Mongolia in Perspective
An Orientation Guide

Technology Integration Division
August 2011

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Chapter 1: Geography

Introduction

Mongolia is one of Asia’s bigger countries, but it was once much larger. Up until the 20th century, Mongolia contained much of southern Siberia and all of Inner Mongolia. These regions are now part of Russia and China, respectively. Nevertheless, Mongolia today is still twice the size of Texas and is the world’s second-largest landlocked country. (Only Kazakhstan is larger.)¹,² Within Mongolia’s southern vast expanses lie some of Earth’s most arid terrain, historically a treasure trove for hunters of dinosaur fossils.³ Grasslands, mountains, numerous freshwater and saltwater lakes, and even glaciers are some of the geographical features observed in other parts of the country.⁴

Located between Russia and China, Mongolia contains vast reserves of natural resources—including the world’s largest undeveloped copper and gold reserves worth an estimated USD 5 billion.⁵ Other natural resources in Mongolia include coal, zinc, and “nearly one million tons of reasonably assured uranium.”⁶

Geographic Regions and Topographic Features

With an average altitude of 1,580 m (5,180 ft), Mongolia is one of the world’s highest countries. Mountains and mountain steppes occupy much of its western, central, and northern regions, with three major mountain ranges dominating the terrain. In the far north, to the northeast of the capital city of Ulaanbaatar, lie the Hentiyn Mountains. Here, the peaks reach elevations of more than 2,700 m (9,000 ft). Higher yet are the Hangayn Mountains, which trend northwest–southeast through central and north-central Mongolia and reach heights above 3,900 m (12,800 ft). The Hentiyn and Hangayn Mountains contain most of Mongolia’s forests.

The third major mountain range in Mongolia is the Altai. This range runs in a generally northwest–southeast direction to the southwest of the Hangayn Mountains and straddles the western section of Mongolia’s border with China. Within the Altai is Nayramadlin (Huyten) Peak, Mongolia’s highest point at 4,374 m (14,350 ft). It is located near where the Russian, Chinese, and Mongolian borders meet. A section of the Altai Range also extends eastward into the Gobi Desert region of southern Mongolia. Unlike the Hentiyn and Hangayn Mountains, the Altai contain limited forestlands. Most of these forest clumps are scattered along river valleys.

Elevations and precipitation decrease in the basins between the Hangayn and Altai Mountains. These desert steppes host numerous desert lakes and salt pans, and they also support limited grazing for sheep, goats, and camels. In far southern Mongolia, the climate becomes even more arid, marking the

beginning of the Gobi Desert. Some of this region receives rainfall only once every two or three years. While climatically a desert, few sand dunes occur in the Gobi. Gravel-covered plains and rocky outcrops are the more common types of Gobi landscape.\footnote{16}

Much of eastern Mongolia consists of rolling grassland steppes that transition into level plains toward the country’s eastern border with China.\footnote{17} This region of Mongolia is one of the world’s largest unspoiled grassland systems.\footnote{18, 19} It also is the site of more than 200 extinct volcanoes in the Dariganga area, located near the Chinese border.\footnote{20}

**Climate**

Mongolia lies far from any ocean influence that might moderate its climate. As a result, it experiences an extreme continental climate marked by long, bitterly cold winters, short summers, large daily and annual swings in temperature, and little rainfall in most locations.\footnote{21, 22} Winter runs from November through February, and in many places the temperature may never rise above freezing during this time.\footnote{23, 24} Ulaanbaatar, with an average daily temperature of -1.3°C (29.7°F), is possibly the coldest capital city in the world.\footnote{25} (It has never recorded a temperature above freezing during the months of December and January.)\footnote{26} Snowfall during winter months is generally light due to a high-pressure
system that lodges itself over the northwestern part of the country.\textsuperscript{27} In fact, winter is generally the sunniest season in Mongolia.\textsuperscript{28} Some winters, however, can bring heavy snow or frozen films of ice following premature thaws. Such conditions can produce a \textit{zud} ("lack of grazing"), leading to catastrophic livestock losses for Mongolian herders.\textsuperscript{29,30}

Mongolia’s short frost-free period generally runs for about 100 days, from late May to the end of August. The brevity of the growing season both hampers crop production and limits the diversity of Mongolia’s plant life.\textsuperscript{31} Daytime temperatures increase dramatically during Mongolia’s summer. The Gobi Desert region can become very hot during this time of year, with recorded temperatures as high as 40°C (104°F).\textsuperscript{32} The summer months also receive much of Mongolia’s annual rainfall.\textsuperscript{33} Precipitation amounts generally decrease from north to south, with the wettest areas occurring to the far north near Lake Hovskul and in the Hentyn and Hangayn Mountains.\textsuperscript{34,35}

\textsuperscript{27} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 7–9.

\textsuperscript{28} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 8.

\textsuperscript{29} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 8.


\textsuperscript{31} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 8.

\textsuperscript{32} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 8.

\textsuperscript{33} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 7.

\textsuperscript{34} Jane Blunden, “Background Information: Climate,” in \textit{Mongolia}, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 7.

Rivers and Lakes

Rivers

Broadly, Mongolia’s rivers flow in three different directions: northward to rivers draining into the Arctic Ocean, eastward to rivers that flow into the Pacific Ocean, and southward into desert basins with no outlets to the sea.\(^\text{36}\) The largest Mongolian river is the Selenge, which originates in the north-central part of the country. The Selenge’s main tributary, the Orhon River, joins it near the Russian border, from which the Selenge then flows northward into Lake Baikal (the world’s deepest and oldest lake).\(^\text{37}\) The Selenge is only navigable from the late spring to early fall, with ice blocking the river the rest of the year.\(^\text{38}\)

In eastern Mongolia, the two main rivers are the Herlen and the Onon, both of which originate on the eastern flanks of the Hentiyn Mountains. The Herlen eventually flows into Hulun (Dalai) Lake in northeastern China. In rainy years, Hulun Lake overflows its banks and connects to the Argun-Amur River, a long river system that forms the boundary between Russia and China for much of its distance. The Onon also connects to the Amur River via a route that swings north through Russia.\(^\text{39}\)

Most of the Mongolian rivers that end in desert basins are relatively short. Two exceptions are the glacier-fed Hovd River and the Dzavhan River. Both of these rivers eventually drain into the Great Lakes Depression of western Mongolia.\(^\text{40}\)


Lakes

Mongolia has several thousand lakes larger than 1.3 sq km (0.5 sq mi).\(^{41}\) Many of these lakes lie in desert depressions and are salty and without outlets to the sea, including Lake Uvs in the Great Lakes Depression, Mongolia’s largest.\(^{42}\) Other large lakes in the Great Lakes Depression include saline Lake Hyargas and freshwater Lake Har Us.\(^{43}\) Mongolia’s largest freshwater body of water is Lake Hovsgol, located in the country’s far northern reaches just south of the Russian border. Known as “Mother Sea” by nomadic tribespeople, Lake Hovsgol contains 74% of Mongolia’s and 1% of the world’s total freshwater resources.\(^{44, 45}\) Its only outlet ultimately feeds into the Selenge River.


## Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Census Population 2000$^{46}$</th>
<th>Estimated 2008 Population$^{47}$</th>
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<td>907,802</td>
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<td>Erdenet</td>
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<td>65,791</td>
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</table>

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$^{46}$ CityPopulation.de, Thomas Brinkhoff, “Mongolia,” 1 April 2010, [http://www.citypopulation.de/Mongolia.html](http://www.citypopulation.de/Mongolia.html)

Ulaanbaatar

Ulaanbaatar is Mongolia’s only metropolis. Its population dwarfs that of all other Mongolian cities. Founded as Orgoo (“Palace-Yurt”) in 1639 as the migratory monastic center of the Bogdo Gegen (“Living Buddha”), the tent city moved frequently during its first century and a half.48 In 1778, the Buddhist seat finally found a permanent location on the Tuul River (a tributary of the Orhon River) at the site of the present-day city. Thereafter Ulaanbaatar—then known as Yihe Huree (“Great Monastery”) to the local populace and as Urga to foreigners—became a trading center on the route between China and Russia while remaining the center of Mongolia’s Tibetan Buddhism theocracy.49,50 Yihe Huree became Niyslel Huree (“Capital of Monastery”) in 1911 when Mongolia declared independence from China. The city was later renamed Ulaanbaatar (“Red Hero”) in 1924 after the nation became a secular state.51

Today, Ulaanbaatar dominates all facets of Mongolian society. Besides being the nation’s political capital, the city is Mongolia’s industrial center, contains most of the country’s colleges and universities, is home to its primary international airport, and is a hub for the only railroad linking the nation with both China and Russia.52 Ulaanbaatar’s population has exploded over the last 20 years owing to a large amount of migration from provincial centers, motivated not only by job opportunities but also by better educational facilities.53 The city is now home to roughly 40% of Mongolia’s population.54

**Erdenet**

Mongolia’s second-largest city began life in the mid-1970s as a joint Soviet-Mongolian venture to exploit the large nearby deposits of copper and molybdenum ore. With virtually no infrastructure in the area, all roads, rail connections, water pipelines, electric lines, and housing had to be built from scratch.\(^55\),\(^56\) Besides its huge open-pit mine and associated concentrating plant, Erdenet also hosts Mongolia’s largest carpet manufacturing plant, as well as food-processing and timber-processing facilities.\(^57\),\(^58\)

**Darhan**

Darhan is also a recently developed industrial city, built within Mongolia’s most important agricultural region.\(^59\) It sprang to life in the late 1960s with the construction of a large industrial complex built with extensive Soviet and eastern European assistance. Construction materials (cement, bricks, steel), food processing, wool textiles, and sheepskin processing are some of the industries that have taken root in Darhan. A local coal-fired power plant provides electricity for these industries. Its power is also delivered to Ulaanbaatar to the south and Subbaatar to the north.\(^60\),\(^61\) The nearby Sharyn Gol coalfield provides the coal both for this plant and for another power plant in Erdenet.\(^62\) Plans are also in the works for a Japanese-led consortium to build Mongolia’s first oil refinery in Darhan, scheduled to open in 2014.\(^63\)

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Choybalsan

Choybalsan is eastern Mongolia’s most important city and only true industrial city. Located on the Herlen River, Choybalsan historically evolved from a monastic center to a trading post lying along the route between Siberia and China. In 1939 a branch rail line was built to the Soviet city of Boryza, providing linkage to the Trans-Siberian rail network. The city also lies on a major east–west road network connecting it to Ulaanbaatar and points to the west. Local industries include flour milling, meat processing, and brickworks.

Moron

Pronounced “mu-roon,” Moron translates as “river” in Mongolian, appropriate given the city’s location just north of the Delgermoron River. The town serves primarily as an administrative center for Hogsvol Aymag. Nearby is one of the world’s best collections of deer stones, ancient monoliths depicting flying deer.

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67 Jane Blunden, “Northern Region: Möörön,” in Mongolia, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd., 2008), 325.

Environmental Concerns

Mongolia’s low population density and traditional subsistence economy has allowed the country to generally avoid severe environmental problems. 69 Nevertheless, the nation does face some important challenges. Among these are overgrazing and its attendant problem, desertification. With Mongolia’s transition to a market-based economy in the early 1990s, the number of livestock increased and the proportional balance of livestock species changed. 70 In particular, the population of goats, valued for their cashmere wool but notoriously voracious grazers, spiked dramatically. As a result, roughly 70% of all the nation’s pastures are now degraded. 71 In marginal pasturelands in arid and semi-arid regions, overgrazing is leading to an increase in the amount of land lost to desertification. 72,73

In fast-growing Ulaanbaatar, a variety of sources produce dangerous amounts of air pollution during the winter months. These include the black fumes from coal-burning stoves used to heat gers (felt-lined tents used as traditional Mongolian housing), exhaust from the city’s increasing number of cars and trucks, and airborne dust. 74,75 Ulaanbaatar’s average particulate matter concentrations run 14 times higher than suggested maximum levels set by the World Health Organization. 76

70 Jane Blunden, “The People: Future Concerns,” in Mongolia, 2nd ed. (Chalfont, St. Peter, UK: Bradt Travel Guides Ltd.), 78–79.
Mining is a pillar of the Mongolian economy. Most extraction operations are of the open-pit type. Mongolian law requires that all open-pit mines be reclaimed after the mine closes, but in practice the law is not uniformly enforced. In some cases, mining companies get around reclamation requirements by simply going out of business, leaving no other corporate entity legally responsible for the clean-up.\(^77,78\)

In some rural areas, artisanal (small-scale) mining has increasingly become a means of livelihood for tens of thousands of poor Mongolians.\(^79\) The “ninja” miners—so-called because of the green gold-panning bowls carried on the miners’ backs that remind some of the cartoon characters the *Teenage Mutant Ninja Turtles*—have had a significant negative effect on many of Mongolia’s rivers and lakes and on its grasslands.\(^80,81\) Water dredging and diversions for mining have caused some rivers and lakes to go dry.\(^82\) In addition, environmentally damaging chemicals such as mercury and cyanide have been used by some of the ninjas.\(^83\)

Several international companies are also operating large-scale mining projects in Mongolia.\(^84\) With this international investment comes consequences for the environment. According to one analyst, “[a] mining boom in Mongolia is threatening to devastate the country’s rivers and is forcing nomadic herders to abandon their land and traditional way

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of life.”85 In addition to contaminating drinking water, mining in Mongolia has caused hundreds of rivers and lakes to dry up.86

**Natural Hazards**

Many of Mongolia’s most damaging natural disasters are weather related. In the winter of 2009–2010, for example, Mongolia experienced some of its harshest winter weather in nearly 50 years, marked by bitter cold and higher-than-average snowfalls. Coupled with a drought the previous summer, the extreme winter weather led to a lack of pastureland and the eventual death of 7.8 million livestock animals. This *zud* event directly affected more than 750,000 Mongolians, or roughly 25% of the country’s population, and was by far the most damaging *zud* in the nation’s history.87,88

Massive dust storms, wild fires, and flooding are other relatively common natural disasters that take place in Mongolia.89 Less common, but potentially more deadly, are large-magnitude earthquakes. Even though Mongolia is not near any plate boundaries, three earthquakes of magnitude 8 and above shook Mongolia during the 20th century.90 The most recent of these, which occurred in December 1957, killed 30 people and left the world’s best-preserved earthquake-induced surface rupture.91,92


earthquake occurred in a sparsely populated part of the Altai Mountains, or the loss of life would have been much greater.

Chapter 1: Assessment

1. A *zud* is a natural disaster that occurs during some severe Mongolian winters when heavy snowfall or ice limits the amount of grazing land.

   TRUE

In *zud* winters, heavy snow or frozen films of ice following premature thaws can lead to a lack of grazing land, causing catastrophic livestock losses.

2. Ulaanbaatar often suffers from severe air pollution during the summer.

   FALSE

A variety of sources produce dangerous amounts of air pollution in Ulaanbaatar during the winter months. These include the black fumes from coal-burning stoves used to heat *gers* (felt-lined tents used as traditional Mongolian housing).

3. All of Mongolia’s rivers eventually drain into the Pacific Ocean.

   FALSE

Mongolia’s rivers flow in three different directions: northward to rivers draining into the Arctic Ocean, eastward to rivers that flow into the Pacific Ocean, and southward into desert basins with no outlets to the sea.

4. The major cause of Mongolia’s desertification is the clear cutting of forests.

   FALSE

Overgrazing by a rapidly growing livestock population has caused roughly 70% of Mongolia’s pastures to be degraded. In marginal pasturelands in arid and semi-arid regions, overgrazing is the most critical human-induced factor in the increasing amount of land lost to desertification.

5. Mongolia’s average elevation is one of the highest among the nations of the world.

   TRUE

With an average altitude of 1,580 m (5,180 ft), Mongolia is one of the world’s highest countries.
Chapter 2: History

Introduction

For most contemporary Westerners, Mongolia is one of the lesser known countries of Eastern Asia. Its two large neighbors, China and Russia, have dominated Mongolia’s history for the last several centuries. The situation, however, was dramatically different 800 years or so ago when the Mongolian steppes hosted the center of the largest empire the world had ever seen. This was the time of Genghis Khan, whose name is found with Alexander the Great, Julius Caesar, and Napoleon on the list of the world’s greatest conquerors. His army of nomad warriors swept the grassy plains of Mongolia and did not stop until they were at the doorstep of some of the great cities of Europe.93,94

Pre-Mongol History

Much of what we know about the nomadic tribespeople who inhabited the Mongolian steppes prior to the 13th century comes from Chinese sources. During the late third century B.C.E., the Xiong-nu tribal confederation emerged. Their mounted warriors waged nearly constant wars with the Chinese Han Dynasty for more than 150 years.95 As with succeeding tribal confederations in Mongolia, the pastoral nomadic life of the steppes made it difficult for the Xiong-nu leaders to control their scattered clans and tribes.96 In the mid-first century C.E., civil war broke out among factions in the Xiong-nu confederation that resulted in a split between southern and northern Xiong-nu groups.97 Eastern nomadic tribes and the Chinese

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imperial army conquered most of the northern Xiong-nu within a few decades after the split. The southern Xiong-nu state declined more slowly but suffered a similar fate. By the end of the Han Dynasty in 220 C.E., the Xiong-nu Empire had dwindled to no more than a few settlements in the northern China hills.98

From the fourth century through the eighth century C.E., a new series of tribal confederations arose on the Mongolian steppes and adjoining areas of Central Asia. In succession, the Rouran (mid-fourth century–555 C.E.), Gokturk (552–744), and Uighur (745–840) empires spread across the lands of Inner Asia.99,100 Historians generally consider the Gokturk Empire to be the first Turkic political entity. Unlike earlier nomadic confederations, the Gokturk rulers implemented a primitive state structure that led to the development of some of the first cities in the steppes.101 Trade relations with the “sedentary world” became more prominent as Silk Road caravans passed through the Empire on their way to or from China.102,103 The Uighurs that overthrew the Gokturks spoke a language similar to their predecessors. They ruled from Karabalghasun, a city on the Orhon River whose foundations are still visible today.104

The Mongol Empires

During the 10th century, the nomadic Khitans rose to power in northern China. They also controlled most of present-day Mongolia. The Khitans were a Mongol people from Manchuria, in northeastern China.105 The Liao Dynasty formed by the Khitans ultimately dominated northern China and the Inner Asian steppes for more than two centuries.106 Historically, however, the Liao Dynasty was later overshadowed by another Mongol empire that emerged from the steppes during the early years of the 13th century. Genghis Khan, the founder of this empire, remains to this day as one of the most famous conquerors in world history.

Genghis Khan

Accounts written by those Genghis Khan conquered tend to dwell on the death and destruction left in the wake of the Mongolian armies.107 Certainly, Genghis Khan used fear as a significant weapon, annihilating those who refused to surrender. Less noted were the lasting changes that Genghis Khan instituted on the organization of Mongol culture. Prior to his rule, the clan and tribal alliances that had characterized earlier dynasties of the Mongolian steppes were inherently unstable and inevitably broke down. However, through a system of political patronage, Genghis Khan laid the foundation that would support the Mongol Empire’s growth through several generations of conquest.

Under Genghis Khan’s rule, military leaders and governmental administrators, representing numerous tribal affiliations, swore allegiance to Genghis Khan himself, who in turn rewarded them with fiefdoms and powerful positions.108 Genghis Khan also instituted something of a feudal structure by giving custody of potential rival clansmen to his family and loyal colleagues.109

Genghis Khan was born as Temujin, son of a Mongol tribal leader, most likely in either 1162 or 1167. Temujin’s early life was far from easy. After neighboring Tatars poisoned his father, Temujin and the rest of his family lived as tribal outcasts, enduring extreme poverty for several years. He eventually became a warrior for another Mongol tribal leader, Toghrul Khan. Temujin’s battlefield exploits allowed him to consolidate considerable power for himself that ultimately proved a threat to his patron. Temujin defeated Toghrul Khan in battle in 1203 and by 1206 had consolidated complete power over the tribes of the steppes. The latter date marks the founding of the Mongol Empire and Temujin taking a new title: Genghis Khan.

Thereafter, for the last 21 years of his life, Genghis Khan focused his attention on lands beyond the Mongolian steppes. By the time of his death in 1227, the Mongol Empire extended westward across Central Asia to the Black Sea, eastward into the Korean Peninsula, and southward through North China.

**Genghis Khan’s Successors**

After Genghis Khan’s death, each of his sons or his sons’ descendants received parts of the Mongol Empire as their personal domains to rule. Jöchi, Genghis Khan’s eldest son, preceded his father in death, but Jöchi’s sons received the western part of the empire. Batu, one of Jöchi’s sons, received the northwestern portion of the empire. From here, Batu and his great general Subedei launched raids into eastern and central Europe, culminating in the conquest of Poland and Hungary in 1241.

Only the death that same year of Ögedei, Genghis Khan’s third son who had been proclaimed the Great Khan (Khagan) two years after his fathers’ death, stalled the Mongol assault on Europe. Batu and his forces, which had reached the

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outskirts of major European cities such as Venice and Vienna, withdrew to the southern Russian steppes. Here Batu was better able to protect his interests in the struggle to anoint Ögedei’s successor as the Great Khan. Centered in the steppes and plains of modern-day Ukraine, southern Russia, and easternmost Kazakhstan, Batu’s Khanate (commonly referred to as the Golden Horde) ultimately outlasted all the other khanates within the Mongol empire. The empire itself did not completely fall until 1502 after decades of steady decline.

To the east, the Great Khans Mengke (1251–1259) and Khubilai (1261–1294) focused their sights on China. Under Khubilai (or Kublai) Khan, the Mongol winter capital moved south to Khanbalik (also known as Daidu), located at the modern-day site of Beijing. Khubilai Khan’s summer residence remained north of China’s Great Wall in what is today the Chinese autonomous region of Nei Mongol (“Inner Mongolia”). The Southern Song Dynasty of southern China battled against the Mongol invaders for several decades. A turning point for Khubilai Khan’s army came in 1276 with the capture of the Song capital Hangzhou (located southwest of modern-day Shanghai). Within the next three years, the Mongol forces overcame the remaining pockets of Southern Song resistance. For the first time in history, nomadic invaders from the north had conquered all of China, not just the regions north of the Chiang Jiang (Yangtze) River.

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119 Shangdu, the summer residence of Kublai Khan, is perhaps best known as Xanadu, a name now metaphorically linked to opulence and wealth.


121 Larry Moses and Stephen A. Halkovic, Jr., “Chapter 3: The Mongol Conquest (1150–1279),” in Introduction to Mongolian History and Culture (Bloomington, IN: Research Institute for Inner Asian Studies, Indiana University, 1985), 64.

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The Yuan Dynasty

In 1271, eight years prior to the final defeat of the Southern Song, Khubilai Khan declared himself founder of the Yuan Dynasty. It was the latest in a long string of Chinese dynasties. Breaking from traditional practice, the Mongols appointed foreigners from many of their Central Asian lands as the governmental administrators and privileged officials. Members of the Chinese Confucian civil service in turn found themselves politically and socially marginalized.122,123

Over time, these foreigners increasingly used their positions for personal profit. As the authority of the Mongol army lessened, dissension increased and peasant uprisings became increasingly common.124,125 During the 14th century, floods, earthquakes, and a loss of agricultural land given over to pasturelands contributed to famines and disease outbreaks. As a result, instability increased within China.126

In 1368, the rebel leader Zhu Yuanzhang (and ultimately founder of the Ming Dynasty) led his army to the north toward the Mongol capital of Daidu. The last Yuan emperor, Toghon Temür, fled northward from the Daidu palace toward Karakorum, the original Mongol capital during the reign of Genghis Khan.127 Never again would the Mongols have a significant presence in China. They would, however, continue to pose a threat to future Ming emperors. Much of the Great Wall of China, still observable today, is a lasting testament to the seriousness with which the Ming rulers viewed the Mongol threat.128

126 Thomas Streissguth, “Chapter 6: The Decline of the Mongol Empire,” in Genghis Khan's Mongol Empire (Detroit, MI: Lucent Books, 2005), 86.
127 Thomas Streissguth, “Chapter 6: The Decline of the Mongol Empire,” in Genghis Khan’s Mongol Empire (Detroit, MI: Lucent Books, 2005), 86.
Post-Imperial Mongolia

The Oirat-Khalkha Division

Many changes took place after more than 60,000 Mongols retreated back into Mongolia from China. Cycles of unity and disunity once again became the norm on the steppes as new tribal confederations took root. The largest of these new tribal groups were the Oirat, located in the Altai region of western Mongolia, and the Khalkha of the central and eastern regions north of the Gobi Desert. Eventually, the Oirat emerged as the most powerful force in Mongolia. The Oirat leader Esen Taishi briefly united many of the Mongolian tribes and led a foray into China in 1449, capturing the Ming emperor in the process. Esen Khan died in battle four years later, after which followed the seemingly inevitable period of Mongol disunity.

The fortunes of the eastern Mongol tribes revived toward the end of the 15th century under the leadership of Dayan Khan, who ruled from 1479 to 1543 and spurred a period of unification among the Khalkha and other central and eastern Mongol tribes. His grandson, Altan Khan, also unified the Khalkha tribes after a brief period of unrest following his grandfather’s death. One of Altan Khan’s most important


131 The title Taishi (“noble”) was applied to Oirad leaders, as they did not directly descend from the Genghis Khan lineage. Prior to his death, Esen took the title Khan after killing Tayisung Khan, one of the figurehead Khans put forward by the Oirad leaders.


legacies was in the area of religion. After converting to Tibetan Buddhism (also known as Lamaism) during one of his raids in Tibet, Altan Khan commissioned the construction of the first lamaist monasteries in Mongolia and made Lamaism the state religion. Sonam Gyatso, the leader of the Yellow Hat order of Tibetan Buddhism, later visited Altan Khan in Mongolia. There, the Mongolian leader conferred the title of Dalai Lama upon him (the first such use of that title).

Mongolia received its own Buddhist spiritual lineage in 1635, when a Khalkha Khan identified his son as the living reincarnation of an ancient Tibetan Buddhist scholar whose virtue was Buddha-like. The young prince was given the title Jebtsundamba Khatgutku (loosely translated as “Living Buddha”), thus starting a line of reincarnated Mongolian lamas similar to the Dalai Lama in Tibet. The Jebtsundamba Khatgutku lineage continued for nearly 300 years.

The Qing Dynasty

During the 17th and 18th centuries, the Manchus, a nomadic group from Northeast China (Manchuria), increasingly pressured Mongolian lands from the south and east. As the Manchus prepared for their assault on the Ming Dynasty, they first took control of southern Mongolia (modern-day Inner Mongolia in China), which they administratively organized into their burgeoning empire. Ligdan Khan, leader of a southern Mongol tribe affiliated with the Khalkha, had some success resisting the Manchus and the Khalkha tribes that had joined forces with the Manchus. Ultimately, however, he had to flee westward, and his death in 1634 effectively marked the end of eastern Mongol resistance to the Manchus. Subsequently in


the 1680s, the Oirat tribes in the west, under the leadership of Galdan Khan, attacked the weakened Khalkha. The Khalkha leaders turned to the Manchus for military assistance. Using artillery, the Manchu forces quickly beat back the Oirat attack. A subsequent 1691 treaty signed by the Khalkha nobles formalized the Manchus’ overlordship of the Khalkha lands.\(^{142}\) The Oirat tribes continued to resist, but by 1759 all of modern-day Mongolia was part of the Qing Dynasty (the Chinese dynastic name for the Manchu Empire).\(^{143}\)

The Manchu rulers treated southern Mongolia and northern Mongolia differently. Southern (Inner) Mongolia virtually became a part of China. Northern (Outer) Mongolia, essentially equivalent to the modern-day country of Mongolia, received much less administrative attention. This situation changed to some extent in the 19th century, when Russian expansionist actions caused the Qing emperor to take a more active role in the social and economic development of the northern Mongolian region. Chinese settlers soon began to pour into Outer Mongolia as part of a colonization policy.\(^{144}\) Meanwhile, Mongol tribes known collectively as the Buryats continued to reside on the northern Mongolian border in lands under Russian control. Thus, Outer Mongolia became a buffer region lodged between two great imperial powers, a state of affairs that loomed large in the coming history.\(^{145}\)

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\(^{144}\) Larry Moses and Stephen A. Halkovic, Jr., “Chapter 7: Twentieth Century Mongolia,” in *Introduction to Mongolian History and Culture* (Bloomington, IN: Research Institute for Inner Asian Studies, Indiana University, 1985), 143.

The Qing Dynasty weakened during the later decades of the 19th century and broke apart completely in 1911. As the Qing Dynasty crumbled, Outer Mongolia declared its independence in December of that year, an action that the new Chinese government did not recognize. The eighth reincarnation of Jebtsundamba Khatuktu, Mongolia’s Buddhist spiritual leader, now also became its political leader and received the title of Bogdo Khan (“holy ruler”). A flurry of treaties and agreements between the Mongolian, Russian, and Chinese leadership served to establish Outer Mongolia’s autonomy (if not its independence). Russia, in earlier treaties and agreement with Japan and Great Britain, considered Outer Mongolia part of its “sphere of interest” and did not recognize Outer Mongolia’s complete independence. Inner Mongolia, meanwhile, remained firmly under Chinese control.

The Russian Revolution of 1917 set the stage for an invasion of Outer Mongolia by Chinese forces in 1919. A year later, White Russian troops (i.e., tsarist loyalists), partially funded by the Japanese, marched into Outer Mongolia from the north and pushed the Chinese out of Niyyslel Huree (Ulaanbaatar). In return, Mongolian nationalists organized a resistance movement, advised by Communist officials in Moscow. After establishing the Mongolian People’s Party and forming a provisional Mongolian government from their base in Siberia, the Mongolian nationalists joined forces with Soviet troops and dispatched the White Russian forces from Niyyslel Huree in July 1921. Once again Mongolia declared its independence from China. The new


Mongolian leaders immediately established a constitutional monarchy, sharply diminishing the Bogdo Khan’s political powers. The new Mongolian People’s Government forbade a search for a reincarnation of the Bogdo Khan after his death in 1924, thus eliminating the last vestige of Mongolia’s Tibetan Buddhist theocracy.

During a congress of the Mongolian People’s Party in August 1924, the party embraced a closer relationship with the Soviet Union and was renamed the Mongolian People’s Revolutionary Party (MPRP). By November 1924, the newly established Mongolian People’s Republic had a constitution modeled after the Soviet Union’s and a renamed capital city of Ulaanbaatar (“Red Hero”). It was during this period of time that Horloyn Choybalsan, a nationalist leader who established close links with Soviet leader Josef Stalin, began his rise to power.

Collectivization and Threats from the East

As the Soviet Union continued to forge close political and trade relations with newly independent Mongolia, political figures within Mongolia opposing the Communist faction in the government found themselves on the defensive. By the late 1920s, the Mongolian government was implementing radical collectivization policies on a population that continued to largely consist of nomadic herders. Buddhist monks and tribal nobles found themselves under attack by the government. At the same time angry and frightened herders, facing the loss of their private livestock, began slaughtering their herds. Uprisings in western Mongolia in 1932 resulted in Soviet leaders pushing the Mongolian government to back off on its rapid push toward a state-controlled collectivist economy.


After the subsequent purges of the Mongolian party leaders who had directed the ill-fated rapid collectivization program, Mongolia’s focus turned toward the east. In 1931 Japan invaded Manchuria and established a puppet government. Both Mongolian and Soviet leaders viewed the Japanese Manchurian colony as a launching ground for an invasion of Mongolia. Japan, for its part, tried to elicit the loyalty of the Mongols by portraying itself as the one true supporter of Mongolian nationalism. Soviet-Mongolian military cooperation increased after the signing of a 1934 mutual-defense agreement. By 1938, military spending made up more than half of Mongolia’s budget. With Soviet aid, the Mongolian government rapidly developed its transportation and communications infrastructure to help improve the country’s security position. Between May and September 1939, Japanese forces fought the combined Mongolian-Soviet army in a prolonged battle along the Khalkha River of eastern-most Mongolia. The Japanese suffered large losses and ultimately signed a truce. Thereafter, the Japanese never challenged Mongolia’s borders during the remainder of World War II.

Mongolia and the Sino-Soviet Conflict

After World War II, Mongolia’s ties to the Soviet Union strengthened even more. Choybalsan, by now firmly in power, emulated many of the policies of his patron, Josef Stalin, including massive purges of potential rivals and the creation of a personality cult. The government’s second attempt at collectivizing livestock herding, carried out in the late 1950s, was more successful than the first in the 1930s. In foreign affairs, Mongolia became a firm supporter of Soviet positions in matters of international importance. The Russian Cyrillic

158 Larry Moses and Stephen A. Halkovic, Jr., “Chapter 7: Twentieth Century Mongolia,” in Introduction to Mongolian History and Culture (Bloomington, IN: Research Institute for Inner Asian Studies, Indiana University, 1985), 155.


alphabet became the standard script for written Mongolian in schools and the military during this time as well.\textsuperscript{164}

Choybalsan’s death in 1952, followed to the grave by Stalin in 1953, marked a gradual shift in Mongolia’s relations with its neighbors. China, which recognized Mongolia’s independence in 1949 (the year that Communist leader Mao Zedong took power), once again began to take an active role in Mongolia’s economy. Increased trade and numerous construction projects brought a large number of Chinese workers into the country, many from the Inner Mongolia region.\textsuperscript{165} During the 1960s, as relations between China and the Soviet Union deteriorated, the Soviets took a renewed interest in Mongolia. Mongolia, forced to take sides between the two Communist adversaries, chose Moscow. China’s long history of claiming Mongolian lands played large in this decision.\textsuperscript{166}

\textit{Mongolia’s Democratic Revolution}

The late 1980s saw a change in Mongolian political history, coincident with similar changes taking place in the U.S.S.R. and other Eastern Bloc countries. As the Soviets pulled their troops out of Mongolia, reflecting an easing in tensions between the U.S.S.R. and China, Mongolia quickly began repairing its political and trade relations with China. Perhaps more importantly, the Mongolian government began to establish relations with the West, including the United States.\textsuperscript{167} The government leadership also proposed reform measures intended to supply greater local autonomy and increase productivity.\textsuperscript{168}

Such measures, however, were unable to keep pace with the tides of change. Young educated Mongolians returning from their studies in the Soviet Union during the mid-1980s carried with

\begin{itemize}
  \item Larry Moses and Stephen A. Halkovic, Jr., “Chapter 7: Twentieth Century Mongolia,” in Introduction to Mongolian History and Culture (Bloomington, IN: Research Institute for Inner Asian Studies, Indiana University, 1985), 164–165.
\end{itemize}
them the ideas of *perestroika* (economic and political reconstruction) and *glasnost* (openness and transparency). Several of them soon organized a new reform movement. Beginning in December 1989, the young protesters carried out demonstrations and hunger strikes in Ulaanbaatar’s Sükhbaatar Square (named after one of the nationalist leaders of Mongolia’s 1921 revolution).

By May 1990 the MPRP, which by this point contained several members sympathetic to the protesters’ goals, had relented. Mongolia’s first multi-party elections took place in July 1990. Some economic reforms, including the privatization of Mongolia’s livestock herds, began thereafter, even though the MPRP retained control of the government after the 1990 elections. A new constitution passed in 1992 removed the last traces of the socialist past, including the country’s name. The Mongolian People’s Republic was now simply “Mongolia” once again.

**Recent Events**

Mongolia’s transition to a market economy, which began in 1991, has been particularly difficult. The nation’s long economic dependence on assistance from the Soviet Union caused immediate shocks in the early 1990s when Russia went through its own economic troubles. The MPRP-led government also hesitated in carrying out the wrenching economic changes necessary to retool the economy. In 1996, Mongolian voters in turn showed their frustration by electing Mongolia’s first non-MPRP government.

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The MPRP returned to power in 2000, lost parliamentary elections in 2004, and regained power again in 2008. That year, charges of fraud by the losing Democratic Party ignited violent protests in Ulaanbaatar. Following the country’s first incident of election violence, Mongolia’s Prime Minister responded by putting the capital city under a state of emergency. In the shadows of such political discontent, the presidential election in 2009, won by Tsakhia Elbedorj, proved peaceful and was judged fair by all competing parties and international observers. Primary issues during the presidential campaign were the elimination of governmental corruption and the fair distribution of Mongolia’s mineral revenues.

Chapter 2: Assessment

1. The Xanadu were a tribal confederation that emerged in the Mongolian steppes during the third century B.C.E.
   
   **FALSE**
   
   During the late 3rd century B.C.E., the Xiong-nu emerged as a tribal confederation whose mounted warriors waged nearly constant wars with the Chinese Han Dynasty for more than 150 years.

2. Khubilai (Kublai) Khan founded the Chinese Yuan Dynasty
   
   **TRUE**
   
   In 1271, eight years prior to the final defeat of the Southern Song, Khubilai Khan declared himself founder of the Yuan Dynasty. It was the latest in a long string of Chinese dynasties.

3. Mongolia's capital was invaded by the Japanese army from 1911–1921.
   
   **FALSE**
   
   Chinese forces invaded in 1919. A year later, White Russian troops (i.e., tsarist loyalists), partially funded by the Japanese, marched into Outer Mongolia from the north and pushed the Chinese out of Nisilel Huree (Ulaanbaatar).

4. Following the collapse of the Yuan Dynasty, Mongolia was once again beset by tribal competitions leading to periods of unity followed by disunity.
   
   **TRUE**
   
   Many changes took place after more than 60,000 Mongols retreated back into Mongolia from China. Cycles of unity and disunity once again became the norm on the steppes as new tribal confederations took root.

5. An attempt to collectivize Mongolia’s herders during the late 1920s through the early 1930s proved unsuccessful.
   
   **TRUE**
   
   By the late 1920s, the Mongolian government was implementing radical collectivization policies on a population that continued to largely consist of nomadic herders. Angry and frightened herders, facing the loss of their private livestock, began slaughtering their herds. Uprisings in western Mongolia in 1932 resulted in Soviet leaders pushing the Mongolian government to back off on its rapid push toward a state-controlled collectivist economy.
Chapter 3: Economy

Introduction

Mongolia’s economy—reliant on the prices of commodities, such as minerals and cashmere wool—was hit hard by the global recession of 2008–2009. Although general economic conditions rebounded in 2010, the agricultural sector, a major component of Mongolia’s overall economy, has continued to suffer owing to livestock losses from harsh winter weather known as a *zud*. Inflation has also remained a threat to the economy’s health, fueled by rising prices on imported food staples and large increases in public assistance.¹⁸⁰

Agriculture

The agricultural sector in 2010 generated about 15% of Mongolia’s gross domestic product (GDP) and provided employment for roughly 40% of the country’s population.¹⁸¹ Most of this agricultural production involves livestock, with meat (sheep, cattle, goat, horse, and camel), milk (cow, goat, and sheep), and wool making up 9 of the country’s 11 most valuable agricultural products.¹⁸²

Livestock

Mongolia’s mix of livestock animals has changed dramatically in recent years. In 1985, sheep outnumbered goats by more than a 3-to-1 margin.¹⁸³ By 2005, however, Mongolian herders possessed more goats than sheep, a change driven in large part by the lucrative (by Mongolian standards) cashmere trade.¹⁸⁴ While Mongolia’s goat stock increased by nearly 285% between 1985 and 2005, all other livestock species (camels, horses,
cattle/yaks, sheep) either declined or increased only slightly during this period. The severe zud in 2010, which led to a 27.7% reduction in Mongolia’s total livestock herds compared with the previous year, hit the goat population the hardest. For the first time in five years, Mongolia’s sheep population outnumbered its goats.\textsuperscript{185}

\textit{Cultivation}

Overall, only about 10\% of Mongolia’s agricultural production, measured by value, comes from food crops.\textsuperscript{186} It is not surprising that Mongolia grows little food, given that only 0.75\% of the nation’s land area is arable.\textsuperscript{187} Wheat, potatoes, and various garden vegetables are the primary food crops.\textsuperscript{188}

During the period following World War II, Mongolia’s socialist government attempted to increase crop production—mostly grains—by cultivating previously unused areas for crops. Farming practices were also modernized, which increased yields, and by the mid-1980s Mongolia was self-sufficient in grain production.\textsuperscript{189} Beginning in the early 1990s, however, when state farms were disbanded, a large amount of the wheat acreage began to fall out of production. Some of this land simply reverted to steppe, but even where farming continued, yields were significantly lower than before.\textsuperscript{190} The primary reason for this decline is that many credit-strapped farmers could no longer afford seeds, fertilizers,
pesticides, machinery, and fuel. As a consequence, by 2010 Mongolian farmers were producing less than 50% of the nation’s grain needs.

**Forestry**

Mongolia’s forests are state owned and managed. Most tree harvesting goes toward fuel needs, with only a small amount allotted for private or industrial uses. Because the harvesting limits are significantly lower than actual usage of wood products, illegal logging is a persistent problem.

**Industry**

Mining dominates Mongolia’s industrial sector. Manufacturing, in contrast, is limited to just a few market niches. Up until the end of 2004, Mongolia had a successful cotton textile industry with 30,000 workers employed in as many as 70 garment factories producing clothing for export, mainly to the United States. Most of the raw cotton came from China, and most of the factories were owned by Chinese or other East Asian companies.

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With the 2005 termination of the World Trade Organization’s Agreement of Textile and Clothing, however, Mongolia and many other less developed countries lost their competitive advantage in the clothing/textile sector as export quotas were lifted.\(^{199}\) Mongolia’s apparel and textile exports to the U.S. dropped precipitously from USD 225 million in 2004 to USD 2.4 million in 2010.\(^{200}\) Only the Mongolian garment factories producing cashmere clothing weathered this storm. The abundant local supply of raw material (only China produces more raw cashmere than Mongolia) has given Mongolian companies some advantages in this market, although they face extreme competition from Chinese cashmere-clothing producers.\(^{201}\) A few manufacturing operations, mostly in Ulaanbaatar and Erdenet, also produce wool carpets and blankets.\(^{202}\)

Other significant Mongolian manufacturing segments are food processing and construction materials. Flour mills, meat-processing factories, and milk and dairy plants make up the bulk of the small- and medium-sized food operations.\(^{203}\) Non-dairy beverages, both alcoholic and nonalcoholic, are also produced for the local market.\(^{204,205}\) Among the construction materials produced in Mongolian plants are brick, cement, reinforced concrete, and lumber.\(^{206}\)

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Energy Resources

Mongolia possesses significant coal and lignite deposits that are presently being extracted in roughly 30 open-pit mines.\(^{207,208}\) Coal production increased dramatically in 2008 after a new coal mine in the Gobi Desert began operations. The Erdenes Tavan Tolgoi mine, which is state owned, is very close to the Chinese border and provides exports to China.\(^{209}\) Among the 6 billion tons of reserves being tapped by the mine are deposits of coking coal, an important ingredient for making steel. This is economically advantageous to Mongolia given that China, home of the world’s largest steel industry, is one of Mongolia’s two neighbors.\(^{210}\)

As a result of mining operations, coal generated nearly 19% of Mongolia’s total export revenues in 2009 compared to less than 3% in 2006.\(^{211,212}\) With another big jump in coal exports in 2010, Mongolia’s share of China’s coal exports rose from 11% to 39%.\(^{213}\) Most of Mongolia’s coal that is not exported to China is used internally to run the nation’s five power plants and to fuel home stoves used for heating and cooking.\(^{214}\)


In recent years Mongolia has been producing a small but steadily increasing amount of crude oil, all of which is exported to China.\textsuperscript{215,216,217} Estimates on the total amount of Mongolian oil reserves vary widely, but government officials announced in 2010 that they hoped to increase crude oil production by tenfold with the help of foreign investors. Presently, Mongolia has no domestic refinery, and thus all of its processed oil products come from Russia.\textsuperscript{218}

Mongolia is believed to possess some of the world’s largest reserves of uranium, but no uranium mines are presently operating. (A Russian firm did operate a uranium mine in eastern Mongolia between 1988 and 1995.)\textsuperscript{219} Governmental and corporate entities from Russia, France, India, and Japan have all signed agreements since 2009 pledging to help develop Mongolia’s uranium resources.\textsuperscript{220}

\begin{footnotesize}
\begin{enumerate}
\item World Nuclear Association, “Uranium in Mongolia,” 2011, \url{http://www.world-nuclear.org/info/inf125-mongolia.html}
\item Wise Uranium Mining Projects, “New Uranium Mining Projects–Mongolia,” 10 January 2011, \url{http://www.wise-uranium.org/upmn.html}
\end{enumerate}
\end{footnotesize}
Mineral Resources

Mongolia is richly endowed with mineral resources. Even though many of its mineral deposits have yet to be exploited, they still constitute a majority of the nation’s total exports. Foremost among these mineral riches is copper, which is mined at Erdenet from the second-largest copper deposit in Central Asia. Another huge open-pit copper and gold mine—known as the Oyu Tolgoi mine—is under construction in Dornogovi and is projected to eventually produce more than one-third of Mongolia’s GDP after it reaches full production. The size of the mineral deposits at the Oyu Tolgoi mine, which is expected to open in August 2012, has been compared to the island of Manhattan in New York City. It is estimated these deposits could last through more than half a century of active mining. The Canadian company Ivanhoe Mines is building the multi-billion-dollar facility, which some investors believe will help raise the per capita income of the Mongolian people from its current level of USD 3,200 to exceed USD 10,000 within 10 years.

Several other minerals currently mined in Mongolia are also important to its economy. The nation is the world’s third-largest producer of fluorspar (behind China and Mexico), and it also exports significant amounts of gold, iron, zinc, and molybdenum. Construction materials (such as lime and stone) and salt are also mined for domestic use.

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228 International Trade Centre, “Trade Performance HS: Exports and Imports of Mongolia–26 Ores, Slag and Ash etc (2009, in USD Thousands),” 2011,
Trade

Mongolia’s land-locked position between two of the world’s largest countries limits its trading options. Until the dissolution of the Soviet Union, most trade (primarily Mongolian imports) was with Russia. Today, however, China is Mongolia’s major trading partner, receiving more than 80% (in trade value) of Mongolia’s exports and providing nearly 44% of Mongolia’s imports. Russia still provides a sizable percentage of Mongolia’s imports (27%), most of which consists of refined oil products. Overall, Mongolia in recent years has run a narrow trade deficit, although the gap increased significantly during the worldwide recession in 2008.

Most of Mongolia’s export revenues come from minerals and energy resources (coal, crude oil). Combined, these two categories generated roughly 89% of Mongolia’s export revenues in 2009. Wool, cashmere, and cashmere clothing are the only other significant exports, totaling roughly 6% of the export trade. Major import categories include oil (more than 17% of import revenues), machinery (11%), clothing (8.5%), electronics and electrical equipment (6.7%), and articles of iron and steel (5.8%). Wheat and flour are the primary food imports.


Tourism

Mongolia attracted an average of 420,000 tourists annually between 2005 and 2010. Most of these visitors are either from East Asian countries (57% in 2010) or Europe (37%). Overall, tourism and related businesses generate roughly 10% of Mongolia’s GDP. Ecotourism and adventure travel make up a significant portion of Mongolia’s tourism sector. The Mongolian tourism office estimates that roughly three-quarters of all tourists are “backpackers.” In rural areas, tourist camps are common, allowing visitors to experience something of the Mongolian nomadic tradition with a semblance of Western-style conveniences.

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Banking and Currency

Mongolia’s official unit of currency is the tögrög (currency code MNT). During 2010, the tögrög (MNT) rose 15% against the U.S. dollar, the largest increase against the dollar of any world currency, primarily because of Mongolia’s natural resources.\textsuperscript{241, 242} As of mid-April 2011, the dollar-to-tögrög exchange rate was 1 USD = 1,200 MNT, compared with a rate of 1 USD = 1,400 MNT one year prior.\textsuperscript{243}

Mongolia’s banking system consists of the Bank of Mongolia (the Central Bank) and 16 commercial banks (two of which are in bankruptcy proceedings as of early 2011).\textsuperscript{244} Numerous other financial institutions—such as insurance companies, securities companies, and savings and loan cooperatives—also exist, but their total assets are negligible compared to those of the banks.\textsuperscript{245} All but one of the banks are privately owned. The recession of 2008–2009 caused liquidity problems for many of these banks, as individuals began withdrawing their savings deposits in fear of a banking collapse. In addition, the number of non-performing loans jumped during this period.\textsuperscript{246}

\textsuperscript{243} XE.com, “XE Currency Charts (USD/MNT),” 11 April 2011, http://www.xe.com/currencycharts/?from=USD&to=MNT
Investment

Mongolia’s policies generally favor foreign investment, although some laws passed in 2009 by the Mongolian parliament regarding investor rights may have a chilling effect on future investment. In recent years, most of Mongolia’s foreign direct investment has been toward mining, involving projects that require a great deal of infrastructure investment. One of the biggest of these foreign-financed mining developments is the Oyu Tolgoi copper-gold mine, jointly owned by Ivanhoe Mines of Canada and the English/Australian multinational Rio Tinto. The Government of Mongolia holds a 34% interest in this mine, which is expected to cost more than USD 7 billion to fully develop. Planned future construction projects associated with mining include power plants, coal washing plants, oil refineries, and a new rail link to Russia, where Mongolian minerals and other products can be transported to Japan, Korea, and Taiwan.


Transportation

Mongolia has many thousands of miles of road, but only 3.5% are paved. The road density, measured as kilometers of road per 100 square kilometers of land, is also quite low (3.3%). Another problem is that road maintenance has been neglected on many of these roads. One of the most important projects currently under development is the North–South Road Project, which will finally provide a completely paved link between the Russian and Chinese borders. It follows a path that largely parallels the Trans-Mongolian Railway.

Mongolia has 1,815 km (1,125 mi) of railroad track, most of which makes up the Trans-Mongolian Railway. This route links Jinning in China with Ulan Ulde in Russia, where it reaches a junction with the Trans-Siberian Railway. The Ulaanbaatar’s Genghis Khan International Airport serves as Mongolia’s hub for international and domestic flights. Mongolia has 22 other airports, but only 4 of them have paved runways and lighting for night and bad-weather landings. The majority of Mongolia’s air passenger traffic arrives and departs via international flights.

Mongolia’s rail systems mostly consist of spur lines connecting mining centers with the main Trans-Siberian Railway. Over 95% of Mongolia’s freight turnover (freight tonnage times miles transported) is carried on trains, with roads primarily used for carrying goods only short distances. Railways are also the primary form of passenger transportation in Mongolia for longer trips.
Standard of Living

Results of an October 2009 poll of Mongolians from various parts of the country revealed that more than one-fifth of the respondents felt that the low standard of living was Mongolia’s biggest economic and sociopolitical problem. Even more (nearly 29%) thought that high unemployment, one of the markers of a low standard of living, was the nation’s biggest problem. In Ulaanbaatar, in particular, a rapidly escalating population has led to the spread of slums around the city’s outer edges. Many of these areas lack basic necessities, such as running water and connections to the city’s central heating grid.

However, Mongolia’s vast untapped wealth in coal and minerals, such as copper and uranium, provides hope that the nation’s overall standard of living will rise once mines start operations. Concerns persist, nevertheless, about how much of the coal and mineral revenues will circulate down to the general population and be used to provide much-needed infrastructure to many areas. Furthermore, an economy’s overreliance on mining income often results in making the local currency more valuable (because of all the foreign investment) and thus lessening the competitiveness of other economic sectors such as manufacturing.

In response to these concerns, the Mongolian government plans to set up a sovereign wealth fund that will be stocked by the mineral royalties and taxes. The government will funnel part of the fund’s monies to cash and stock programs that will provide annual income to all Mongolians, similar to other such programs in resource-rich areas such as Alaska and Norway. The fund will also be used to develop processing industries and improve the nation’s education, science, and technology capacities.

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Chapter 3: Assessment

1. Mongolia has been slow to privatize its banking system, with most banks still under state control.

**FALSE**

Mongolia’s banking system consists of the Bank of Mongolia (the Central Bank) and 16 commercial banks (two of which are in bankruptcy proceedings). All but one of the banks are privately owned.

2. Most of Mongolia’s tourism trade currently revolves around ecotourism and adventure travel.

**TRUE**

Ecotourism and adventure travel make up a significant portion of Mongolia’s tourism sector. The Mongolian tourism office estimates that roughly three-quarters of all tourists fall in the “backpacker” category.

3. Mongolia’s most important energy resource is coal.

**TRUE**

Coal generated nearly 19% of Mongolia’s total export revenues in 2009 compared to less than 3% in 2006. Most of Mongolia’s coal that is not exported to China is used internally to run the nation’s five power plants and to fuel home stoves used for heating and cooking.

4. Mongolia’s forests are plagued by illegal harvesting of trees.

**TRUE**

Most legal tree harvesting in Mongolia goes toward fuel needs, with only a small amount allotted for private or industrial uses. Because the harvesting limits are significantly lower than actual usage of wood products, illegal logging is a persistent problem.

5. Mongolia has numerous mineral resources, foremost of which is tungsten.

**FALSE**

Mongolia is richly endowed with mineral resources. Its copper deposit is the second-largest in Central Asia. Mongolia’s other mineral resources include gold, coal, uranium, iron ore, and oil.
Chapter 4: Society

Introduction

While ancient tales of fierce, 15th-century warriors may still worry some, visitors to modern Mongolia most certainly will encounter miners and businessmen before barbarian tribes on the steppes of Central Asia.

Far from emulating the sword-swinging terror of Genghis Khan, Mongolians are known for their hospitality to strangers, in part because of their traditional nomadic culture that fosters strong inter-dependency within and outside the family. Living in an extremely isolated region in eastern Asia, Mongolians have never had the option of choosing to withdraw from their neighbors, who through trade relations offered many necessities not readily available in Mongolia’s sometimes harsh environment. Thus, hospitality in Mongolia has long been a survival technique, not only a matter of politeness.  

The past and present are both evident in Mongolia today. Centuries-old traditions thrive in Mongolia—most readily observable in the many tent-like houses known as gers that dot the countryside. However, most Mongolians today also embrace modern conveniences and are generally open but not slavish to the ways of the outside world.

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Ethnic and Linguistic Groups

Mongolia is a very ethnically homogeneous country, with the large majority of the population speaking one of several dialects of the Mongol language. The dominant dialect, Khalkha Mongol, is the national language and is spoken by more than 80% of the population.267, 268 The various other Mongol ethno-linguistic groups, primarily differentiated by their dialects, make up no more than 3% of the total population.269 Most of these minority Mongol ethnic groups live in the western part of the country.270,271 Kazakhs, located in western Mongolia, are the principal non-Mongolian minority and make up slightly more than 4% of the nation’s population. Their population in Mongolia used to be greater, but after the Soviet Union broke up in 1990, a large percentage of the ethnic Kazakhs moved to newly independent Kazakhstan.272

Religion

Buddhism

Buddhism is the first organized religion that made substantial inroads into Mongolia. During the late 16th century, Altan Khan, a powerful western tribal leader attempting to unify the Mongol tribes, converted to Tibetan Buddhism (Lamaism). The religion quickly spread among the nobles and eventually the masses throughout the Mongol lands.273

By the end of the 19th century, converts to the monastic religion had built 583 monasteries and temples across Outer Mongolia (the territory of the modern nation).274 Roughly one-third of men

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in Mongolia in the 1920s were Buddhist monks, living both within and outside the monasteries. However, during the late 1930s, Mongolia’s communist leadership purged the Buddhist clergy, killing as many as 100,000 monks and destroying nearly all of the country’s monasteries. \(^{275}\)\(^{276}\) Thereafter, three generations of Mongolians had little or no exposure to Buddhist teachings, thus greatly weakening the religion’s hold on the national culture. \(^{277}\)

Since the breakup of the Soviet Union in the early 1990s, Tibetan Buddhism has begun a slow revival in Mongolia. Gandantegchinlen Monastery (or simply Gandan Monastery) in Ulaanbaatar, one of the few Tibetan Buddhist sites that survived the destruction of the 1930s, serves as the country’s religious center, with more than 400 monks in residence. \(^{278}\) By the end of 2010, the re-emergence of the religion was represented by more than 250 Buddhist temples and monasteries throughout the country—roughly half of the total religious places of worship within Mongolia. \(^{279}\)

**Other Religions**

The Kazakh minority in western Mongolia practices Sunni Islam. Like their Buddhist counterparts, Mongolia’s Muslims were persecuted during the 1930s under Soviet rule. Few mosques were destroyed, however, because of the informal nature of Kazakh Islam and the corresponding lack of religious infrastructure. \(^{280}\) Since 1990, more than 40 mosques and seven Islamic centers have opened in Mongolia. By one estimate there are now roughly 150,000 Muslim adherents, equivalent to about 5% of the population. \(^{281}\)


Another religious minority in Mongolia is the growing Christian population, now estimated at more than 4% of the nation’s population. Most Mongolian Christians are Protestant; about 9% are followers of The Church of Jesus Christ of the Latter-Day Saints (Mormons).282

Gender Issues

Women have traditionally held a relatively higher social position within Mongolia compared to most other Central and East Asian societies. This is because Mongolia’s herding economy required women to take an important role in sustaining the family, which included tending sheep, the most valuable resource for most families. During Mongolia’s communist era, women increasingly worked outside the home, particularly in teaching and medicine.283

Today, the family and economic rights of women are legally guaranteed in Mongolia.284 In fact, more Mongolian women are educated than men, have more economic opportunities and better health than men, and participate more in politics than men.285 Indeed, Mongolia in 2009 ranked better than any other country in the world in the Global Gender Gap Index’s comparisons of women’s economic participation and opportunity.286 Only in measurements of participation rates at the highest levels of national government do males outnumber females in Mongolia.287

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Traditional Clothing

In Ulaanbaatar and other Mongolian urban areas, European-style clothes are now commonly worn, but in rural areas traditional clothing is still the norm. Most important of these garments is the *del*, a loose wool gown with a high collar that is cinched at the waist with a sash. It is worn by both men and women, with little difference in style and cut. Men’s *dels* tend to be wider and more subdued in color than those of women. The *del’s* practicality in Mongolia’s harsh conditions has ensured its continuing popularity—it serves as a coat, a blanket, and even as a primitive form of privacy when relieving oneself on the treeless steppes. In cold times of the year, people commonly wear a *del* that is padded with sheepskin or cotton wool.

Headwear is another necessity on the Mongolian steppes, and several varieties are commonly worn. Baseball hats, felt or straw short-brimmed fedoras, and even Australian-style “cowboy hats” are some of the more recently imported styles. The traditional Mongol headwear, an ornately decorated spike-topped hat known as the *loovuz*, is now generally only seen at holiday and ceremonial events.

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Arts

Painting and Sculpture

Traditional Mongolian art is heavily imbued with religious imagery and reminiscent of styles seen in Tibetan art, not surprising given the long history of cultural ties between these two regions.295,296 These paintings were typically done on cloth and framed with silk. In some cases, the religious “paintings” were actually silk appliqués sewn onto the cloth.297

Popular in the 19th and 20th centuries, Zurag is a later style of Mongolia art. It emphasizes secular themes—in particular, daily life on the Mongolian steppes. Balduugiiyn Sharav (1869–1939) is the best-known artist of this style.298 His One Day in Mongolia is often credited as Mongolia’s most famous painting.299 Its depiction of a nomadic encampment is sweeping in its detail, providing a glimpse into nearly all aspects of the nomadic lifestyle.

Mongolia’s sculptural works, like its paintings, long displayed a religious orientation. Bogd Gegeen Zanabazar (1635–1723), the first Mongolian to hold the title Jebtsundama Khutuktu (“Living Buddha”), is renowned to this day for his bronze casts of Buddhist deities. Many of his sculptures remain in monasteries and museums throughout Mongolia.300 A direct descendant of Genghis Khan, Zanabazar is known as the “Michelangelo of Asia” and is remembered fondly for “offering a regional renaissance in theology, language, astronomy, and art.”301

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Music

Throat singing (also referred to as overtone singing) is a style often associated with the Tuva region on Mongolia’s northwestern border. Western Mongolia also has many practitioners of this style, which is known as koomei. The koomei singer—expertly manipulating the larynx, throat, diaphragm, and palate—generates two tones at the same time, one a growling low-to-midrange note similar to a bagpipe drone and the other a higher-pitched flute-like sound.302,303

Another traditional Mongolian musical style is urtiin duu (often translated as “long song”), typically a 32-verse vocal piece marked by trills, a sweeping melody cascading up and down a vast octave range that peaks at falsetto, and a complex rhythmic pattern.304 Urtiin duu singers frequently perform at ceremonial festivities, such as weddings, new home inaugurations, child births, and livestock brandings, as well as at national celebrations such as Naadam and Tsagaan Sar (Lunar New Year).305

Architecture

Visitors to Mongolia are immediately struck by the numerous tent-like homes known as gers. Modern gers reflect Mongolia’s long nomadic tradition, and they are as likely to be seen in urban areas as in rural areas. The ger, typically 3.7–9.1 m (12–30 ft) in diameter, is easily transportable due to its wooden, latticed framework that folds and unfolds like a circular baby gate. Felt covers the walls and wooden-raftered roof.306 A hole at the top of the ger is the only window and is used

to let smoke escape from indoor heaters during the winter. The floor, either wood or dirt, is also covered with felt.\textsuperscript{307} The door is always set to the south side of the ger in order to avoid the strong northern winds and to receive additional inside light.\textsuperscript{308,309}

**Sports and Recreation**

Mongolia’s three traditional “manly” sports—wrestling, archery, and horse racing—are the focus of Naadam, a festival celebrated each July in Ulaanbaatar and numerous towns around the country. Of the three sports, wrestling is the most popular. Wrestling competitions do not have weight classes, so frequently the best wrestlers are among the largest.\textsuperscript{310} Mongolian wrestlers use simple grips and holds while standing on their feet, with the sole goal being to get one’s opponent on the ground first. Some of Mongolia’s better wrestlers also compete in judo, where some of the wrestling techniques translate well. Overall, Mongolians have won 19 medals in the Summer Olympics since the nation first began competing in 1964—13 of the 19 medals were for wrestling and judo.\textsuperscript{311}

Horse racing—which occurs on the open steppes rather than on an oval circuit—is another popular sport in Mongolia. Jockeys are young (between 6 and 12 years old), and distances are long (15–30 km or 9.3–18.6 mi).\textsuperscript{312} The oldest horses run the longer distances. Winning horses receive the title of *tumnii ekh* (“leader of ten thousand”) and special attention from spectators after the race.\textsuperscript{313}

Of the three traditional Mongolian sports, archery is usually the only one in which women participate.\textsuperscript{314} The bent bows are made in the traditional fashion, using wood,

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sheep’s horn, and sinew. As with wrestling and horse racing, archery contests contain equal parts ceremony and competition. The archers are sung to by the scorer, using a different style of singing for each type of archery event, to indicate the results of the competitors. Other singers serenade with invitational songs and songs that recognize both good and bad shots.

Perhaps the most unique Mongolian sport is anklebone shooting. In this ancient game, which has some similarities to marbles, anklebones of sheep are flicked at targets (also anklebones) about 3 m (10 ft) away. Since 2000, anklebone shooting contests have joined wrestling, archery, and horse racing in the rotation of Naadam events.

Chapter 4: Assessment

1. Despite the country’s name, the modern-day population of Mongolia is evenly split between ethnic Mongols and ethnic Kazakhs.

**FALSE**

Mongolia is a very ethnically homogeneous country, with the large majority of the population speaking one of several dialects of the Mongol language. Kazakhs, located in the western part of Mongolia, are the principal non-Mongolian minority and make up slightly more than 4% of the nation’s population.

2. Tibetan Buddhism was the dominant religion in Mongolia until a communist purge during the 1930s.

**TRUE**

Roughly one-third of men in Mongolia in the 1920s were Buddhist monks, living both within and outside the monasteries. During the late 1930s, Mongolia’s communist leadership purged the Buddhist clergy. As many as 100,000 Buddhist monks may have been killed during this time, and nearly all of the country’s monasteries were destroyed.

3. In terms of educational achievement, Mongolian women outperform their male counterparts.

**TRUE**

In Mongolia there is a reverse gender gap at all levels of the educational system (i.e., the ratio of women to men in all levels of schooling favors women).

4. *Urtiin duu* is a traditional Mongolian musical style that is often performed for special events and on ceremonial occasions.

**TRUE**

*Urtiin duu* singers frequently perform at ceremonial festivities—such as weddings, new home inaugurations, child births, and livestock brandings—as well as at national celebrations, including Naadam and Tsagaan Sar (Lunar New Year).

5. The Naadam festival features competitions in Mongolia’s three traditional “manly sports”: wrestling, fencing, and boxing.

**FALSE**

Mongolia’s three traditional “manly” sports—wrestling, archery, and horse racing—are the focus of Naadam, a festival celebrated each July in Ulaanbaatar and numerous towns around the country.
Chapter 5: Security

Introduction

In the period of Mongolian history between its declaration of independence in 1921 and the fall of the Soviet Union in the early 1990s, Mongolia’s security concerns and needs were strongly tied to and supported by Moscow. The Soviets supplied all military training and equipment for the Mongolian People’s Army. Soviet troops were also stationed in Mongolia from the 1960s until the early 1990s, a period during which a Chinese-Soviet rift made Mongolia a tense buffer region lying between the two communist rivals.

With the collapse of the Soviet Union, Mongolia was forced to rethink its security posture. With Moscow no longer its central political, economic, and military partner, the Mongolian government shifted to a more equitable foreign policy. Ulaanbaatar’s relations with Moscow and Beijing became more balanced, and political and economic relations were fostered with the United States, Japan, the Republic of Korea, several European Union countries, Australia, Canada, and other nations. \(320\) In the case of the United States, these improving relations eventually led to military and counterterrorism cooperation. \(321\)

Overall, Mongolia’s isolated location between two global powers has helped ensure its internal and external security, despite its more than 6,000 km (3,700 mi) of relatively porous borders. Mongolia has been spared any direct attacks, but the government takes potential terrorist threats seriously and has committed resources to counterterrorism training and cross-national counterterrorism cooperation. \(322\)

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U.S.-Mongolian Relations

The United States and Mongolia did not formally establish diplomatic relations until January 1987. Until then, Mongolia’s sensitive relationship with the Soviet Union, its economic and military patron, hindered the development of relations with the United States, considered a Soviet ideological adversary during most of the Cold War era. The Government of Taiwan, a U.S. ally, also complicated recognition efforts by its continued insistence that Mongolia was part of mainland China and not an independent state.

Beginning in 1989 and continuing through the peaceful transition to democracy in 1990, the U.S. began to develop cultural and economic ties with Mongolia. The two nations forged a trade agreement in 1991, followed by an investment agreement in 1994. Between 1991 and 2011, the U.S. Agency for International Development (USAID) has funded USD 214 million worth of programs in Mongolia. These programs aim to help foster private-sector economic growth and to strengthen government institutions. In 2007, Mongolia signed a USD 285 million compact with the Millennium Challenge Corporation, an independent U.S. foreign aid agency providing large grants for “country-led solutions for reducing poverty through sustainable economic growth.”

Mongolia, for its part, has committed to five programs under their compact that aim (1) to increase access to vocational education training; (2) to improve the nation’s land tenure and land purchasing system so as to provide greater opportunities for generating income; (3) to improve the key North–South Highway; (4) to better detect and treat non-communicable diseases and injuries; and (5) to provide greater energy efficiency and lowered air pollution in Ulaanbaatar.

Trade between Mongolia and the United States has dropped since the Agreement on Textiles and Clothing expired at the end of 2004. Up until 2007, Mongolia was a net


exporter to the United States, but in the years since then Mongolia has imported significantly more from the U.S. than it exports.\textsuperscript{328}

The U.S. has additionally helped Mongolia develop its military forces. Much of this assistance has targeted peacekeeping capabilities, as Mongolia faces no real internal or external threats.

**Relations With Neighboring Countries**

**Russia**

In the decade following the dissolution of the Soviet Union, Mongolia’s relationship with Moscow evolved toward one in which the two nations were on more equal footing. However, even as Mongolia developed strong relations with other East Asian nations, such as Japan and South Korea, it continued to retain important strategic ties with Moscow. The greater balance in the bilateral relationship was formalized in 1993 through the signing of a Treaty of Friendship and Cooperation.

Moscow’s investment in Mongolia during the Cold War era left Mongolia with a legacy of massive debt from Soviet loans. Several key Mongolian economic assets, including the huge copper mine complex at Erdenet and the Trans-Mongolian Railway, remained under joint Mongolian-Russian ownership.\textsuperscript{329} In 2003, the Russian government agreed to write off virtually all of Mongolia’s large debt to Russia, estimated at one time to be as high as USD 11 billion. A remaining USD 180 million debt was later written off by the Kremlin in October 2010.\textsuperscript{330}

Mongolia remains very dependent on Russia for its energy needs. Imports from Russia provide roughly 95% of Mongolia’s petroleum products, and the Russian electricity exporter, Inter RAO, generates about 8% of the power consumed in Mongolia.\textsuperscript{331,332}

\textsuperscript{328} U.S. Census Bureau, “Trade in Goods With Mongolia,” 2011, \url{http://www.census.gov/foreign-trade/balance/c5740.html}


During recent years, Moscow has also begun to reassert itself in Mongolian economic affairs.\textsuperscript{333} The two nations have recently been involved in plans for several mining and infrastructure development projects in Mongolia, including uranium mines, a rail extension linking the Gobi coal and copper fields with a port in Russia’s Far East, and the construction of coal-fired power plants.\textsuperscript{334,335,336,337} The rail project, in particular, has attracted attention because it signals that Mongolia wishes to develop an alternative to its primary trading port of Tianjin in China. However, the increased transportation costs from the Russian port seem to provide little or no economic rationale for the project.\textsuperscript{337}

\textit{China}

For much of the Cold War era, Mongolia’s reliance on the Soviet Union and its fears about lingering Chinese territorial claims on its lands led to tensions between the two neighboring states. During the mid-1980s, however, with all territorial issues ostensibly settled and strained Chinese-Soviet relations in a period of thaw, Ulaanbaatar and Beijing began taking the first steps toward a normalization of relations.\textsuperscript{338} As Russia’s economic woes in the 1990s forced it to take a much more limited role in Mongolian affairs, China gained a stronger economic foothold.\textsuperscript{339}

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Today, China is Mongolia’s leading trade partner and its largest source of foreign direct investment, with much of the Chinese investment in Mongolia focused on mineral extraction and the associated infrastructure. Several analysts have noted, however, that despite friendly relations and economic connections, there are concerns about establishing too close a relationship with China. Mongolian politicians and general public worry that close ties could lead to Mongolia’s political and economic domination by China.

The Dalai Lama’s periodic visits to Mongolia have been one of the few obvious thorns in China’s otherwise cooperative relations with its northern neighbor. Mongolia and Tibet have traditionally been linked through their mutual embrace of Lamaism, and the Dalai Lama continues to be a revered figure among a significant segment of the Mongolian population. In 2002, during one of the Dalai Lama’s visits to Ulaanbaatar, the Chinese government briefly delayed trains heading toward Mongolia.

Another potential irritant in Mongolian-Chinese relations is the development of a small but not insignificant ultra-nationalist movement in Mongolia. This fringe movement embraces Nazi-era iconography and espouses extreme anti-Chinese rhetoric.

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**Notes:**


Credible reports of threats and even violence against Chinese residents living in Mongolia have been widely reported in the media. To date, the Chinese government has not publicly protested the treatment of Chinese citizens in Mongolia.

**Military**

Mongolia’s limited armed forces consist of an army and air force, with a total of 5,800 personnel. Given Mongolia’s position between two of the world’s biggest nations with correspondingly large military forces, Mongolia’s military has no real capacity to resist a sustained invasion. Thus, Mongolia’s defensive strategy is based on the assumption that any external threat will be countered by one of its powerful neighbors. Much of Mongolia’s military equipment is from the Soviet era and is badly outdated. Given its strictly defensive posture, the Mongolian Army mostly needs new “early warning systems, air and satellite surveillance, and border-protection assets.” The Mongolian Air Force is very small and has no combat capability. The few aircraft in service primarily fulfill transport duties.

Since 2002, Mongolian military observers and troops have been deployed in some United Nations peacekeeping missions (most notably, in Sierra Leone and Chad/Central African Republic) and in the U.S.-led military operations in Iraq and Afghanistan. In recent years, the Mongolian Army has taken an increasing role

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355 Agence France-Presse, “Mongolia to Send Troops to Afghanistan,” 22 July 2009, [http://www.google.com/hostednews/afp/article/ALeqM5iijohhR3_8jwVXdLihL7miTKeMWw](http://www.google.com/hostednews/afp/article/ALeqM5iijohhR3_8jwVXdLihL7miTKeMWw)


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in multinational peacekeeping training exercises, including the U.S.-led “Khaan Quest” and “Tempest Express,” and the bilateral (Mongolia-Russia) Darkhan exercises.358

**Terrorist Groups and Activities**

No known terrorist groups operate in Mongolia or are known to have bases of support within the country.359 Further, the Mongolian National Police report that no organized criminal gangs are known to be carrying out operations within the country.360 Ultra-nationalist groups, such as Tsagaan Khass (“White Swastika”), the Mongolian National Union, and Dayar Mongol (“All Mongolia”) are perhaps the largest source of concern. These groups appear to have increased xenophobic attacks on foreigners, especially those who appear to be ethnic Chinese or Korean.361,362,363 Mongolian women seen in the company of foreign men have also been subject to attacks and threats.364

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Other Issues Affecting Stability

Mineral Wealth, “Dutch Disease,” and Corruption

Mongolia sits on vast mineral wealth that is just beginning to be exploited to its full potential. How the nation manages the expected influx of wealth generated by these resources may have important ramifications on its political stability. In several resource-rich countries such as Nigeria and Venezuela, new wealth has not translated into a growing gross domestic product (GDP) per capita. In some such cases, the so-called “Dutch Disease” has been part of the problem. Foreign currency flowing into the country causes local currency to appreciate. This appreciation damages the competitiveness of other local economic sectors in the world economy. To some extent, Mongolia’s cashmere industry has already felt the effects of such a currency appreciation. Another problem Mongolia faces is the highly volatile nature of mineral prices When world demand slackens, as it did in the recession of 2008–2009, prices may drop sharply, leading to significant budget shortfalls.

The Mongolian government has proposed several measures to address these issues. One such measure is a stability fund, consisting of surplus revenues set aside when mineral prices are high. This fund will make up for shortfalls when mineral prices decline. While there is significant political pressure to disperse much of the government’s mineral windfalls into cash payments to Mongolia’s many poor citizens, some legislators are also pushing for a development fund that will promote improvements in infrastructure and other areas that will help spur job growth.

Corruption is a persistent problem in Mongolia. The degree to which the government negotiates its mineral licensing agreements and allocates its newly obtained wealth in an open and transparent manner will strongly influence how the Mongolian public reacts to the ultimate choices that are made. Mining has traditionally been viewed as one of the most corrupt sectors of the Mongolian economy in annual surveys about corruption, a

situation that the government has publically tried to address by creating “corruption-fighting action plans.”  


Chapter 5: Assessment

1. The Mongolian Air Force, while small, has served in several combat operations in Iraq and Afghanistan.

FALSE

The Mongolian Air Force is very small and has no combat capability. The few aircraft in service primarily fulfill transport duties.

2. For nearly 70 years following Mongolian independence in 1921, the Soviet Union dominated Mongolia’s security relations.

TRUE

Between 1921 and the fall of the Soviet Union in the early 1990s, Mongolia’s security concerns and needs were strongly tied to and supported by Moscow. The Soviets supplied all military training and equipment for the Mongolian People’s Army. Soviet troops were also stationed in Mongolia from the 1960s until the early 1990s.

3. While much of Mongolia’s trade is now with China, the nation still relies on Russia for energy imports.

TRUE

Mongolia remains very dependent on Russia for its energy needs. Imports from Russia provide roughly 95% of Mongolia’s petroleum products, and the Russian electricity exporter, Inter RAO, generates about 8% of the power consumed in Mongolia.

4. Ultra-nationalist groups in Mongolia have emerged in recent years, embracing fiery anti-Russian positions resulting from Cold War-era domination.

FALSE

A potential irritant in Mongolian-Chinese relations is the development of a small but not insignificant ultra-nationalist movement in Mongolia. This fringe movement embraces Nazi-era iconography and espouses extreme anti-Chinese rhetoric.

5. The activities of several active organized crime groups in Mongolia are a serious source of concern for the government.

FALSE

The Mongolian National Police report that no organized criminal gangs are known to be carrying out operations within the country.
Final Assessment

1. Even though most of Mongolia is very cold during the winter, snowfall amounts are generally light.

2. Lake Hovsgol is Mongolia’s largest freshwater body of water.

3. Because Mongolia is not near any plate boundaries, it is not susceptible to large earthquakes.

4. The city of Erdenet was built to support mining operations in the nearby area.

5. Mongolia is the world’s largest landlocked country.

6. Genghis Khan was able to consolidate his power by requiring that top administrators and military officials swear allegiance to him, thus weakening their clan and tribal affiliations.

7. After the Qing Dynasty broke apart in 1911, Russia immediately recognized Outer Mongolia’s full independence from China.

8. After Genghis Khan’s death, the Mongol empire was divided between his four sons or their heirs.

9. By the early 16th century, all of modern-day Mongolia was under the control of the Manchu Empire.

10. Protests during late 1989 and early 1990 were unsuccessful in forcing the Mongolian People’s Revolutionary Party (MPRP) to implement more political openness.

11. A large part of Mongolia’s recent direct foreign investment has targeted the cashmere clothing industry.

12. Mongolia’s neighbors, Russia and China, are its dominant trading partners.

13. Mongolia’s most valuable exports are minerals and energy resources.

14. Mongolia’s cotton textile industry continues to be the nation’s most important manufacturing segment.

15. Rice is the most important food crop grown in Mongolia.

16. Islam is a minority religion in Mongolia.

17. The most commonly worn traditional garment of clothing in Mongolia is the del.

18. The famous Mongolian painting, *One Day in Mongolia*, was commissioned by Genghis Khan to commemorate his accession as leader of the Mongol tribes.

19. Mongolians used to live in tent-like homes known as gers, but these have been almost completely replaced by traditional-style houses.

20. Within the last 15 years, the ancient game of anklebone shooting has become one of the competitions that take place during Naadam.

21. Because of Mongolia’s isolation, it has become a haven for various terrorist organizations.
22. Since 1989, the U.S. has strengthened its economic, political, and military relations with the Mongolian government.

23. An aftereffect of the Soviet Union’s collapse was a massive debt owed by Mongolia to Russia for Cold War-era development loans.

24. China is Mongolia’s chief trading partner and its most significant provider of foreign direct investment.

25. Mongolia’s vast mineral wealth has raised concerns that other parts of the Mongolian economy could suffer if mineral revenues drive up the value of the Mongolian currency.
Further Reading


Films


