

# [The economy and mining industry of mongolia](https://assignbuster.com/the-economy-and-mining-industry-of-mongolia/)

## Introduction to Mongolia’s Economy

Mongolian economy has traditionally been centered two main sectors which are agriculture and mining like most developing countries.

## The Agricultural Sector

Generally Mongolian agriculture has been slowly developed. Agriculture is based on about thirty eight percent of Mongolian economy, and also it is one of the main Mongolian cultural parts. Ninety-five percent of Mongolian lands are used for pasture land. Mongolian people in countryside are nomadic herders which mean they follow their livestock pasture land. Agriculture is practiced to a limited space in Mongolia, focusing generally on wheat and potatoes, and beverages. Actually before agriculture was a smaller than nowadays, but critical sector of the Mongolian economy in the early 1980’s. In 1985, agriculture accounted for over 17. 4 percent of national income, and 27. 6 percent of the labor force. However, agriculture stayed economically important part, because the most of Mongolian industry processed agricultural products, food, and animal products, including hides and skins for export. In 1986, agriculture supplied over 57 percent of Mongolian exports. Agricultural sector depends on the weather conditions. For the winter, Mongolian climate has a large temperature range reached minus thirty degrees Celsius, and summer temperatures thirty two degrees Celsius. In the summer time, it has become drought lately, and brought on the lack of pasture lands, and in the winter, brought on huge amounts of snow that resulted in the death of many million livestock.

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In my opinion, with the purpose of increase productivity by farmers and herdsman, and the best thing that we can do is to create benefit policies which are a markets organization for their products, and also giving them who are farmers and herdsman benefits include health insurance, life insurance, a dental plan and any discount that something needed for their life. Performing increased fruitfully is easy, the government just can give the herders and farmers more livestock, and they have experiences of tradition knowledge what to do with it. And also a current issue of major importance in the agricultural sector of herders and farmers management: The need to apply advances in Information Technology to improve their management. The Governments and some companies could support trading with the official economy. Maybe, if the people implicated in the poor economy look at that the official economy is making well, they will change around. The end of this not acting officially economy in Mongolia, it would bring so much unseen income of the government to the official economy. As though this thing is going on in Mongolia, Mongolians usually work hard to make better life. They do not have enough money spending for the food, clothes, rent, and some staffs, and climate in Mongolia is very hard, but Mongolians are strong people.

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## The Mining Sector

The Mining sector is one of the biggest sectors to economy in Mongolia. For last five years, Mining sector in Mongolia has been attending deeply in the world. Mongolia is rich for the mineral resources and exploitation to its economy, so Mongolia is experiencing a deep in its mining sector, which brings new opportunities as well as major challenges. The Mining is continuing to rise as a major industry of Mongolia as supported by the number of Chinese, Russian and Canadian companies, which are starting mining businesses in Mongolia. By the late 1980’s, mining was an important sector of the economy, and accounted for 42. 6 % of exports in 1985. As the world searches for natural resources, the focus centers on Mongolia, because Mongolia has known deposits of over 80 types of minerals, and currently produces about 90 minerals including silver, copper, gold, and coal. Mongolia is a major exporter of copper and coal as well as a leading world producer. Until the late 1960’s, mining in Mongolia consisted mostly of coal.

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Map of the Mongolian mining sectors:

Square Line: Mineral’s fields

Triangle Line: Mines

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The importance of mining is definitely significant to Mongolia. Mining is an important industry, and Mongolians are very advanced in their mining technology, but during the mining process, there is a certain level of pollution produced. The Mongolian government and the mining companies have very good plans and controls toward this problem, while ensuring the smooth running of the industry, and which also helps to create strong economy and employment. The world of today could not exist without mineral products. Mongolia produces about 60 minerals and ranks first among producing countries. As well, Mongolia is one of the largest exporters of minerals, with more than 20 % of its production shipped to world markets. In a typical year, the mining industry is responsible for almost 20 % of Mongolia’s total export earnings. As for the employment rate, over 5 % of the mines are owned by Mongolians and approximately 32, 000 Mongolians are directly employed in the mining industry, but there are some issues with employees who are working in Mining Sector including productivity, training, and diversity etc. Productivity is a common struggle for most mining sector because of some Mongolian people who do not work well, and just taking their time. That is why in the workplace, the foreign companies prefer their own employees who can constantly make sure that they are getting enough of the needed kinds of work completed so that the business is running efficiently in order to be profitable. If the company has employees who are not pulling their weight, it decreases productivity that can decrease profitability.

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Training is a necessary component of employee development, and training is needed in virtually every business and industry as well. Some training is on the job, while other types may involve the company sending employees for outside training paid for by the business. At the moment, basically companies require people who are deeply trained in the mining sector. Mongolian people are just practicing in the mining sector, and they do not have enough experience with it. (Diversity) Lately, sometimes the foreign employers and Mongolian employers discriminate to each other in the workplace. Actually, they must adhere to hiring, promotion and termination practices that don’t discriminate against people of different races, ages or sexual orientations. Laws are clear that workplace discrimination won’t be tolerated. The mining sector plays the main role in the industrial development of the country. From the statistics, for the past decade, the Mongolian mining industry has been progressing by 4% every year. Mining is very important in Mongolian life. Not only do the products power the family car and heat the family home, the manufacturing sector, the high tech industries and even the better known resource industries are all dependent, in some way, on the mining industry. The mining industry will continue to be an important support to the economy. If the mining sector develops in the right way, this would have a positive impact on the development of the Mongolian economy. If mining develops the wrong way, it will bring collapse to the ecological and natural systems of the country. If the mining sector develops in the right way, I hope this sector will be running smoothly and bringing in money to create a good economic future.

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## Weaknesses and Strengths (according to National Development Strategy)

Weaknesses:

Small internal market

Landlocked country

Importing country

High cost for the transit and transport

Dependence of the agricultural sector on weather conditions

Strengths:

Richly supplied mineral resources

Improving macroeconomic index

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Since the economic reform of the 1990s, the Mongolian Government has gradually privatized the mining sector. Mineral exploration was hampered by limited infrastructure, such as a shortage of roads and water resources, and severe weather in Mongolia. During the past several years, however, economic and governmental reforms have led to increased foreign investment in mineral exploration. Mining opens opportunities for formal and informal employment for many people, especially in agricultural sector. Mongolians have currently opened at their historic moment which has waited for a long time Oyu Tolgoi’s (Canadian and Mongolian Co-Mining Company) Investment Agreement, expecting that this agreement will have a strongly effective on all aspects of the Mongolian economy. It means which is guaranteed by the Mongolian Government to send an extremely signal to investors who are investing for Mongolia that the country is now open for anyone who wants to enterprise. The Economy of Mongolia looks bright, and we are just starting a new chapter in their history, I only hope that Mongolian economic will make the right reforms for its economical growth to make sure the issues of Oyu Tolgoi’s (Canadian and Mongolian Co-Mining Company) Investment Agreement continues to keep making the recently opportunities.

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