



# MONGOLIA SECURITY ANALYSIS REPORT

## AI-Assisted Open Source Intelligence Assessment

Analysis Period: March 06, 2026 - March 13, 2026

This report was produced using automated open-source intelligence analysis. The assessment is grounded in publicly available reporting and should be cross-referenced with primary sources. RSS feed articles are listed in the annex for reference.

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## Executive Summary

During the period of March 06 to March 13, 2026, Mongolia demonstrated a proactive diplomatic stance on international issues while continuing to strengthen its "Third Neighbor" policy. The nation's Ministry of Foreign Affairs expressed deep concern over the escalating conflict in the Middle East, advocating for immediate de-escalation and diplomatic resolution. Domestically, significant attention was given to enhancing national cybersecurity capabilities, with several conferences scheduled and ongoing implementation of the National Cybersecurity Strategy. Economically, Mongolia continued to leverage its strategic position, pursuing deeper trade ties with the Eurasian Economic Union via Russia and capitalizing on China's demand for critical minerals. Concurrently, the country maintained robust engagement with Western partners, notably the United States and the European Union, through strategic partnerships and development initiatives.

## Key Security Developments

- Diplomatic Response to Middle East Conflict

On March 6, 2026, the Ministry of Foreign Affairs of Mongolia issued an official statement expressing profound concern regarding the severe deterioration and escalation of armed conflict in the Middle East. The statement highlighted that these developments undermine international law and pose a grave threat to regional and global peace and security. Mongolia, in line with its peaceful, open, and multi-pillared foreign policy, called upon all parties to immediately cease hostilities and resume diplomatic dialogue, reaffirming its readiness to support efforts towards a peaceful and negotiated settlement. This demonstrates Mongolia's commitment to multilateralism and its role as a responsible international actor.

- "Khaan Quest-2026" Peacekeeping Exercise Planning Underway

A mid-level planning meeting for the "Khaan Quest-2026" international peacekeeping exercise was held in Ulaanbaatar from March 9-13, 2026. Jointly organized by Mongolia and the U.S. Indo-Pacific Command, this meeting aimed to finalize the structure, topics, participants, and preparations for the upcoming June exercise. Brigadier General D. Myagmarjav of the Mongolian General Staff's Peacekeeping and Military Cooperation Department provided opening remarks, emphasizing the exercise's goal to enhance multinational coordination and prepare personnel for United Nations peacekeeping operations.

- Intensified Focus on Cybersecurity and Conferences

Mongolia continued its efforts to bolster its cybersecurity posture, with several cybersecurity conferences scheduled during March 2026. Events were planned for March 6-7 and March 13-14 in cities like Darkhan and Erdenet. These conferences are part of the broader implementation of Mongolia's National Cybersecurity Strategy (2022-2027), which aims to improve the legal framework, protect critical information infrastructure, enhance human resource capacities, and expand international cooperation in cybersecurity. This sustained focus is critical given the reported 60,000 to 90,000 cyberattacks occurring weekly in Mongolia, with a significant portion targeting government institutions.

- Economic Corridor and Trade Expansion with Russia/EAEU

On March 6, 2026, Mongolia announced its intention to designate the Altanbulag checkpoint on its border with Russia as the primary export and import artery for implementing its free trade agreement with the Eurasian Economic Union (EAEU). This agreement, signed in June 2025, is expected to significantly boost Mongolia's exports to the Eurasian market by almost a quarter and facilitate duty-free imports of numerous commodities. The development of infrastructure, including a freight terminal and customs lab, at the Altanbulag free economic zone is crucial for this initiative.

- Strengthening Economic Cooperation with China through Mineral Exports

Mongolia's exports of goods and raw materials surged by 51.9% in the first two months of 2026, reaching \$3.05 billion, as reported on March 9, 2026. This growth is largely driven by China's escalating demand for "green metals" such as copper and rare earth elements, essential for its rapidly expanding electric vehicle (EV) and renewable energy sectors. This positions Mongolia's rich mineral resources as a critical component of China's high-tech supply chain, further integrating the two economies.

- Entry into Force of EU-Mongolia Partnership and Cooperation Agreement

The Partnership and Cooperation Agreement (PCA) between the European Union and Mongolia officially entered into force on November 1, 2025. As of March 6, 2026, an EU Delegation was set to open in Ulaanbaatar in the "coming days," consolidating existing areas of cooperation and deepening relations in mutual interest areas. This agreement is a key component of Mongolia's "Third Neighbor" policy, aiming to diversify its economic and foreign trade policies and reduce overreliance on its powerful neighbors.

- Conclusion of US-Mongolia Millennium Challenge Corporation Compact

The Millennium Challenge Corporation (MCC) Water Resources Agreement, a significant component of the U.S.-Mongolia Strategic Partnership, is scheduled to conclude in March 2026. This \$462 million project, with a \$112 million contribution

from the Government of Mongolia, is designed to improve Ulaanbaatar's water and wastewater system and increase the city's water supply by 80%. Its completion marks a tangible outcome of the long-term U.S. commitment to partnership with Mongolia in sustainable development.

- Ongoing Internal Political Stability Concerns

Mongolia entered 2026 facing internal political challenges, including a constitutional crisis triggered by teachers' strikes and an ongoing power struggle between Parliament and President Ukhnaagiin Khürelsükh. This executive-legislative deadlock threatens vital reforms and highlights underlying vulnerabilities in the country's political stability. These internal dynamics could impact the government's ability to implement long-term security and economic policies effectively.

- Improvements in Social Security for Armed Forces Personnel

On March 6, 2026, Prime Minister Zandanshatar Gombojav visited the General Staff of the Armed Forces to discuss initiatives aimed at improving social security for armed forces personnel. This indicates a governmental focus on military welfare and morale, which is crucial for maintaining a strong and effective defense force.

- Discussions on Increased Defense Budget

Reports on March 2, 2026, indicated that plans for a bigger defense budget were gaining momentum after a bill vote. While specific figures were not detailed within the reporting period, this suggests a potential strategic shift towards increasing defense expenditure, likely aimed at modernizing the Mongolian Armed Forces and enhancing their capabilities.

- U.S. Law Includes Provision on Southern Mongolia

News on March 7, 2026, highlighted the enactment of the U.S. Fiscal Year 2026 National Defense Authorization Act (NDAA), which includes a provision on Southern Mongolia. This provision mandates geopolitical and security monitoring of developments related to PRC space capabilities in the region and evaluates access to Mongolian autonomous areas for U.S. officials and journalists. This reflects growing international attention to human rights and geopolitical dynamics in the broader region.

- Formal Diplomatic Relations Established with Greater China

Diplomatic relations between Greater China and Mongolia were formally established on February 7, 2026. Even prior to this, both nations engaged in beneficial bilateral trade, with China having a commercial branch of the Bank of China in Mongolia to facilitate cross-border trade, infrastructure development, and economic cooperation. This formalization underscores the deepening ties and strategic importance of the relationship, with Mongolia adhering to the "One China" policy.

## Geopolitical Impact and Regional Dynamics

Mongolia's security posture during this period continues to be defined by its unique geopolitical position, sandwiched between two major powers, Russia and China, while actively pursuing its "Third Neighbor" policy to diversify partnerships with countries like the United States and the European Union. The formal establishment of diplomatic relations with Greater China on February 7, 2026, solidifies a crucial bilateral relationship, emphasizing mutual respect and economic cooperation. This is further underscored by Mongolia's adherence to the "One China" policy and its recognition of issues related to Hong Kong, Xinjiang, and Tibet as internal affairs of China. The significant increase in Mongolia's mineral exports to China in early 2026, driven by China's demand for "green metals," highlights a deepening economic interdependence that has clear geopolitical implications, reinforcing China's influence on Mongolia's economic trajectory.

Concurrently, Mongolia is actively strengthening its ties with Russia, particularly through economic integration with the Eurasian Economic Union (EAEU). The commitment to making the Altanbulag checkpoint a primary trade artery for the EAEU agreement, reported on March 6, 2026, signifies a strategic move to boost trade and diversify economic opportunities with its northern neighbor. While the "Selenge-2024" and "Steppe Partner-2024" military exercises with Russia and China respectively were conducted in 2024 and are not within this reporting period, the ongoing economic and diplomatic engagements with both powers demonstrate Mongolia's delicate balancing act to maintain good relations with its immediate neighbors.

The "Third Neighbor" policy remains a cornerstone of Mongolia's foreign relations, with notable advancements in its partnerships with the United States and the European Union. The conclusion of the MCC Water Resources Agreement in March 2026 with the U.S. symbolizes a tangible outcome of this strategic partnership, focusing on sustainable development. Similarly, the entry into force of the EU-Mongolia Partnership and Cooperation Agreement and the imminent opening of an EU Delegation in Ulaanbaatar signify a stronger commitment from the EU to support Mongolia's economic diversification and global connectivity. These efforts aim to provide Mongolia with alternatives and reduce its overreliance on Russia and China, thereby enhancing its strategic autonomy in the broader Indo-Pacific region. The U.S. FY2026 NDAA's provision on Southern Mongolia also indicates a growing U.S. interest in human rights and geopolitical stability in the region, which could indirectly impact Mongolia's diplomatic considerations.

## Military and Defense Analysis

Mongolia's military and defense posture during this period reflects a continued emphasis on peacekeeping operations and a potential drive towards modernization, albeit within the constraints of its geopolitical realities. The ongoing mid-level planning meeting for the "Khaan Quest-2026" international peacekeeping exercise, held from March 9-13, 2026, underscores Mongolia's consistent commitment to contributing to global peace and security. This annual exercise, co-hosted with the U.S. Indo-Pacific Command, is crucial for enhancing the interoperability and readiness of Mongolian forces for multinational peacekeeping missions, a key aspect of its defense diplomacy.

Discussions surrounding a bigger defense budget, reported on March 2, 2026, suggest a potential increase in defense spending. While specific details on allocation are not yet public, this could indicate a strategic intent to invest in military modernization programs, including equipment upgrades and capability development. Such investments would be critical for improving the operational effectiveness of the Mongolian Armed Forces, particularly in areas such as border security and rapid response capabilities. Furthermore, the Prime Minister's visit to the General Staff of the Armed Forces on March 6, 2026, to address social security for armed forces personnel, highlights a focus on troop welfare and retention, which are fundamental to maintaining a professional and motivated military force.

Mongolia's defense strategy continues to navigate its "Third Neighbor" policy, seeking to balance its relationships with Russia and China while engaging with Western partners. While no new joint military exercises with Russia or China were reported within this specific timeframe, the historical context of such drills (e.g., "Selenge-2024" and "Steppe Partner-2024" in 2024) suggests an ongoing pattern of military cooperation with its immediate neighbors. The potential increase in defense spending and the continued emphasis on peacekeeping operations indicate a desire to enhance its self-defense capabilities and maintain its international standing, without overtly aligning with any single major power.

## Outlook and Forecast

Short-term trends (1-3 months): In the immediate future, Mongolia is expected to continue its active diplomatic engagement, particularly concerning regional and global conflicts, as evidenced by its recent statement on the Middle East. The planning for "Khaan Quest-2026" will likely culminate in the full-scale exercise in June, further solidifying its peacekeeping role and military cooperation with the U.S. Economically, the focus will remain on leveraging mineral exports to China, with continued high demand for "green metals" driving revenue. The implementation of the EAEU trade agreement through the Altanbulag checkpoint will be a key economic priority, requiring infrastructure development and streamlined customs processes. Internally,

the political landscape may remain somewhat volatile due to the ongoing constitutional crisis and executive-legislative deadlock, potentially impacting the pace of domestic reforms.

**Critical flashpoints and risk areas:** A primary risk area for Mongolia remains its heavy economic reliance on its two large neighbors. While beneficial in the short term, over-dependence on China for mineral exports and on Russia for energy and trade routes could expose Mongolia to external economic shocks or geopolitical pressures. The internal political instability, characterized by power struggles and threats to reforms, could hinder effective governance and long-term strategic planning. Cybersecurity threats also remain a critical concern, with a persistent high volume of attacks and a recognized shortage of skilled professionals. Any significant escalation of the Middle East conflict could also indirectly impact global supply chains and energy prices, potentially affecting Mongolia's economy.

**Indicators to monitor:** Key indicators to monitor include the progress of infrastructure development at the Altanbulag checkpoint and the actual increase in trade volumes with the EAEU. Observing the stability of the Mongolian government and the resolution of the constitutional crisis will be crucial for assessing internal political risks. The outcomes and participation levels in "Khaan Quest-2026" will provide insights into Mongolia's military cooperation and peacekeeping capabilities. Furthermore, tracking global commodity prices, especially for copper and rare earth elements, will be vital for understanding Mongolia's economic performance. The effectiveness of the National Cybersecurity Strategy implementation and the development of human resources in this sector should also be closely watched.

**Strategic recommendations:** Mongolia should continue to actively pursue its "Third Neighbor" policy, seeking to diversify its economic and security partnerships beyond its immediate neighbors. This includes strengthening ties with the EU, as facilitated by the new Partnership and Cooperation Agreement, and exploring new avenues for cooperation with the U.S. and other democratic nations. To mitigate economic risks, Mongolia should prioritize efforts towards economic diversification, reducing its reliance on raw material exports and investing in value-added industries. Addressing internal political instability through institutional reforms and fostering greater political consensus is essential for long-term national security. Finally, a sustained and significant investment in cybersecurity infrastructure, training, and international collaboration is paramount to protect its digital sovereignty and critical infrastructure from evolving cyber threats.

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