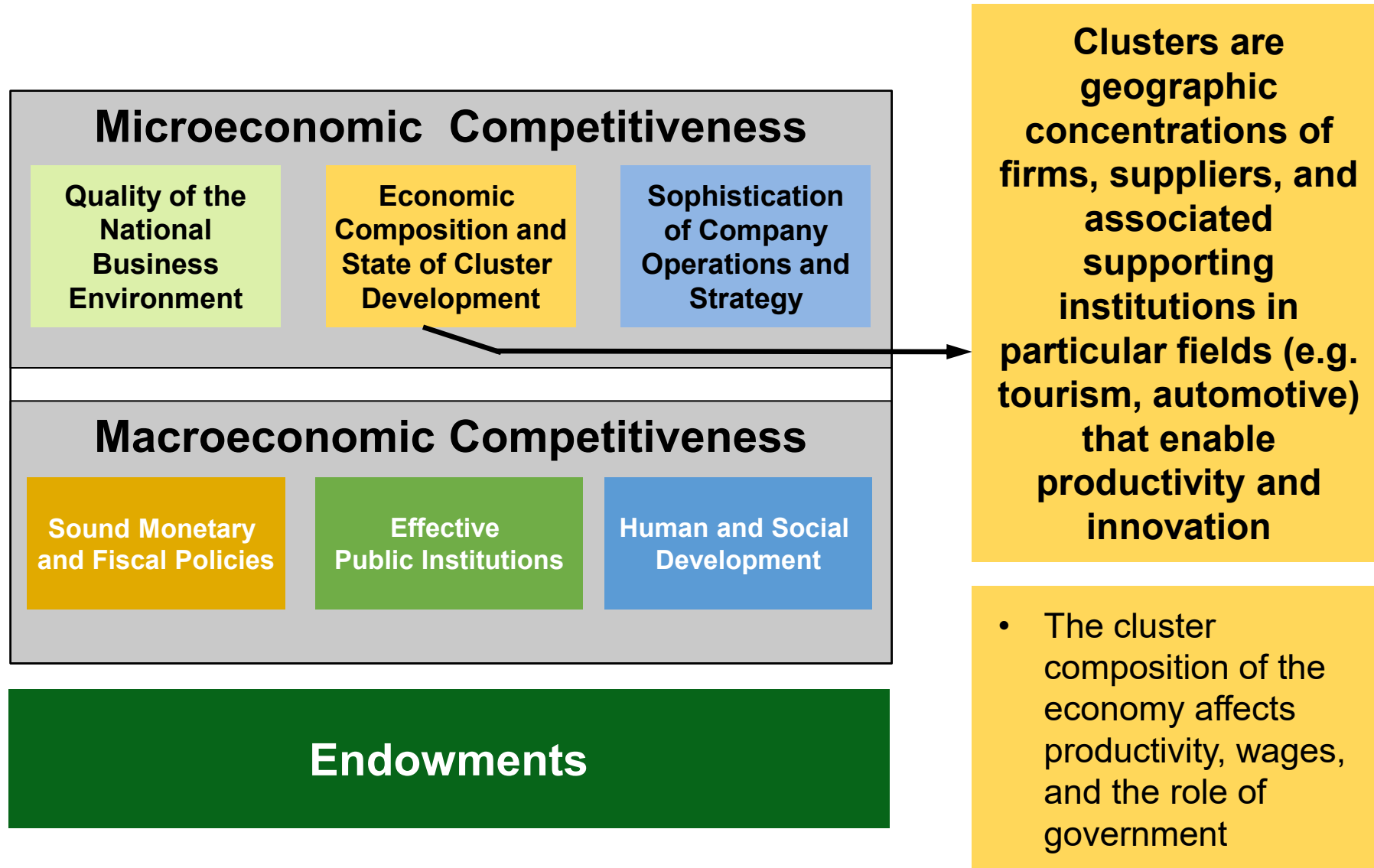
Assessing the Quality of the Business Environment



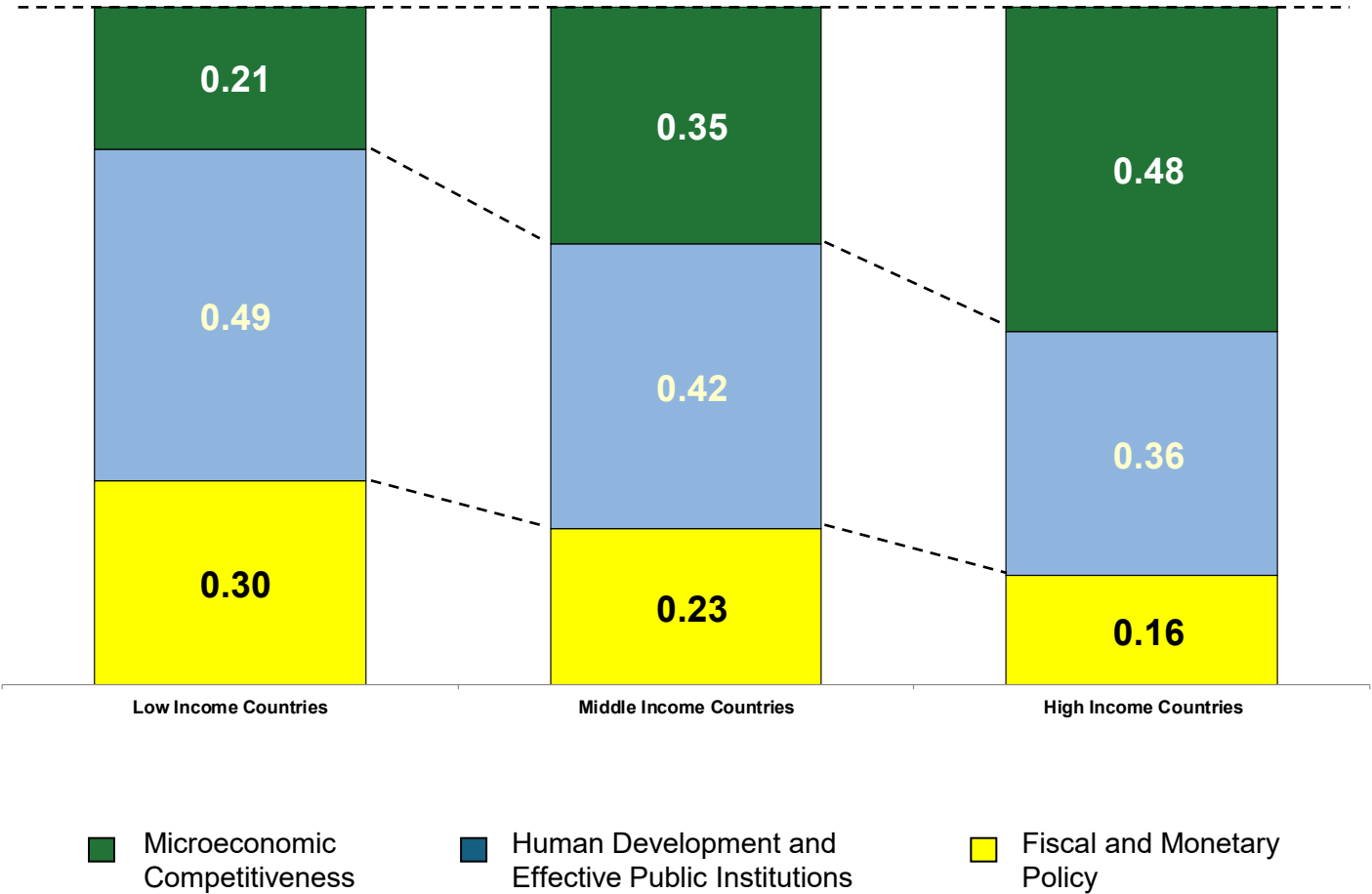
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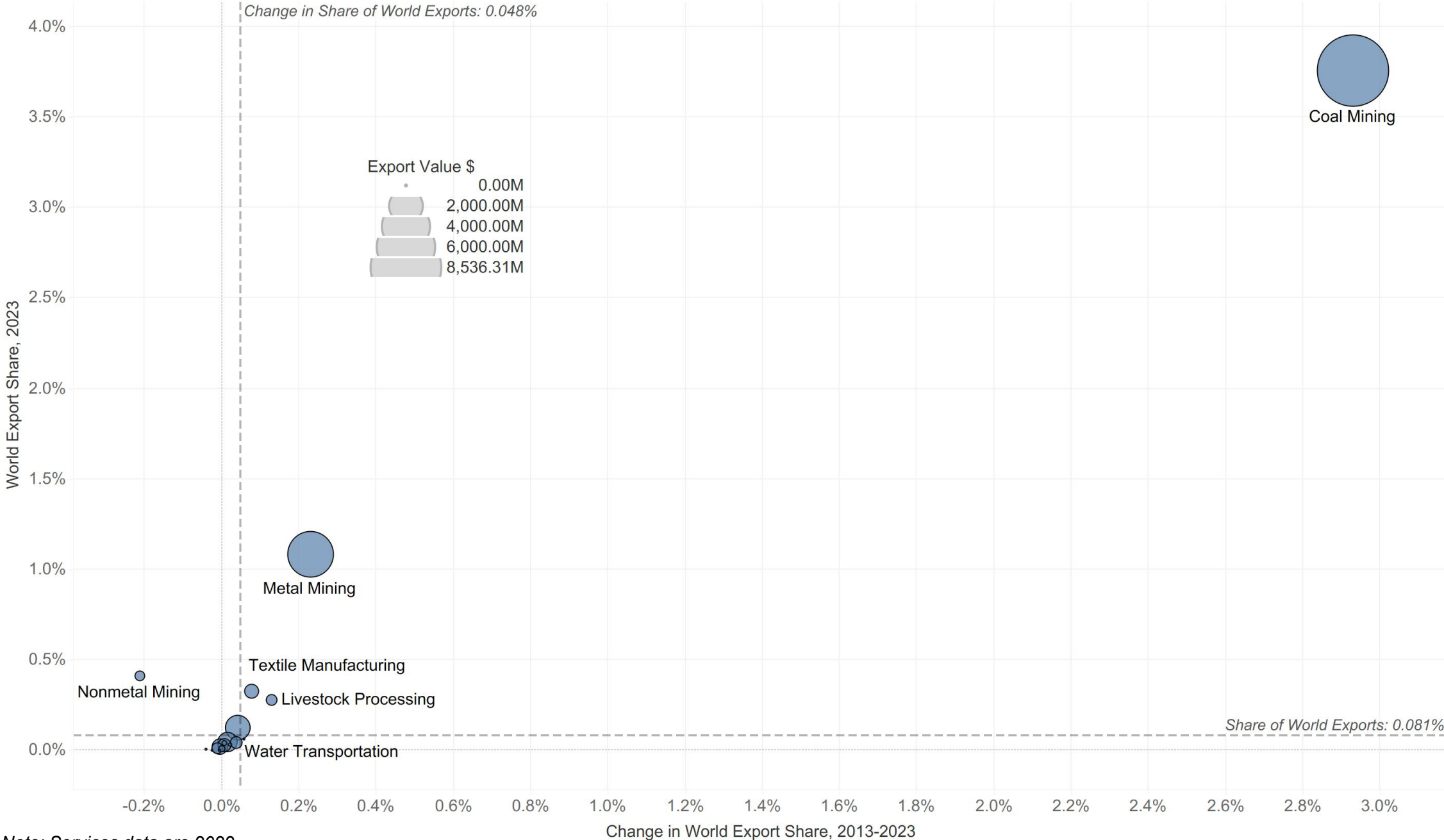


Impact of Macro and Micro Competitiveness by Stage of Development



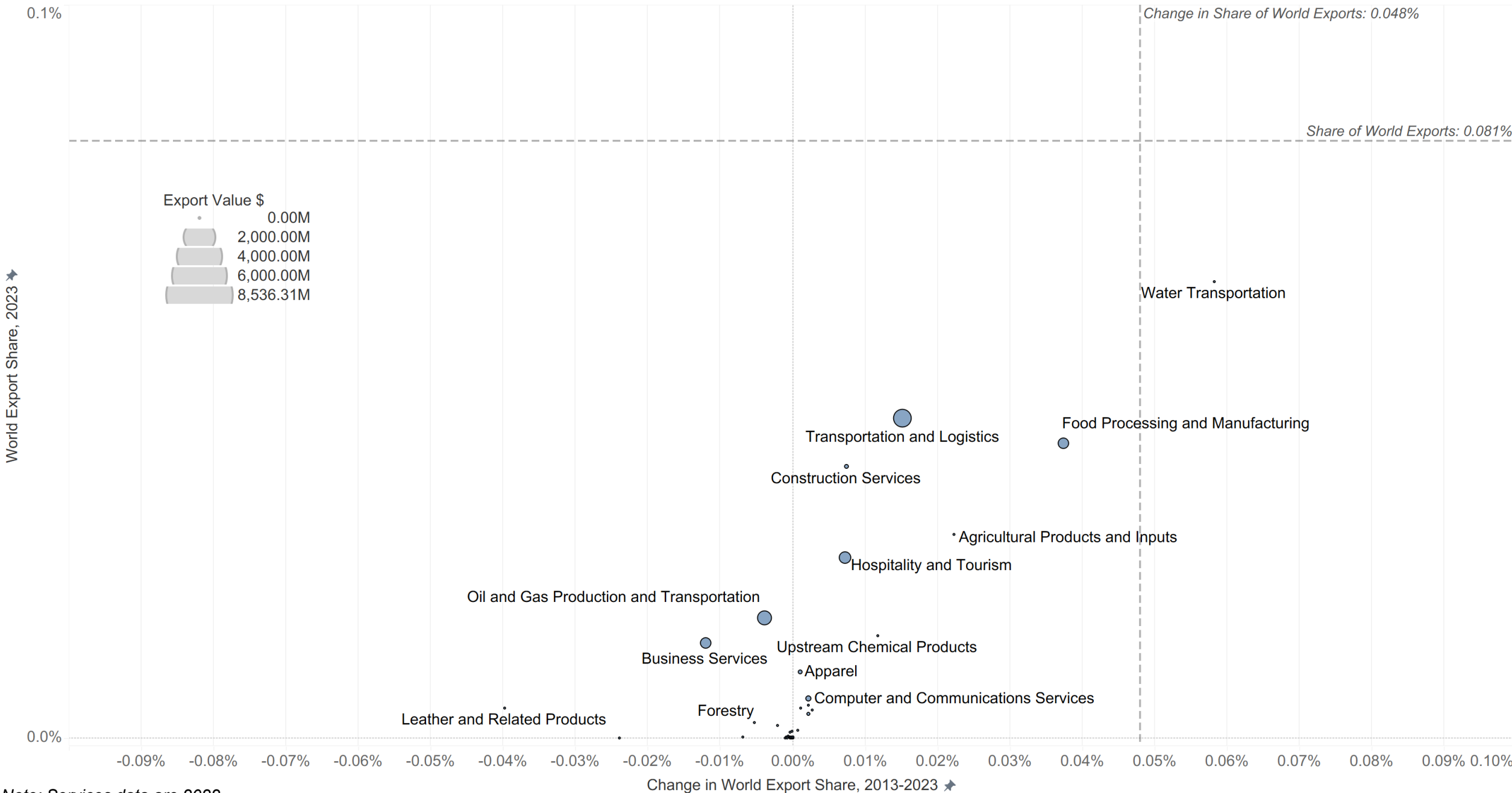
Source: ISC Competitiveness Model
Notes: - Weights in a linear model across all economies: Micro: 0.31, SIPI: 0.41, Macro Policy: 0.28
- Middle-stage weights are an average of Low- and High-stage weights.

Mongolia National Cluster Export Portfolio, 2013-2023



Note: Services data are 2022

Mongolia National Cluster Export Portfolio, 2013-2023



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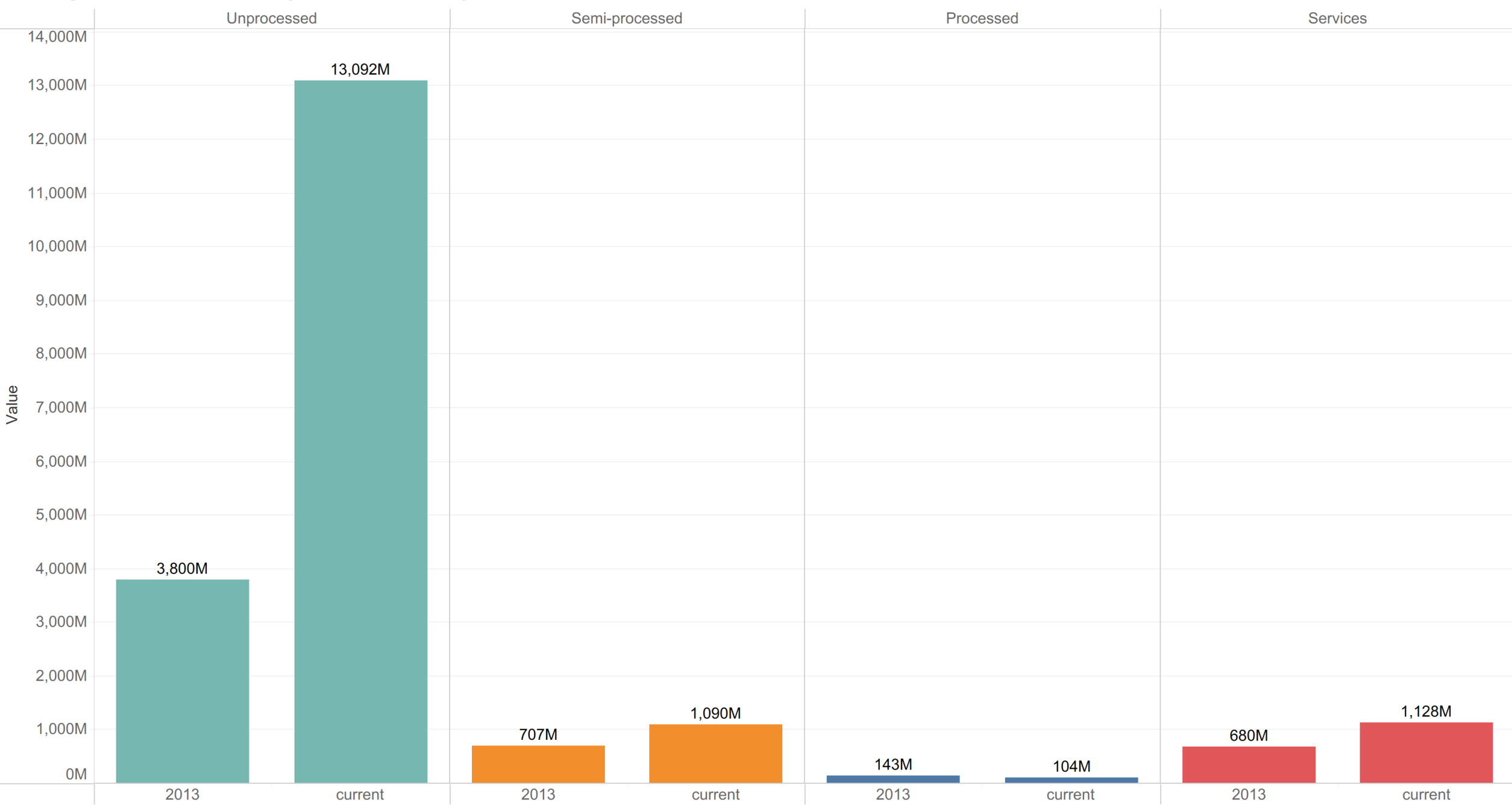
Mongolia Total Exports by Process Type



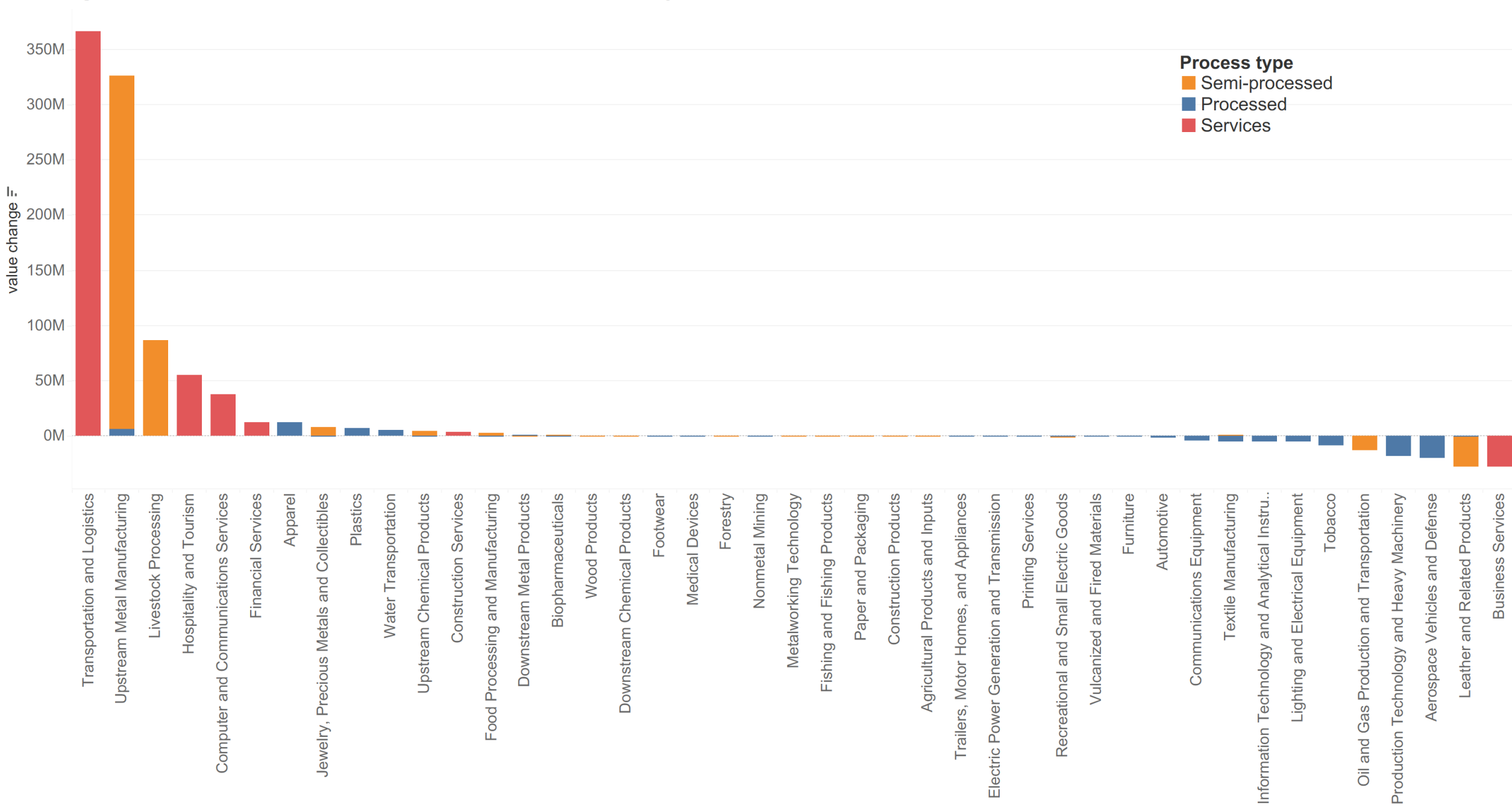
Goods exports data: 2023

Services exports data: 2022

Mongolia Exports by Process Type, 2013 - present



Change in Processed and Services Exports by Cluster, 2013 - present



Mongolia's Strong outside of Mining Clusters, 2023

Cluster Name	Subcluster Name	Exports 2023 ₮	Exports Growth 2013-2023	World Share	Share Change
Agricultural Products and Inputs	Livestock and Agricultural Products	12.60M	5,721,909	0.0308%	0.025%
Apparel	Men's Clothing	29.94M	17,477,971	0.0125%	0.006%
	Women's Clothing	7.45M	-5,680,105	0.0044%	-0.006%
	Accessories and Specialty Apparel	3.33M	255,812	0.0082%	0.000%
Business Services	Business Services	182.74M	-28,218,686	0.0130%	-0.012%
Computer and Communications Ser..	Computer and Communications Services	50.47M	37,495,759	0.0054%	0.002%
Construction Services	Construction Services	28.96M	3,842,700	0.0371%	0.008%
Financial Services	Finance	17.39M	12,603,382	0.0034%	0.002%
Food Processing and Manufacturing	Packaged Fruit and Vegetables	152.44M	152,375,300	0.3632%	0.363%
	Dairy Products	46.81M	40,034,175	0.0690%	0.063%
	Cereals and Oils	5.30M	855,494	0.0106%	-0.004%
Hospitality and Tourism	Travel	250.89M	53,953,684	0.0264%	0.008%
Jewelry, Precious Metals and Collec..	Jewelry and Precious Metals Products	9.75M	9,518,697	0.0049%	0.005%
Leather and Related Products	Leather	3.74M	-27,095,899	0.0530%	-0.289%
Livestock Processing	Meat Processing	173.29M	136,125,260	0.2772%	0.130%
Oil and Gas Production and Transportation	Oil and Gas Extraction	357.82M	-148,961,423	0.0277%	-0.004%
	Petroleum Processing	10.05M	-3,020,902	0.0011%	0.000%
Plastics	Plastic Materials and Resins	9.48M	7,047,016	0.0063%	0.004%
Production Technology and Heavy ..	Commercial and Service Industry Machinery	3.32M	3,184,546	0.0046%	0.004%
Textile Manufacturing	Fibers	293.77M	40,842,314	7.4666%	4.523%
Transportation and Logistics	Transportation and Logistics	595.75M	366,702,632	0.0437%	0.015%
Upstream Chemical Products	Organic Chemicals	4.81M	4,490,197	0.0207%	0.019%
Upstream Metal Manufacturing	Metal Processing	980.09M	323,024,847	0.1486%	0.036%
	Wires and Springs	3.79M	2,167,700	0.0049%	0.004%
Water Transportation	Boat Building and Repairing	8.60M	5,359,074	0.0623%	0.058%
Grand Total		3,281.15M	938,171,117	0.0179%	0.003%

Mongolia's Food Processing and Manufacturing Cluster Exports, 2023

Cluster Name	Subcluster Name	Exports Growth		World Share	Share Change
		Exports 2023 ₮	2013-2023		
Food Processing and Manufacturing	Packaged Fruit and Vegetables	152,442,963	152,375,300	0.3632%	0.363%
	Dairy Products	46,810,946	40,034,175	0.0690%	0.063%
	Cereals and Oils	5,297,237	855,494	0.0106%	-0.004%
	Specialty Foods and Ingredients	1,685,573	1,455,271	0.0017%	0.001%
	Soft Drinks and Ice	740,933	719,720	0.0022%	0.002%
	Animal Foods	496,700	445,860	0.0018%	0.001%
	Distilleries	495,806	-944,317	0.0206%	0.014%
	Malt Beverages	235,078	233,893	0.0013%	0.001%
	Candy and Chocolate	162,846	-788,438	0.0003%	-0.002%
	Coffee and Tea	113,106	-81,983	0.0003%	0.000%
	Milling and Refining of Sugar	101,087	74,125	0.0004%	0.000%
	Baked Goods	60,150	-164,051	0.0001%	-0.001%
	Wineries	0	-345		
	Glass Containers	0	-10,963		
Grand Total		208,642,425	194,203,741	0.0403%	0.037%

Mongolia's Food Processing and Manufacturing Cluster Exports, 2023

Process	Industry Name	Exports Growth		World Share	Share Change
		Exports 2023 ₮	2013-2023		
Processed	Food preparations: n.e.c. in item no. 2106.10	1,338,200	1,203,686	0.0023%	0.002%
	Non-alcoholic beverages: n.e.c. in item no. 2202.10, not including fruit or vegetable juices of headin..	697,758	697,661	0.0051%	0.005%
	Vodka	495,806	-695,880	0.0206%	-0.018%
	Beer: made from malt	235,078	233,893	0.0013%	0.001%
	Sugar confectionery: (excluding chewing gum, including white chocolate), not containing cocoa	92,940	-514,877	0.0006%	-0.006%
	Chocolate and other food preparations containing cocoa: n.e.c. in chapter 18	38,399	-59,856	0.0002%	-0.001%
Semi-processed	Bran, sharps and other residues: of wheat, whether or not in the form of pellets, derived from the sifti..	4,726,729	1,745,953	0.2361%	-0.041%
	Nuts and other seeds: whether or not containing added sugar, other sweetening matter or spirit (excl..	843,003	842,996	0.0147%	0.015%
	Dog or cat food: put up for retail sale, used in animal feeding	475,254	475,254	0.0020%	
	Peptones and their derivatives: other protein substances and their derivatives n.e.c. or included, hid..	307,313	307,313	0.0064%	
	Cereal flours: n.e.c. in heading no. 1102	283,460	283,460	0.0351%	
	Vegetable fats and oils and their fractions: fixed, n.e.c. in heading no. 1515, whether or not refined, ..	155,245	155,245	0.0051%	
	Vegetables: mushrooms, other than the genus Agaricus and truffles, whole, cut, sliced, broken or in ..	142,675	133,867	0.0244%	0.024%
	Sugars: n.e.c. in heading no. 1702, including invert sugar and other sugar and sugar syrup blends c..	101,025	98,320	0.0030%	0.003%
	Animal or vegetable fats and oils and their fractions: oxidised, boiled or otherwise chemically modifie..	99,267	99,267	0.0010%	
	Juice: of any single fruit or vegetable n.e.c. in heading no. 2009, unfermented, not containing added ..	86,155	52,942	0.0021%	0.001%
	Coffee: not roasted or decaffeinated	84,286	74,385	0.0003%	0.000%
	Dairy produce: fresh cheese (including whey cheese), not fermented, and curd	71,268	71,068	0.0007%	0.001%
	Vegetable preparations: tomatoes, (other than whole or in pieces), prepared or preserved otherwise ..	51,959	51,489	0.0010%	0.001%
	Dairy produce: cheese (not grated, powdered or processed), n.e.c. in heading no. 0406	41,419	40,561	0.0002%	0.000%
Unprocessed	Nuts, edible: n.e.c. in heading no. 0801 and 0802, fresh or dried, whether or not shelled or peeled	150,588,598	150,587,418	6.2947%	6.295%
	Oil seeds: rape or colza seeds, other than low erucic, whether or not broken	46,525,117	41,503,270	3.1179%	2.488%
	Nuts, edible: coconuts, fresh or dried, whether or not shelled or peeled, desiccated	705,216	705,216	0.1019%	
	Oil seeds and oleaginous fruits: n.e.c. in heading no. 1207, whether or not broken	82,106	82,106	0.0045%	
	Oil seeds: sunflower seeds, whether or not broken	45,761	45,761	0.0008%	
Grand Total		208,638,919	197,564,688	0.0479%	0.043%

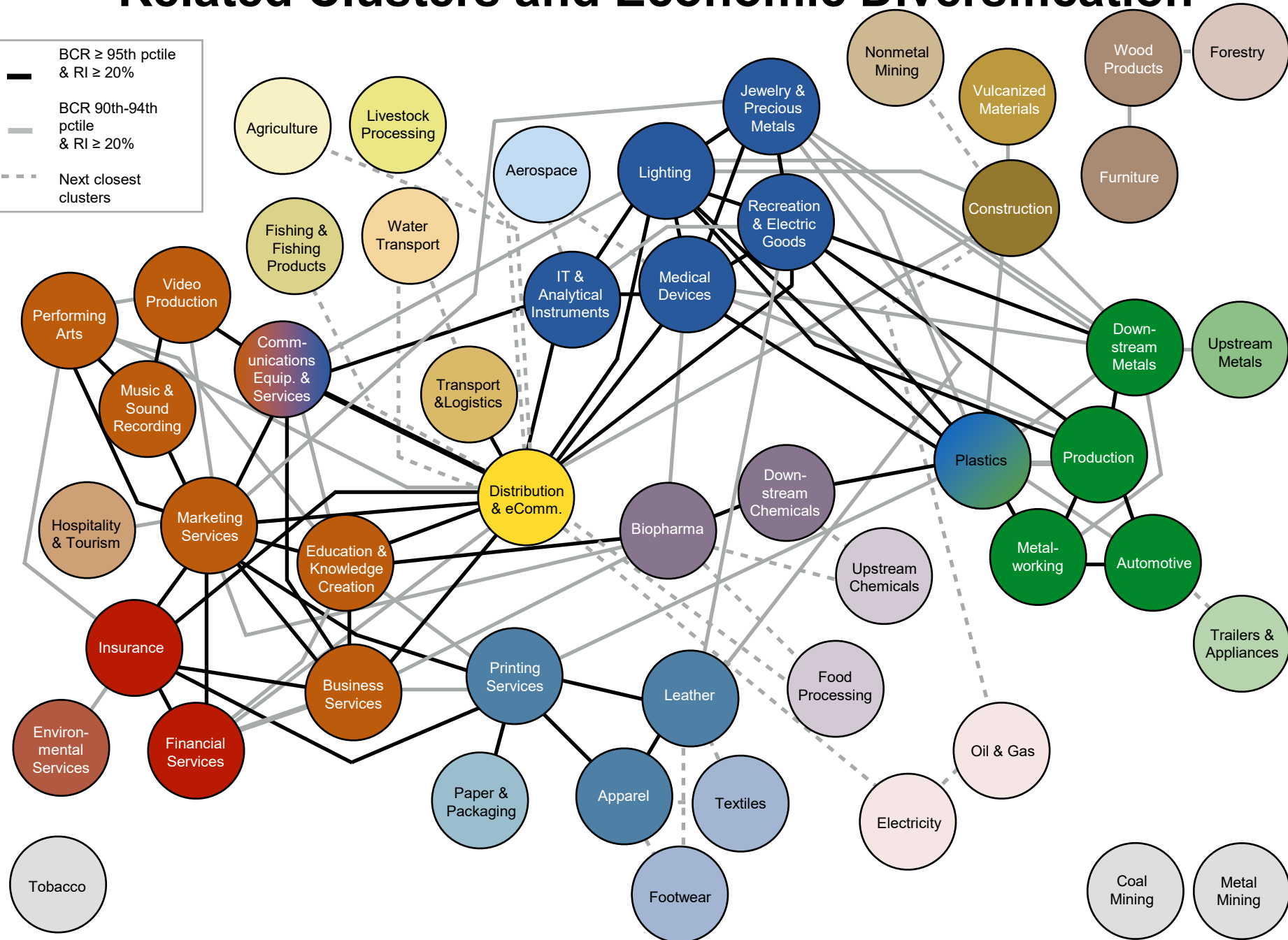
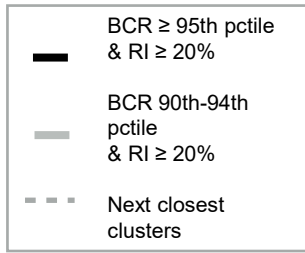
2106.10 = Protein: concentrates and textured protein substances

220110 = Waters: mineral and aerated, including natural or artificial, (not containing added sugar or other sweetening matter nor flavoured)

Mongolia's Meat Processing Subcluster Exports, 2023

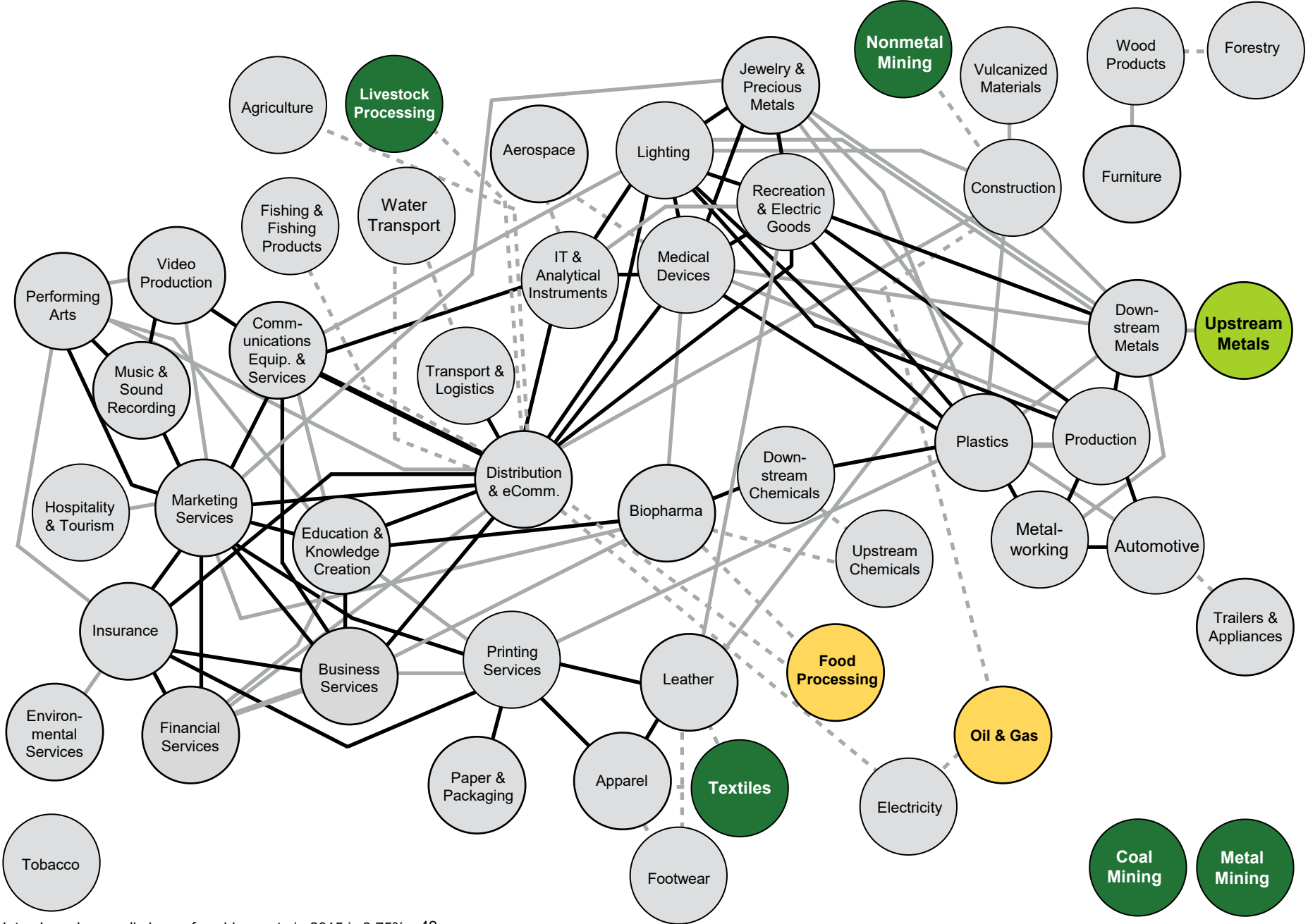
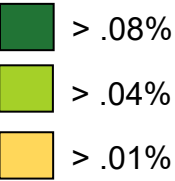
Subcluster Name	Process	Industry Name	Exports Growth		World Share	Share Change
			Exports 2023 ₮	2013-2023		
Meat Processing	Semi-processed	Meat preparations: of meat, meat offal or the blood of any animal, n.e.c. in heading no. 1602	64,571,501	64,571,439	12.6199%	12.620%
		Meat preparations: of bovine animals, meat or meat offal, prepared or preserved (excluding livers an..	20,689,681	20,687,600	0.7336%	0.733%
		Fats of bovine animals, sheep or goats: other than those of heading no. 1503	1,349,114	1,349,114	0.0480%	
		Animal fats and oils and their fractions: whether or not refined, but not chemically modified, n.e.c. in ..	421,505	420,916	0.0769%	0.077%
		Meat, preserved: of bovine animals, salted, in brine, dried or smoked	57,474	57,474	0.0154%	
		Meat and edible meat offal, preserved: salted, in brine, dried or smoked, and edible flours and meals..	55,156	13,870	0.0052%	0.001%
	Unprocessed	Meat: of horses, asses, mules or hinnies, fresh, chilled or frozen	62,975,003	55,437,003	15.0854%	13.479%
		Animal products: guts, bladders and stomachs of animals (other than fish), whole and pieces thereof..	15,736,863	-441,486	0.3171%	-0.021%
		Meat: of sheep (including lamb), cuts with bone in (excluding carcasses and half-carcasses), frozen	1,734,700	-179,865	0.0546%	-0.029%
		Hides and skins: raw, whole, of bovine or equine animals, of a weight per skin exceeding 16 kg	893,076	-2,189,199	0.0356%	-0.021%
		Animal products: n.e.c. in chapter 5	827,701	-256,629	0.0308%	-0.042%
		Animal products: tortoise-shell, whalebone and whalebone hair, horns, antlers, hooves, nails, claws ..	588,075	376,467	0.3232%	0.125%
		Hides and skins: raw, whole, of bovine or equine animals, of a weight per skin not exceeding 8kg wh..	548,372	-3,573,813	0.1563%	-0.413%
		Meat: of bovine animals, cuts with bone in (excluding carcasses and half-carcasses), frozen	529,379	529,379	0.0197%	
		Meat: of sheep, carcasses and half-carcasses (excluding carcasses and half-carcasses of lamb), fro..	487,521	271,621	0.1895%	0.056%
		Meat: of sheep, lamb carcasses and half-carcasses, frozen	374,980	374,980	0.2158%	
		Meat: of bovine animals, boneless cuts, frozen	341,314	341,314	0.0011%	
		Animal products: ambergris, castoreum, civet, musk, cantharides, bile (dried or not) glands and othe..	305,371	305,371	0.0535%	
		Meat: of sheep, carcasses and half-carcasses (excluding carcasses and half-carcasses of lamb), fre..	245,267	245,267	0.0599%	
		Hides and skins: raw, of animals n.e.c. in this chapter, fresh, salted, dried, limed, pickled or otherwis..	211,756	-769,154	0.1968%	-0.059%
		Offal, edible: of bovine animals, (other than tongues and livers), frozen	146,879	146,879	0.0050%	
		Meat: of sheep, lamb carcasses and half-carcasses, fresh or chilled	118,094	118,094	0.0081%	
		Animal products: badger hair and other brush making hair and waste of such bristles or hair, n.e.c. i..	35,000	35,000	0.1680%	
		Skins: raw, of sheep or lambs, pickled (but not tanned, parchment-dressed or further preserved), wit..	14,437	14,437	0.0118%	
		Offal, edible: of sheep, goats, horses, asses, mules or hinnies, frozen	12,499	-1,308,411	0.0054%	-0.555%
Grand Total			173,289,376	136,591,941	0.2775%	0.110%

Related Clusters and Economic Diversification



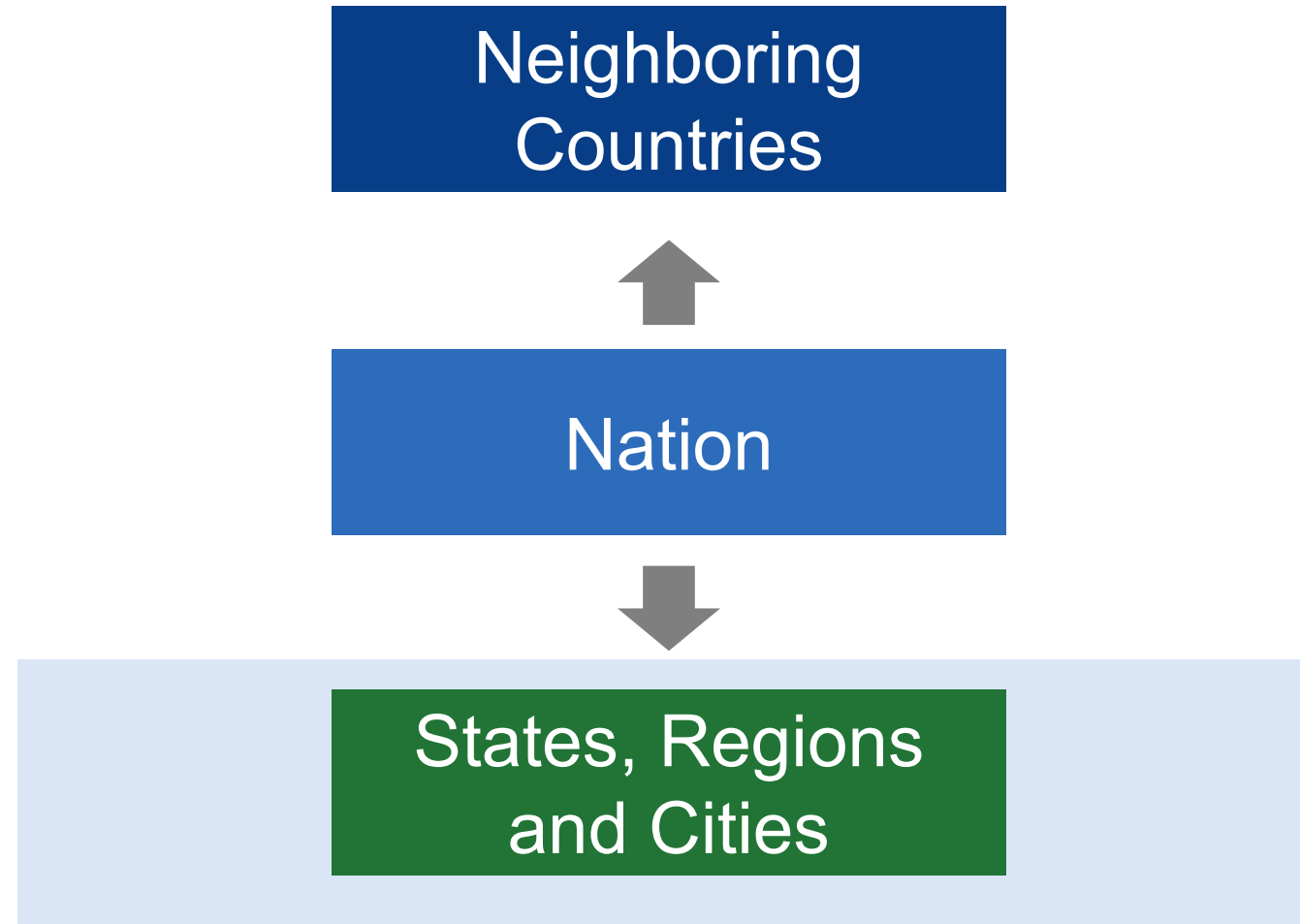
Mongolia Related Clusters and Export Diversification, 2023

World Export Share



Note: Japan's overall share of world exports in 2015 is 3.75%. 42

Geographic Influences on Competitiveness



- Regions are the **most important economic unit for competitiveness**