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## ENERGY SECURITY IN MONGOLIA: CURRENT TRAJECTORY AND FUTURE PROSPECTS

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### Abstrak

Mongolia adalah negara yang terkurung daratan yang terletak di antara dua tetangga kuat Rusia di utara, Cina di selatan. Karena posisi geografis Mongolia, negara ini memiliki pilihan diplomatik yang terbatas untuk menunjukkan kekuatannya baik di tingkat global maupun regional. Dengan demikian, Mongolia terpaksa memulai reformasi politik dan ekonomi untuk mengatasi politik global pasca perang dingin. Belakangan ini, sumber daya alam Mongolia yang belum dijelajahi dan berlimpah merupakan faktor kunci dari perkembangan sosial-ekonomi Mongolia. Namun, Mongolia sering disebut sebagai contoh "kutukan sumber daya". Mongolia tidak dapat menggunakan sumber daya alamnya secara efisien sehingga menderita tantangan ekonomi, politik, dan sosial yang kekurangan sumber daya. Lokasi geografis Mongolia dan posisinya yang terkurung daratan antara Cina dan Rusia membatasi ambisi Mongolia untuk beralih dari ekonomi berbasis impor ke ekonomi kuat berorientasi ekspor di Asia Timur Laut. Namun, sumber daya alam Mongolia, stabilitas politik, dan pendekatan non-blok memiliki potensi besar untuk mengurangi ketergantungan Mongolia yang berlebihan pada impor dari negara tetangga. Tidak seperti negara-negara tetangganya, Mongolia berbagi dan memegang nilai-nilai demokrasi yang membuka jalan baru untuk hubungan multilateral yang lebih besar antara Mongolia, Barat, dan rezim demokrasi lainnya. Berdasarkan cita-cita demokrasi bersama ini, Mongolia dalam rezim era pasca perang dingin mengadopsi pendekatan yang beragam dan multilateral. Dengan gambaran singkat tentang tantangan ekonomi, politik, fisik yang dihadapi Mongolia, makalah ini menyoroti potensi sumber energi Mongolia. Makalah ini juga menawarkan saran tentang bagaimana Mongolia dapat menyeimbangkan hubungannya dengan Rusia, Cina, dan kekuatan global sambil beralih ke ekonomi yang tidak terlalu bergantung pada mineral.

**Kata Kunci:** Mongolia, negara yang terkurung daratan, Rusia, Cina, Kutukan Sumber Daya, Asia Timur Laut, Non-Blok, Multilateralisme, Kebijakan Tetangga Ketiga, Keamanan Energi

### Abstract

Mongolia is a landlocked country situated between two powerful neighbors Russia to the north, China to the south. Due to Mongolia's geographical positioning, the country has limited diplomatic options to showcase its power both at the global and regional levels. Thus, Mongolia was forced to initiate political and economic reforms to cope up with the post-cold war global politics. In recent times, Mongolia's unexplored and abundant natural resources are key factors of Mongolia's socio-economic development. Yet, Mongolia is often cited as an example of a "resource curse". Mongolia was unable to use its natural resources efficiently hence suffered from resource deficient economic, political, and social challenges. Mongolia's geographical location and its landlocked position between China and Russia constrained Mongolia's ambition to shift from an import-based economy to an export-oriented powerful economy in North-East Asia. However, Mongolia's natural resources, political stability, and non-alignment approach have great potential to decrease Mongolia's overdependence on imports from neighboring countries. Unlike its neighboring states, Mongolia shares and holds democratic values which open up new avenues for greater multilateral relationships between Mongolia, the West, and other democratic regimes. Based on these shared democratic ideals, Mongolia in the post-cold war era regime is adopting a diverse and multilateral approach. With a brief overview of the economic, political, physical challenges faced by Mongolia, the paper highlights the potential of Mongolia's energy sources. The paper also offers suggestions on how Mongolia could balance its relationship with Russia, China and global powers while shifting towards a less mineral-dependent economy.

**Keywords:** Mongolia, landlocked country, Russia, China, Resource Curse, North-East Asia, Non-Alignment, Multilateralism, The Third Neighbors Policy, Energy Security.

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## **INTRODUCTION**

With the sudden demise of the Soviet Union in the 1990s, Mongolia lost its long-time ally and security provider. In this challenging time, Mongolia was forced to initiate political and economic reforms to cope up with the post-cold war global politics. Thus, Mongolia moved from a centrally planned to a market-based economic system. In recent times, Mongolia's unexplored and abundant natural resources are key factors of Mongolia's socio-economic development. Yet, Mongolia is often cited as an example of "resource curse". Mongolia was unable to use its natural resources efficiently hence suffered from resource deficient economic, political, and social challenges. Mongolia's geographical location and its landlocked position between China and Russia constrained Mongolia's ambition to shift from an import-based economy to an export-oriented powerful economy in North-East Asia. However, Mongolia's natural resources, political stability, non-alignment and democratic governance have great potential to decrease Mongolia's overdependence on imports from neighboring countries (Kumar & Chatterjee, 2021). Unlike its neighboring states, Mongolia shares and holds democratic values which open up new avenues for greater multilateral relationships between Mongolia, the West, and other democratic regimes. Based on these shared democratic ideals, Mongolia in the post-cold war era regime has adopted a diverse and multilateral approach. With a brief overview of the economic, political, physical challenges faced by Mongolia, the paper highlights the potential of Mongolia's energy sources. The paper also offers suggestions on how Mongolia could balance its relationship with Russia, China and global powers while shifting towards a less mineral-dependent economy.

## **METHODS**

In contemporary times China and Russia's dominance in North-East Asia threatens the interests and geo-political aspirations of small states such as Mongolia. Both China and Russia are Mongolia's immediate neighbors who determine Mongolia's external and internal policies. However, Mongolian leadership is conscious about Chinese debt trap thus trying hard to counter China and Russia by delving into close strategic and energy partnership with major powers around the globe. With these paradigm shifts in Mongolian foreign policy this study will try to understand Changes and continuities in Mongolia's energy policy and to explore potentials of energy cooperation in Mongolia. The crucial element of this study is to uncover the pertinent issues of Mongolia's energy security. To facilitate such understanding this study will explore Mongolia's energy dilemma using empirical data, but the analysis will remain qualitative. Both primary and secondary sources, e-resources, and news articles on this topic above are used extensively.

## **RESULT AND DISCUSSION**

### **Trilateralism, Multilateralism and Energy Security in Mongolia**

Mongolia is a landlocked country situated between two powerful neighbors Russia to the north, China to the south (Gill, 2021). Due to Mongolia's geographical positioning, the country has limited diplomatic options to showcase its power both at the global and regional levels. However, Mongolia since its democratization in the 1990s has attempted to maintain balanced relations both with its neighbors and global powers. Yet in practice, Mongolia remains dependent on its adjoining neighbors both for financial help and trade. Since Mongolia's democratization in the early 1990s, China has replaced Russia to become Mongolia's largest trading partner influencing Mongolia's national and foreign policies simultaneously. In fact, Mongolia's economic boom and growth are connected to the assertive role of China and Russia. However, it would be wrong to presume global powers have limited partnership opportunities in Mongolia. In fact, Mongolian policymakers are

aware of Mongolia's over-dependence on China and Russia. Due to this, Mongolian leadership is trying to limit China and Russia's influence in the economy. Additionally, both policymakers and citizens of Mongolia are worried about Chinese assertiveness in Northeast Asia. That's why former Mongolian president Battunga tried to maintain distance from China while sustaining economic growth and focusing on multilateral partnerships with other third neighbors. There is no denying China has emerged as a hegemonic and neocolonial power trying to exploit weak states by its policy of debt diplomacy. This mistrust has its roots in the history of Chinese exploitation over Mongolia that still influences the bilateral relations between the two. In modern times China is trying to take control of Mongolia's mineral resources. Chinese big corporations are investing heavily in Mongolia's mining extraction and infrastructure network. Such developments are perceived by Mongolians as a neocolonial technique of domination via the means of trade and investments in the mining sector. Amidst this growing anti-Chinese resentment in Mongolia, the country is moving towards self-reliance in the energy sector. Inconveniently for all the major political parties in Mongolia, nationalism based on Mongol identity is getting priority over economic realities. Yet in reality, Mongolians can't deny the role of China. Mongolia is very much economically dependent on China, 90% percent of Mongolia's exports go to or through China and China is also Mongolia's key partner in developing the infrastructure required by Mongolia's mining industry (Gill, 2021). So, China's role is pivotal for Mongolia to maintain its economic growth. In recent times Mongolia has become China's most favored nation to do bilateral trade considering logistics and connectivity. That's why China has become Mongolia's largest source of foreign direct investment. Additionally, due to the financial downturn, Mongolia is in dire need to use Chinese expertise to develop more energy both for domestic purposes and global export. Although Mongolian leadership is well aware of Chinese hegemony especially with reference to weak states. Because of this Mongolia is counterbalancing China's role with major global powers. Unlike China, Mongolians generally see Russia in a favorable light (Gill, 2021). Mongolia and Russia have shared a rich history marked by mutual respect and territorial sovereignty. The Soviet Union even protected Mongolia from Chinese aggression after the fall of the Qing empire of China. In the later periods, the Soviet Union became Mongolia's biggest ally and invested heavily in infrastructure development. During the Soviets' time, both countries collaborated economically. The Soviet Union was also responsible for building the trans-Mongolian railroad infrastructure which is still pivotal for logistics and commercial transport (Gill, 2021). This shared history between the Soviet Union and Mongolia is reflecting upon the contemporary bilateral relationship between Russia and Mongolia. In recent decades Mongolia has relied heavily on Russia for energy imports. Keeping in mind Russia's popularity in Mongolia, there are growing opportunities to expand trade, foreign investment, and energy cooperation between the two (Gill, 2021). However, Mongolia's over-dependence on China dwarfs Russian demand for Mongolian energy resources, and Russia is unlikely to invest in Mongolia's infrastructure out of pure goodwill for a Soviet-era comrade (Gill, 2021). China and Russia both are important for Mongolia but for different reasons. China is Mongolia's biggest trade partner while Mongolia needs Russia for energy imports. Because of this Mongolia is opting for trilateralism without hurting the sentiments of both Russia and China. Under this trilateralism, the first major initiative was the China-Mongolia-Russia economic corridor. The rationale behind the creation of this trilateral economic corridor is the holistic development of the Siberian regions (Dondokov, 2018). It is expected this corridor will increase the efficiency of the use of the Trans-Siberian Railway, highways, and other development infrastructure (Dondokov, 2018).

However, this project is facing difficulty due to limited interactions amidst territorial disputes followed by the Covid pandemic. Although, under this project, Mongolia expects deeper energy cooperation from Russia without risking trade relations with China. Another aspect of Mongolia's energy security is related to China's larger Silk Road Economic Belt. Under this policy, Mongolia occupies a significant position in Chinese foreign policy discourse. China is carefully maneuvering Mongolia to develop greater relations with the Central Asian States. Along with Mongolia, CIS states are also rich in natural resources, and Mongolia is situated at the crossroad of Russia and

Central Asia. Because of this Mongolia's geostrategic location is pivotal under China's One Belt One Road Initiative. Even though Mongolia has opted for Trilateralism, Mongolia is also reinvigorating the Third neighbors' policy. The third neighbor policy is Mongolia's attempt to reduce hegemonisation of its economy by Russia and China by maintaining cordial relations with major powers (Soni,2015). Mongolia being the only democratic country in Northeast Asia the prospects of energy cooperation with the west are relatively high. Even many democratic countries and foreign investors are interested in the Mongolian energy sector. Under the Third neighbors' policy, India funded an oil refinery in Mongolia costing around USD 1 billion which is to be completed by 2022(Press India, 2019). Additionally, FDI from the United States, Japan, and Germany are pouring through in significant quantities. This could be a positive step for Mongolia to reduce the domination of Russia and China in the Mongolian energy sector. Nonetheless, foreign investments in Mongolia declined sharply in recent times. Reasons for such decline are the logistical difficulty of investing in the mining sector of a landlocked economy along with the unattractive domestic market (Gill, 2021). Yet, Mongolian leadership is optimistic that foreign investments in Mongolia will continue under the Third neighbors' policy (Gill, 2021). In order to attract more foreign investors, Mongolia in 2015 adopted the State Policy on Energy for the 2015-2030 periods (IEA/IRENA Renewables Policies Database, 2018). The thrust areas of this policy are energy security, sustainability of the energy sector, and faster deployment of renewables in the future (IEA/IRENA Renewables Policies Database, 2018). This policy is divided into two stages with specific objectives to be implemented over time. The first phase of implementation is given a time period of 2015-2023. Key areas given in this phase are energy safety, power capacity, development of the renewable energy sector. The second phase is expected to commence from 2024-2030 with goals to export energy and to achieve a sustainable and renewable energy sector (IEA/IRENA Renewables Policies Database, 2018).

So, it's quite clear Mongolia seems committed to reduce dependence on its adjoining neighbors and develop more energy ties with global powers. Yet, Mongolia can't shun away Chinese and Russian dominance so easily. Even though The Third neighbors' policy is in full swing, it can only complement China and Russia's role in Mongolia. Thus, Mongolia adopts a balanced approach that recognizes China's essential role in the Mongolian economy while acknowledging the role of global powers (Gill, 2021).

### **Energy Potentials of Mongolia: The current state and future development**

Mongolia is a resource-rich country both with an abundance of coal and of renewables such as solar, wind, and hydropower resources (Ministry of Energy of Mongolia & International Renewable Energy Agency, 2016). Mongolia's immense renewable energy potentials can solve energy deficiencies in Northeast Asia. Due to heavy demand for energy from Mongolia's adjoining neighbors Russia and China, Mongolia is harnessing its renewable energy. Additionally, renewable energy sources of Mongolia can help to reduce pollution, combat global warming and grow the economy through electricity export to major powers around the globe. According to the Renewables Readiness Assessment: Mongolia published by the International Renewable Energy Agency (IRENA) and the Ministry of Energy of Mongolia highlights Mongolia's solar and wind resources alone could reach 15,000 terawatt-hours (TWh) per year, the equivalent of more than 18 million tons of avoided coal (Ministry of Energy of Mongolia & International Renewable Energy Agency, 2016). Even though Mongolia has immense renewable potential, only seven percent of installed power-generation capacity comes from renewable energy, mostly hydropower and wind energy (Ministry of Energy of Mongolia & International Renewable Energy Agency, 2016). Coal remains the primary energy source for Mongolia to sustain rapid economic growth. Mongolia is also rich with other natural resources such as gold, copper, zinc, oil and gas, etc. which remained unexplored, and Mongolia remained dependent on two powerful neighbors China and Russia for energy import. Ignoring its renewable energy sources and depending only on coal has come with

environmental costs for Mongolia, particularly in urban centers and mining regions (Ministry of Energy of Mongolia & International Renewable Energy Agency, 2016).

To combat these challenges, Mongolia after the 1990s undertook several policy reforms to reduce over-dependence on its mining sector and to attract the eyes of western investors. These policies helped Mongolia's GDP to boost up from 10 percent in the early 2000s to over 20 percent after the mid-2000s (Barma, 2014 as cited in Locatelli, 2019). Subsequently, economic, and political reforms helped Mongolia to open the country's largest mine in Oyu Tolgoi. Mongolia's energy potential and successive economic development however is linked to two large mining development projects situated very close to China namely Oyu Tolgoi and Tavan Tolgoi (Isakova, Plekhanov & Zettelmeyer, 2012). Oyu Tolgoi is a large copper and gold deposit situated in the Gobi Desert. Oyu Tolgoi holds over more than 35 million tons of copper and 1,275 tons of gold. However, mining in Oyu Tolgoi requires an US\$ 18.6 billion investments in its complete lifetime, more than Mongolia's GDP of US\$ 13.14 billion (The World Bank, 2021). The signing of a multi-year project with Australian mining giant Rio Tinto in 2019 opens new opportunities for Mongolia's mining sector. The government of Mongolia is also very keen to project Oyu Tolgoi to global investors and attract more foreign direct investments in the country. Tavan Tolgoi is another important energy asset for Mongolia that holds 6 billion tons of coal of high quality. Yet, due to weak regulatory mechanisms and negligence Tavan Tolgoi failed to meet the expectations and attract foreign investments. The government of Mongolia after mid-2012 started focusing on it and the East Tsankhi block of the mine became operational since then (Isakova, Plekhanov & Zettelmeyer, 2012). Tavan Tolgoi coal mine is aiming to raise 2 trillion tugriks (Tumurtoogoo, 2021). Mongolia is now focused to develop this mine and replace Australia as one of China's top coal suppliers. Taking advantage of the Chinese government's decision to reduce coal imports from Australia, Mongolia is aiming to become the top coal exporter in Northeast Asia and boost its domestic economy.

Because of Mongolia's policy reforms about natural resources, Mongolia accelerated its economic development and Mongolia shifted its status from a low-income to a middle-income country in 2007. Additionally, in 2011 Mongolia became the world's fastest-growing economy. Under the Third Neighbors approach, Mongolia expected more FDIs and external projects in the mining and energy sector. The impacts of unprecedented economic growth of Mongolia also positively affected Mongolia's public and tourism sector. However, since 2010 Mongolia's weak regulatory mechanisms and lack of technical expertise limit Mongolia's aim to attract more foreign investments in the Mining and energy sector. According to the US Department of State report in 2012, agriculture and industry contributed two-thirds of overall Mongolia's GDP. During this period from 1990 to 2010, the per capita income of Mongolia has increased significantly to US\$2257. Yet, in overall aspect, Mongolia has remained relatively poor and 32% of households are still below the poverty line (Minchener, 2013). Due to this Mongolia is still dependent upon international assistance and support from its adjoining neighbors China and Russia. From 1991 onwards even after the transition to a market-based economy Mongolia relied heavily on bilateral and multilateral donors.

Due to heavy demands and significant growth in the domestic mining sector, the total power demand of Mongolia is expected to rise approximately 1GW to almost double by 2020 (Asia Wind Energy Association, 2021). Because of this, the Mongolian government in the Mongolia Energy Master Plan of 2015 stressed renewables. According to Mongolian official sources, around 20-25 percent of the total power supply of Mongolia is to be generated from renewable energy sources (Asia Wind Energy Association, 2021). The development of a newly liberalized renewable power market sector, along with the introduction of governmental financial support mechanisms, makes this market particularly attractive for international investment.

### **Energy issues for Mongolia & its implications for Northeast Asian politics**

Mongolia is heavily dependent on its exports from nonrenewable energy such as coal, gold, and copper mining (Minchener, 2013). The mining industry is the dominant sector and contributes significantly to Mongolia's economic growth. The mining sector alone contributed 1.35 percent of economic growth in 2018 but declined by 0.12 percent in 2019 (EITI International Secretariat, 2021). Additionally, in Mongolia's national budget revenue in 2019 major emphasis was given to the mining sector and 26 percent of the overall budget was allocated to the mining sector alone (EITI International Secretariat, 2021).

However, Mongolia's over-dependence on mining and limited initiatives in other sectors such as renewable energy, agriculture, tourism, etc. have led to a sharp decline in Mongolia's export commodities. Renewable energy is an important part of contemporary global energy security, thus in recent times countries are investing in renewable energy sources and reducing their dependence on non-renewable energy fuels. Unlike nonrenewable energy, renewable energy sources help in reducing greenhouse gas emissions. Furthermore, renewable energy can assist Mongolia to limit its energy imports and reduce fossil fuel use, which is the largest source of carbon dioxide emissions in Mongolia. Yet, Mongolia's dependence on non-renewable natural resources has come with several pitfalls. The non-renewable energy market is subjected to changes in global supply and demand. In the case of Mongolia, since 2010 the demand for Mongolia's non-renewable resources has declined due to the global economic meltdown in 2008 followed by China's economic slowdown (Locatelli, 2019). On account of such factors, the Mongolian government was forced to initiate debt-fueled expenditures and underwent a financial crisis (Muller, 2019; Locatelli, 2019). However, Mongolia's economy partially recovered due to financial assistance from international donors. Due to negligence in the renewable sector, the Mongolian economy is vulnerable to volatility in global mineral prices (EITI International Secretariat, 2021). Due to fluctuations in global mining prices Mongolia at times needed to borrow financial aid from the International Monetary Fund, Asian Development Bank, etc. Even though Mongolia is rich in natural resources, the demand for coal, gold, and copper has declined in recent times. The Mongolian government again, rather than strengthening its renewable power, started expanding its mining operations due to heavy and additional demand for energy resources. This has both negative and positive implications for Mongolia. Positively, Mongolia's need for energy opens up opportunities and prospects for its adjoining neighbors and major global powers to invest more in Mongolia. Such investments will certainly improve Mongolia's overall energy infrastructure and produce greater energy outcomes for the country. Mongolia because of its landlocked positioning and the lack of technical expertise in energy is welcoming multilateral energy cooperation with the foreign states and MNCs. However, Mongolia due to its status as a satellite or weak buffer state lacks a comprehensive energy plan. Additionally, due to a shortage of technical knowledge and a lack of modern infrastructure, Mongolia failed to exploit its rich natural resources. All such factors limit Mongolia's domestic economic growth and global export. Although Mongolia after its democratization in the 1990s brought several policy changes in governance and trade, the Mongolian state failed to chart a new comprehensive energy policy. Thus, there is a dire need to replace or reverse the old-age national energy policy of Mongolia. Similarly, there is a major reason why foreign investors are showing less interest in Mongolia's natural resources and why the Mongolian energy sector is still underdeveloped. Mongolia's geographical location as a landlocked buffer state means its domestic economy continues to be heavily influenced by its two adjoining neighbors China and Russia. Due to limited domestic energy output, Mongolia is forced to purchase most of its oil products and electricity from Russia. As a result, Mongolia is still suffering from additional economic burden and deficiency in the demand-supply ratio. On the other hand, China remains Mongolia's largest trading partner accounting for almost 90 percent of Mongolia's exports. Under the One Belt One Road initiative, China is also interested in exploiting Mongolian mineral and energy resources due to the shortage of energy demand in mainland China. However, it brings challenges for Mongolia to become self-reliant in its energy sector. Mongolia's self-reliance depends upon how it cooperates with other global powers regarding the transfer of technology. Due to fragile infrastructure and over-dependency on its neighbors, international investors are

wary of investing in Mongolia. Under the ambit of the Third Neighbors approach Mongolia tried to overcome such challenges and began expanding political, economic, and energy ties with the USA, Japan, and the other major powers.

Mongolia's mining sector is undeveloped and still coal-based where most of the countries are pushing for clean and green technology. In 2019, Mongolia exported a total of \$8.17B, making it the number 95 exporter in the world. Mongolia exports in the last five years rose from \$1.97B to \$6.2B in 2014 to \$8.17B in 2019. Mongolia's majority of exports are Coal Briquettes, Copper Ore, Gold, Iron Ore, and Crude Petroleum. The most common destinations for the exports of Mongolia are China, Switzerland, the United Kingdom, Singapore, etc. (The Observatory of Economic Complexity, 2019). However, if we look at this data, we can easily find out that Mongolia is still harnessing its non-renewable resources and thus sidestepping the potentials Mongolia has in its renewable and green energy sectors. Due to the harsh climate and cold winter, Mongolia is dependent upon heat supply most of which are fueled by coal. Most importantly Mongolia's heating infrastructure is out of date and has great environmental consequences. In recent times due to rapid urbanization heating demand especially in urban areas is increasing. Yet, Mongolia is dependent upon two power sources, i.e., CHP systems and commercial heat plants supply heat all over the country which is not adequate (Ministry of Energy of Mongolia & International Renewable Energy Agency, 2016). Because of this Mongolia needs to import energy from Russia and China at a heavy cost.

## **CONCLUSION**

The problem of Mongolia's energy security is closely connected to its landlocked position and old-age energy infrastructure. Additionally, Mongolia for a long time depended upon its mining sector and overlooked the potential of other sectors such as the renewable sector. Although Mongolia failed to evolve as a well-performing economy and remained dependent on China and Russia for energy imports. According to international experts, unlike its two powerful neighbors China and Russia, Mongolia has more natural resources which remain unexplored. Yet, Mongolia's incoherent economic policies and weak state status prevent the country from adopting a balanced and sustainable development approach. Due to such reasons, Mongolia is often cited as a country that is suffering from the "Resource Curse". It's true Mongolia's geography constrained Mongolia's aim to diversify its economy. However, the role of the state is equally important to understand why Mongolia remained underdeveloped or in recent times a satellite country of China. Even though Mongolia achieved an economic boom thanks to its minerals, the Mongolian state failed to transform this development into progressive economic growth in the subsequent years. In a country where opportunities are limited, the Mongolian government uses tax and mineral revenues for political purposes rather than improving its mining industry.

So, Mongolia needs to build up its own energy capacity to meet domestic energy demand and export less from China and Russia. Mongolia being a developing country lacks technical expertise and experience thus under The Third Neighbors Policy, Mongolia stressed multilateralism in energy cooperation. The current leadership is also focused on sustainable coal utilization supplemented with renewable energy (Minchener,2013). However, energy development in Mongolia holds significant challenges for achieving equitable and sustainable socio-economic progress (Minchener,2013). With regards to both renewable and non-renewable energy, Mongolia needs to actively engage with major powers along with international and regional bodies both for investment and capacity-building purposes.

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