

## Mongolia energy independence

Mongolia sits in a unique position where its energy situation is deeply intertwined with both its economy, which is mostly driven by raw material exports, and its geographic location between two major countries. However, there is a lack of acknowledgement of the reality of the energy situation accounting for geopolitical factors within the Mongolian government, or at least within its ministries.

The Mongolian government should immediately develop comprehensive long-term energy security policies in accordance with the prevailing geopolitical realities. The necessary steps would include transforming the electricity sector from coal-fired to renewable energy, shifting away from a reliance on coal exports to becoming a renewable energy exporter, and attracting foreign infrastructure financing.

Mongolian economic policy, energy policy, and national security policy are deeply intertwined. A failure to recognize the impact of mineral resources such as coal and copper on Mongolia's energy policy is deeply flawed and potentially dangerous. According to data from the Mongolian National Statistics Office, last year 86 percent of the country's exports were raw materials, including coal, copper concentrate, and gold. More than half of Mongolia's exports were coal.

It is no secret that the country needs to shift from an export-based economy, which is heavily dependent on the global market, to a diversified economy. Mongolia's government itself readily acknowledges this.

In another alarming datapoint, just one trading partner, China, accounts for 80 percent of Mongolian exports. The vulnerability of the current economic picture puts Mongolian national, economic, and energy security alike at immediate risk.

In the long run, Mongolian economic and foreign policy must recognize the fact that the sale of coal is not sustainable. The international community is eager to move from fossil fuels as the climate emergency becomes ever-more dire. Therefore, Mongolia's current and future administrations must tailor their policies toward value-added processing - something the country has been struggling to achieve - or even the potential replacement of coal as a revenue source.

Notably, Mongolia can tackle both its energy and economic security concerns with one approach. Mongolia has the potential to sustain its domestic electricity demand through renewable energy sources such as solar, wind, and hydro. It should also view exports of renewable energy into neighboring countries as an alternative source of economic security.

Mongolia's electricity and heating production is overwhelmingly based on coal-fired thermal power plants, according to the Ministry of Energy. As of 2018, the Energy Regulatory Commission reported that close to 93 percent of Mongolia's power plants were coal-fired, while only 7 percent generated renewable energy.

In terms of energy policy, Mongolia's main priority should be to target supply close to 100 percent of domestic demand when it comes to electricity and heating production - even if this power is generated by fossil fuels.

There are growing efforts by the international community to capture carbon emissions or remove them, which need to be studied and implemented immediately, including by shifting toward renewable energy sources. In the long run, however, it is only realistic to assume coal-fired plants are not a sustainable solution given the climate emergency. As a result, ambitious efforts to pursue renewable energy will be the future.

Perhaps one of the greatest information gaps for average Mongolians or even policymakers is the tendency to look at critical petroleum products such as diesel and gas in isolation, excluding the energy factor, which is deeply tied to national security.

Mongolian industrial and other consumers are 95 percent dependent on imported petroleum products, despite the country having crude oil deposits. Indeed, petroleum products make up the biggest share of imports in terms of value. Data from the Mongolian National Statistics Office indicated that diesel and petrol ranked first and third, respectively, on the list of commodities Mongolia imported in 2022, together accounting for 35 percent of all imports.

Contact us for free full report

Web: <https://hollanddutchtours.nl/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

