

The Population and Economic Activity of Ulaanbaatar

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1. Population and Migration

The urbanization process in Mongolia has developed sharply since the second half of the last century and the percentage of persons living in urban areas among the total population is increasing. According to the census conducted in 2010, two of every three citizens in Mongolia live in urban areas. Around 44.0% of the total population of Mongolia lived in urban areas in 1969. However, this number increased to 67.9% in 2010. The urban population increase within the past decade alone was almost equal to the increase that occurred during the preceding 30 years. Most of the urban population lives in Ulaanbaatar city, the capital city of Mongolia, and the Central Region, where there is better infrastructure and services, and the development of mining sites is growing. For example, Darkhan-Uul, Dornogovi [East Gobi] and Omnogovi [South Gobi] aimags are connected with tarmacked roads and railways. In addition, those aimags bordering China are attracting more residents. Although the western area of Mongolia has a relatively large number of residents, the urbanization process there is not yet intensive. The development of industry, services and social sectors, such as education and healthcare, in Ulaanbaatar city and provincial centers are attracting the rural population. Therefore many persons are moving to urban areas so increasing the urban population share of Mongolia's total population.

The majority of Mongolia's urban population, or around 64.2%, lives in Ulaanbaatar city alone, followed by Erdenet and Darkhan cities. The migration of herders to urban settlements, especially to Ulaanbaatar, has increased from 2000 due to loss of their livelihoods as a result of natural disasters, such as "*gan* [drought]" and "*zud or dzud* [lack of forage caused by extreme winter weather]". In addition, stable and safe working opportunities in the city and urban areas attract population and this is expanding the urbanization process. Accordingly the urban population size increased substantially and the urban population increased to 1,798,100, or 67.9% of the total, in 2010, from 1,345,000, or 57% of the total, in 2000. In particular Ulaanbaatar city has witnessed a more massive population growth than the other cities, and its population has increased by 349,200 persons, or by 51.9%, between the two censuses in 2000 and 2010. Thus the urbanization process in Mongolia is mainly resulting in the population growth of Ulaanbaatar city. According to the census of 2010, the population size of Ulaanbaatar equaled 43.2% of the total population of the country. The population of Ulaanbaatar was 14.0% and 22.3% of the total in 1956 and 1969, respectively. Conversely, according to the Population and Housing Census of 2010, the population sizes of other

provinces as a percentage of the total have decreased. Therefore Mongolia's rural to urban migration is predominantly directed towards Ulaanbaatar city.

Mongolia's internal migration has intensified within the last two decades and two major migration flow patterns were clearly noticeable from the results of the 2000 Population and Housing Census. These are: (1) the flow to Ulaanbaatar city; and (2) the flow to the Central Region. Therefore, there is a tendency towards population concentration in Ulaanbaatar and the Central Region, while the remote areas are becoming uninhabited. There are no signs of a reversal of this tendency; on the contrary, it is likely to increase.

The average number of people migrating to Ulaanbaatar city ranges between 61,300 and 590,400 for various periods. The number of persons born in other cities and provinces and who moved to Ulaanbaatar exceeds the number of persons born in Ulaanbaatar city and who moved to other provinces and cities by 543,600. This means that Ulaanbaatar city's population has mechanically increased by this amount. According to the Population and Housing Census of 2010, about 544,813 persons or 47.2% of Ulaanbaatar's population, were born in the city and have lived in the city without moving to any other place. The remaining 52.8% or 609,477 persons were those who moved to Ulaanbaatar city, of which 19,078 persons or 3.1% of the total were born in Ulaanbaatar city and moved elsewhere for a while, and then moved back. According to the census, 130,372 persons, or 21.4% of the total, were people who moved to Ulaanbaatar city and have lived there for more than 20 years, while 98,087 persons, or 16.1% of the total, have lived there for 1-3 years (Figure 1).

As of 1 January 2012, there were 1,206,610 persons or 45.8% of Mongolia's total population living in Ulaanbaatar city, 571,192 of whom were male and 635,418 female (Table 1).

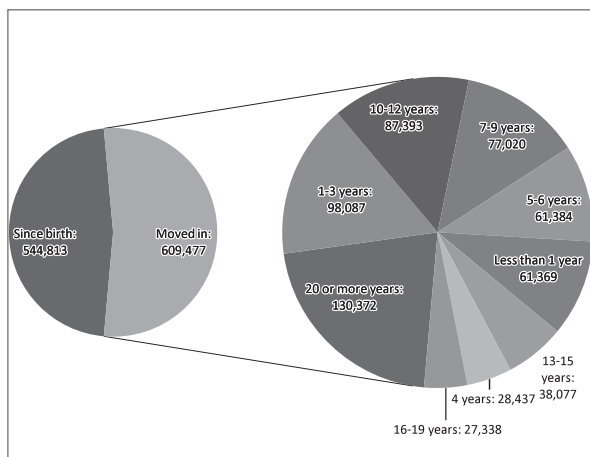
According to the census data, the annual average population growth was 9.5%, the highest rate, over the period 1956-1963; 3.0% for 1963-1969; 4.2% for 1969-1979; 3.1% for 1979-1989; 3.0% for 1989-2000; 3.8% for 2000-2008; and 4.2% for 2008-2012. The total population of Ulaanbaatar increased by 55,100 persons in 2011, whereas 44.8% of the total was a mechanical increase as migrants have officially moved from the rural areas to the city, and the other 50.1% of the total was a natural increase. The percentage share of the natural increase in population has tended to rise due to the growing birthrate over recent years, while the migration level from rural areas to Ulaanbaatar has been stable.

The net migration coefficient (i.e. mechanical growth per 1,000 persons) was 25 in 2000, which was three times

higher than the net natural growth coefficient (i.e. net natural increase per 1,000 persons). However, this situation had changed in 2011 as the net natural growth per 1,000 persons was higher than the mechanical growth.

During the period 2000-2011, a total of 380,000 persons moved to Ulaanbaatar city, while around 60,000 persons moved to rural areas from the city. There were 68,600 officially registered immigrants in Ulaanbaatar in 2004, when the "taxation waiver" was introduced. Most of them, or 27,200 persons, have resided in Ulaanbaatar city for a long time and were counted as urban citizens. In 2011,

Figure 1: Ulaanbaatar Resident Population Figures by Duration of Residence



Source: Population and Housing Census, 2010.

8,502 persons had officially moved to other provinces and places from Ulaanbaatar city. In addition, in 2011 the number of persons who moved to Ulaanbaatar city per 1,000 residents was 24, decreasing by 8 persons, while the number of persons who moved to rural areas was 7, decreasing by 3; mechanical growth accounted for 17 per 1,000 persons, declining by 5 compared to the 2008 data (Table 2).

In 2011, 28,593 persons officially migrated to Ulaanbaatar city and settled in various districts of the city. Bayanzurkh district received the biggest number of the immigrants, followed by Songinokhairkhan, where most of the residential ger districts are located. In terms of age groups, there were 5,761 persons, or 20.1% of the total, aged under 15; 16,388 persons, or 57.3% of the total, aged between 15 and 34; 3,204 persons, or 11.2% of the total, aged between 35 and 39; and 3,240 persons, or 11.3% of the total, aged 45 and over (Figure 2).

Ulaanbaatar city is a young city and in 2011, 64.2% of the city's total population was under 35 years old, while: 321,100, or 26.6%, were children up to 15 years old; 810,900, or 67.2% of the total, were those aged 16-59; and 74,600, or 6.2% of the total, were those aged over 60. According to the population pyramid, all age groups witnessed increases, thus indicating a high population growth between 2008 and 2011. In terms of the gender ratio of Ulaanbaatar city, the number of men per 100 women decreased to 89.9 persons in 2011, lower by 3 persons compared to 2008 (Figure 3).

This was mainly related to the fact that the number of

Table 1: Population Change of the Capital City of Ulaanbaatar, 2006-2011

	2006	2007	2008	2009	2010	2011
Population of Mongolia, '000s	2,583.3	2,620.4	2,666.0	2,716.3	2,761.0	2,811.7
Population of the capital, '000s	1,053.5	1,098.8	1,147.7	1,196.8	1,244.4	1,287.1
Residents in the capital, '000s	987.2	1,025.2	1,067.5	1,106.7	1,161.8	1,206.6
Percentage of total population, %	40.8	41.9	43.0	44.1	45.1	45.8

Source: Statistics Department of Ulaanbaatar, 2012

Table 2: Ulaanbaatar Population Figures

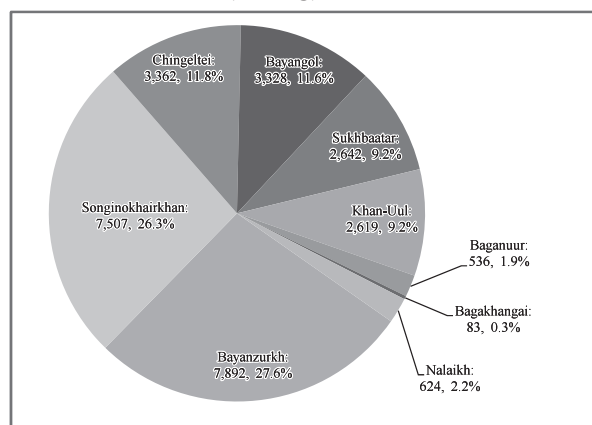
Year	Population, at beginning of the year	Births	Deaths	Immigrants	Emigrants	Population, at end of the year
2000	760,077	11,771	5,037	19,918	592	773,613
2001	773,613	12,339	5,069	11,608	782	790,878
2002	790,878	12,652	4,996	23,840	578	821,796
2003	821,796	13,571	5,522	40,760	693	869,912
2004	869,912	14,795	6,017	68,808	1,346	915,531
2005	915,531	15,465	5,972	30,207	2,821	952,410
2006	952,410	18,089	6,417	29,633	6,523	987,192
2007	987,192	22,721	6,417	29,112	7,434	1,025,174
2008	1,025,174	25,426	6,336	33,407	10,199	1,067,472
2009	1,067,472	27,943	6,310	28,337	10,723	1,106,719
2010	1,106,719	26,828	7,064	39,701	14,547	1,161,785
2011	1,161,785	30,226	7,768	28,593	8,502	1,206,610

Source: Statistics Department of Ulaanbaatar, 2012

Table 3: Migration Indicators for Ulaanbaatar

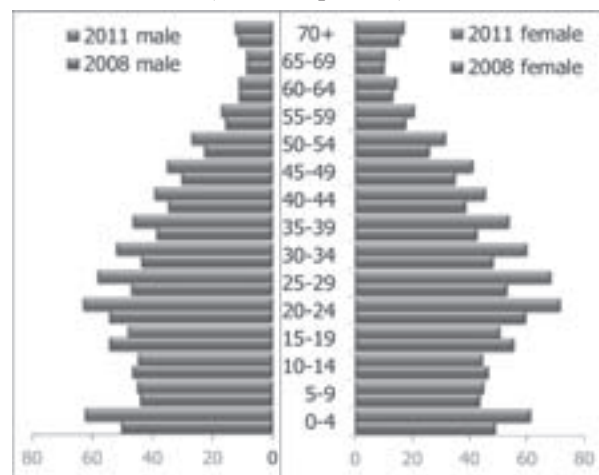
Year	Immigrants	Emigrants	Mechanical growth	Immigration coefficient	Emigration coefficient	Net migration coefficient
1990	5,157	2,102	3,055	9.08	3.70	5.38
1991	6,526	4,317	2,209	11.31	7.48	3.83
1992	7,419	2,614	4,805	12.70	4.48	8.23
1993	8,881	2,767	6,114	14.96	4.66	10.30
1994	10,720	2,422	8,298	17.74	4.01	13.73
1995	10,280	2,563	7,717	16.73	4.17	12.56
1996	7,446	1,296	6,150	11.93	2.08	9.85
1997	8,493	1,171	7,322	13.28	1.83	11.45
1998	15,994	1,195	14,799	24.26	1.81	22.45
1999	15,199	822	14,377	21.27	1.15	20.12
2000	19,918	592	19,326	25.76	0.77	24.99
2001	11,608	782	10,826	14.52	0.98	13.54
2002	23,677	578	23,099	28.54	0.70	27.85
2003	40,760	693	40,067	46.85	0.80	46.06
2004	68,808	1,346	67,462	75.53	1.48	74.06
2005	30,207	2,821	27,386	31.72	2.96	28.75
2006	29,633	6,523	23,110	30.02	6.61	23.41
2007	29,112	7,434	21,678	28.93	7.39	21.54
2008	33,407	10,199	23,208	31.93	9.75	22.18
2009	28,337	10,723	17,614	26.06	9.86	16.20
2010	39,701	14,547	25,154	35.00	12.83	22.18
2011	28,593	8,502	20,091	24.15	7.18	16.97

Source: Statistics Department of Ulaanbaatar, 2012

Figure 2: Immigrant Residents by Ulaanbaatar District (Duureg), 2011

male deaths is higher than females and the majority of rural immigrants were also females. Although the sex ratio at birth was continuously dominated by males, it decreased with increasing age.

As of 2011, the population dependency ratio (the number of children under the age of 16 and those aged 60 or over divided by the population aged 16-59) was 48.8%, the same level as in the previous year. In particular, the child-dependency ratio was 40 and the elderly-dependency

Figure 3: Population Pyramid for Ulaanbaatar City (thousand persons)

ratio was 9. This means that per 100 working-age adults in Mongolia there were 49 dependent persons, of whom 40 were children and 9 were elderly. In Ulaanbaatar at the end of 2011, the population aged 60 or over amounted to 74,570: 32,501, or 43.6% of the total, were men; and 42,069, or 56.4% of the total, were women.

The average life expectancy at birth was 69.5 years in Ulaanbaatar in 2011, increasing by 1.2 from the previous

Table 4: Population of the Capital City by District (Duureg), 2006-2011

District	2006	2007	2008	2009	2010	2011
Baganuur	25,731	25,969	25,877	25,875	26,905	27,036
Bagakhangai	3,827	3,864	3,742	3,615	3,647	3,727
Bayangol	160,818	165,159	169,278	174,851	185,104	192,111
Bayanzurkh	211,614	221,565	235,192	250,241	265,997	283,289
Songinokhairkhan	211,056	220,295	232,326	241,410	252,264	257,140
Sukhbaatar	123,041	129,486	133,108	135,103	136,917	137,834
Nalaikh	27,297	28,152	29,115	30,215	31,458	32,513
Khan-Uul	90,925	94,670	98,815	104,166	112,055	119,843
Chingeltei	132,883	136,014	140,019	139,765	147,438	153,117
Residents in the capital	987,192	1,025,174	1,067,472	1,106,719	1,161,785	1,206,610

Source: Statistics Department of Ulaanbaatar, 2012

year. In 2008, the average life expectancy at birth in Ulaanbaatar was higher than the national average by 0.2 years, but recently this difference has had an increasing tendency.

2. Household Status

As of 1 January 2012, 306,800 households, or 40.4% of all Mongolian households, were in Ulaanbaatar and the average number of household members was 3.9. The number of households increased by 12,400, or 4.2%, from the figures in 2010, and by 55,000, or 21.9%, compared to 2008.

The number of household members has been decreasing since 1990 and was relatively stable at 4.4 during the past years, but it decreased to 3.9 in 2011. 7,833 families, or 2.6% of the total, had 8 or more members, and 6,959 families had 4 or more members aged up to 16. In 2011 the number of single mother households decreased to 24,400: 1,189, or 4.6%, less than the previous year.

The ger districts in Ulaanbaatar city have been expanding due to the income level of the immigrant households from rural areas and new families, and also the lack of apartments connected up to infrastructure. Until recently, around 50% of all families lived in apartments connected up to infrastructure, but the numbers of households living in traditional gers have been on the rise since 2003. The share of households living in ger districts accounted for 58.6% of the total in 2005, and increased to 60.0% of the total in 2011. The number of households living in ger districts has been increasing by 6% annually and reached 184,200 at the beginning of 2012. Among them, about 81,600 households live in Mongolian traditional gers and the remaining 100,300 families live in single-household houses.

At the same time, the number of households living in residential apartments has been increasing by about 5,000 annually and reached 122,600 in 2012. 38.8% of the households live in 21-to-40-square-meter apartments, while 47.8% of the total live in apartments with more than 40 square meters. In the period 2000-2011, 53,000 residential apartment units became available and 32 apartment blocks with 2,212 residential units became available during the

first quarter of 2012.

The power supply of Ulaanbaatar city is by centralized and non-centralized energy systems, but 3,307 households in the city still do not have access to electricity. However, the residential heating and sanitation systems are far from being adequate. 55.0% of households lived in apartments with a central-heating system in 2011, 5.4% lower than in the previous census. However, the percentage of households that have individual heating stoves in their houses increased by 6.6%, and these are the biggest source of air pollution in Ulaanbaatar. Therefore, the Mongolian government needs to develop policies and programs to tackle this issue.

The average household income for Ulaanbaatar city amounted to MNT 697,554 in 2011, 31.8% higher than the previous year. The household income gap between the households in Ulaanbaatar city and those in other regions increased to MNT 124,000 in 2011, almost double the MNT 61,700 in 2008.

As of 2011, total household income consisted of salaries (63.4%), pensions (18.1%), income from household businesses (9.4%), and other income (9.1%). The monthly average salary of a working person in Ulaanbaatar city was MNT 428,609, which was 31.5% higher than the previous year, and 1.7 times higher than the figure in 2008. The average monthly pension by receiver was MNT 154,300 at the end of 2011, while the number of pensioners has increased by 3.4% from a year earlier (Table 5).

In 2011, monthly average household expenditure amounted to MNT 651,373, which was 25.3% higher than a year earlier, and increased by 1.4 times compared to 2008. While 64.1% of total household expenses were non-food expenses in 2008, this increased to 64.8% in 2011. Non-food expenses, such as purchase of clothes and other commodities, expenses for transportation and communications, and those for buying apartments have been on the rise annually (Table 6).

The minimum subsistence level of a person, or the cash amount needed to purchase essential food and non-food products (the poverty line), in Mongolia has been revised 22 times since 1991. This amount has been MNT 118,100 in Ulaanbaatar, since it became effective on 1 April 2011.

According to a sample survey conducted in 1998,

Table 5: Monthly Average Household Income (at current prices, MNT)

Income type	2007	2008	2009	2010	2011
Monthly average household income of Ulaanbaatar	290,755	425,327	487,093	529,302	697,554
1. Monetary income, total	284,981	416,015	475,803	514,069	676,392
- Wages and salaries	171,299	255,089	292,858	325,901	428,609
- Pensions and allowances	41,606	68,761	74,915	70,061	122,679
- Income from household businesses	49,411	53,068	66,051	62,059	63,841
- Other	22,665	39,097	41,979	56,048	61,264
2. Received from others free of charge	5,276	8,962	11,187	13,895	19,724
3. Foodstuff, which consumed from private farm or enterprise	498	350	103	1,338	1,437
National average income per household	263,681	363,594	402,525	448,027	573,541
Difference between the national and Ulaanbaatar incomes per household	27,074	61,733	84,568	81,275	124,013

Source: National Statistical Office of Mongolia, 2011

Table 6: Monthly Average Household Expenditure (at current prices, MNT)

Expenditure type	2007	2008	2009	2010	2011
Monthly average expenditure per household of Ulaanbaatar	323,921	464,134	499,212	534,882	672,535
1. Monetary expenditure	318,147	454,822	487,922	519,649	651,373
Food expenses	111,224	163,214	161,815	179,747	229,153
Non-food expenses and services	206,923	291,608	326,107	339,902	422,220
2. Received from other free of charge	5,276	8,962	11,187	13,895	19,724
3. Foodstuff, which consumed from private farm or enterprise	498	350	103	1,338	1,437
National average expenditure per household	292,488	367,466	437,602	450,206	577,406
Difference between the national and Ulaanbaatar average expenditures per HH	31,433	96,668	61,610	84,676	95,129

Source: National Statistical Office of Mongolia, 2011

34.1% of the total population of Ulaanbaatar had a consumption level lower than the poverty line by 13.0%. The Household Social and Economic Survey conducted in 2011 revealed that 23.5% of the city population had a consumption level below the poverty line by 5.9%. The poverty headcount ratio in Ulaanbaatar city was between 3.7% and 15.4% lower than the other regions and 6.3% lower than the national average. The poverty gap was also reduced in Ulaanbaatar in 2011.

3. Employment

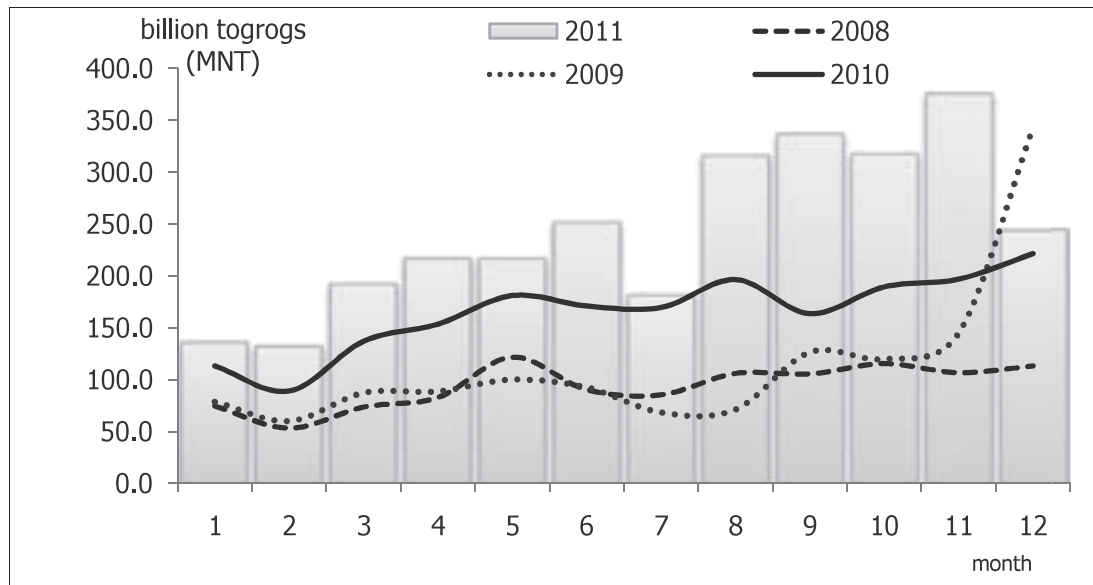
Mongolia has been conducting the Labor Force Survey on a quarterly basis since 2006, in accordance with the Law on Statistics of Mongolia. According to this survey, 34.0% of the country's 1,124,700 economically-active persons, and 34.8% of the persons in employment, lived in Ulaanbaatar city in 2011. The work force participation level, the ratio of the economically-active persons to the working-age population, was 53.9%. The unemployment rate decreased to 5.6%, which was lower by 3.1 percentage points from a year earlier. At the same time, the national unemployment

rate was 7.7%. The high concentration of population in Ulaanbaatar city is creating opportunities for expanding business activities in the city.

70.0% of all companies officially registered in Mongolia are in Ulaanbaatar city, while 64.2% of active companies are running their operations in Ulaanbaatar city. There are 47,195 registered companies in Ulaanbaatar city, and 30,866 companies were active in 2011. Most of the companies are small and medium-sized companies with less than 50 employees; those with more than 50 employees account for 3.3% of the total, but they employ 55.8% of the total labor force.

Value-added in Ulaanbaatar city accounted for 64.6% of the national GDP in 2011. The service sector accounted for 68.8% of the total, while the industry and construction sectors accounted for 30.7% and the agriculture sector for 0.4%.

Mongolia's per capita GDP was MNT 3.8 million in 2011, an increase of MNT 813,500 on the 2010 figure. Value added per person in Ulaanbaatar city was MNT 5.5 million in 2011, an increase of MNT 1.2 million on the previous year.

Figure 4: Sales of Industrial Products, 2008-2011

In 2011, MNT 3,874.6 billion was invested into the economy of Ulaanbaatar city. This was 2.2 times higher than a year earlier. The majority of public investments are carried out in Ulaanbaatar city due to its concentration of infrastructure, market capacity and professional work force. 49.5% of total investment was foreign investment, whereas the amount of domestic investment has increased almost 4 times.

There are 926 foreign invested companies which newly registered in Ulaanbaatar in 2011, 22.9% higher than a year earlier. 81.8% of these companies were engaged in geology, mining, exploration and the oil sector, 12.5% in trade and catering, and the remaining 5.7% in the financial sector.

The gross industrial output of Ulaanbaatar amounted to MNT 2,433.1 billion, and sales amounted to MNT 2,924.3 billion in 2011, increases of 27.1% and 33.7%, respectively, from 2010 (Figure 4). 56.7% of the total production of Ulaanbaatar city is related to the mining sector.

The manufacturing output of Ulaanbaatar city accounted for 42.2% of Mongolia's total manufacturing output, and 75.4% of the total construction and maintenance work, amounting to MNT 745.0 billion, was made in Ulaanbaatar city in 2011.

Mongolia's total amount of retail and wholesale trade equaled MNT 6,793.6 billion in 2011, 75.1% of which was accounted for by Ulaanbaatar city. 72.1% of the total trade was wholesale trade. Operating in 2011 were: 3,512 shops, 90 wholesale stores, 22 markets and 619 fast-service centers.

In addition, 80.4% of the total passengers and 12.0% of the total freight for Mongolia were accounted for by

Ulaanbaatar city.

4. Conclusion

Ulaanbaatar city is Mongolia's political, economic, social and cultural center. Around 45% of the total population resides in the city, and 65% of all companies are operating in Ulaanbaatar. Therefore the role of Ulaanbaatar city in Mongolia's economy is enormous.

The economic conditions of the city have been improving, mainly supported by the retail and wholesale trades, services and consumers. The construction and service sectors are becoming the major labor market for immigrant workers from the rural areas. The population density of Ulaanbaatar city has been continuously increasing and overpopulation is becoming a major burden to the city's environment and infrastructure.

However, along with policies towards reducing overpopulation in the city, the high concentration of population could also be one of the key drivers of the city's further development. In particular, it is necessary to create environmental, population and economic concentrations, and reduce the pressure on the environment from consumption and production. Promotion of environmentally-friendly technologies, products and services should be intensified.

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