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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 cafeterias^[1], 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.

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