



MONGOLIA SECURITY ANALYSIS REPORT

AI-Assisted Open Source Intelligence Assessment

Analysis Period: June 22, 2026 - June 29, 2026

This report was produced using 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.

Executive Summary

During the period of June 22-29, 2026, Mongolia's security landscape was primarily shaped by its active engagement in multilateral military exercises and intensified diplomatic outreach. The ongoing Khaan Quest 2026 exercise, involving 18 nations, underscored Mongolia's commitment to international peacekeeping and enhanced interoperability with key partners like the United States and India. Concurrently, high-level diplomatic visits from India and China, alongside a significant defense cooperation agreement with South Korea, highlighted Mongolia's strategic "third neighbor" policy aimed at balancing its geopolitical position. While these engagements bolster Mongolia's external security posture, internal challenges such as a threatened energy worker strike and persistent cybersecurity vulnerabilities, including state-sponsored espionage, remain critical areas of concern.

Key Security Developments

- Multilateral Peacekeeping Exercise Khaan Quest 2026 Underway

The 23rd edition of the Khaan Quest 2026 multilateral military exercise officially commenced on June 20, 2026, at the Five Hills Training Area near Ulaanbaatar, and is scheduled to run until July 3, 2026. This year's exercise, marking its 20th anniversary as a multinational event, involves over 1,000 military personnel from 18 countries, including significant contingents from India and the United States. The training focuses on preparing participating defense forces for United Nations peacekeeping and peace support operations under Chapter VII of the UN Charter, encompassing joint planning, tactical drills, checkpoint establishment, cordon and search operations, civilian evacuation, counter-improvised explosive device (IED) drills, and counter-unmanned aircraft systems (UAS) training. This exercise is crucial for enhancing interoperability, operational readiness, and coordination among diverse militaries, reflecting Mongolia's growing contribution to global peace and regional security.

- Indian External Affairs Minister Visits Mongolia

India's External Affairs Minister, S. Jaishankar, conducted an official visit to Mongolia from June 22 to June 23, 2026. During his visit to Ulaanbaatar, he met with Mongolian Foreign Minister Battsetseg Batmunkh and other Mongolian leadership to review progress in their strategic partnership. Discussions covered expanding cooperation in development projects, capacity building, security, multilateral fora, and exploring

opportunities in mining, clean energy, and agri-processing. This visit underscores India's commitment as a "third neighbor" and spiritual partner, aiming to strengthen bilateral ties and strategic cooperation with Mongolia.

- Mongolia and South Korea Advance Defense Cooperation Agreement

On June 24, 2026, the Cabinet of Mongolia formally reviewed and supported a draft "Agreement between the Government of Mongolia and the Government of the Republic of Korea on Defence Cooperation." This agreement is a significant step towards expanding the strategic defense partnership between the two nations. It aims to facilitate mutual military visits, defense consultations at all command levels, enhance specialized training for military personnel, deepen collaborative relations between military academies and scientific research institutions, and pave the way for regular joint military training exercises. This move signifies Mongolia's proactive approach to diversifying its defense partnerships beyond its immediate neighbors.

- High-Level Economic and Diplomatic Talks with China

Chinese Premier Li Qiang met with Mongolian Prime Minister Nyam-Osor Uchral on June 23, 2026, in Dalian, China, during the 2026 Summer Davos Forum. Both leaders emphasized the importance of consolidating political mutual trust, firmly supporting each other's core interests, and continuously expanding practical cooperation across various fields. Key areas of discussion included bilateral trade, connectivity, infrastructure development (including border ports, railways, and highways), energy and mineral resources, agriculture, the green economy, digital economy, and artificial intelligence. Mongolia reaffirmed its firm adherence to the one-China principle, stating that issues related to Xizang, Xinjiang, and Hong Kong are China's internal affairs. This engagement highlights China's role as Mongolia's largest trading partner and a major source of investment.

- Threat of Energy Sector Strike

Workers in Mongolia's energy sector announced plans on June 21, 2026, to initiate a strike on June 30, 2026, if negotiations with the government regarding wage demands do not yield an agreement. Over 10,000 employees have pledged to join the strike, out of approximately 17,000 workers in state-owned and state-controlled energy companies. This potential strike poses a significant internal security and economic threat, given Mongolia's reliance on its energy sector and its high dependency on Russian petroleum imports.

- Concerns Over Investment Climate and Resource Exploration

On June 25, 2026, U.S. Ambassador to Mongolia Richard L. Buangan, speaking at an American Chamber of Commerce (AmCham) Mongolia meeting in Ulaanbaatar, expressed concerns about Mongolia's investment climate. He stated that the government did not improve the investment climate in 2025, making Mongolia "nearly uninvestible" in 2026 based on analysis of hard data and feedback from investors.

Separately, the Mongolian Geological Association issued a statement criticizing growing restrictions on mineral exploration activities, warning that continued interference could undermine the development of Mongolia's geological and mining sectors. These issues could impact Mongolia's economic stability and its ability to attract foreign direct investment, particularly in critical minerals.

- Persistent Cybersecurity Vulnerabilities

While no new incidents were reported within the specific week, recent analyses (April-May 2026) highlight Mongolia's ongoing cybersecurity challenges. The country has a National Cyber Security Strategy (2022-2027) and a legal framework, but struggles with low compliance rates and a shortage of skilled professionals. Chinese advanced persistent threat (APT) groups, such as "GopherWhisper," have been identified targeting Mongolian government entities for espionage, utilizing cloud tools and popular communication platforms like Discord and Slack for covert operations. Furthermore, Russian threat actors (APT29) reportedly exploited Mongolian government websites for watering hole attacks in 2023-2024. Digital fraud and online shopping scams are also surging in Ulaanbaatar.

Geopolitical Impact and Regional Dynamics

Mongolia's recent security and diplomatic activities underscore its delicate balancing act between its two powerful neighbors, China and Russia, while actively pursuing its "third neighbor" policy with countries like the United States, India, and South Korea. The Khaan Quest 2026 exercise, with its broad international participation, serves as a clear signal of Mongolia's commitment to multilateralism and its desire to enhance its capabilities for international peacekeeping, thereby increasing its strategic relevance beyond its immediate region. This engagement with a diverse set of partners helps Ulaanbaatar mitigate over-reliance on any single power, a critical aspect of its national security strategy.

The high-level diplomatic visits from India and China within this reporting period further illustrate this dynamic. Indian External Affairs Minister S. Jaishankar's visit to Ulaanbaatar focused on deepening a "strategic partnership" across various sectors, including security, development, and economic cooperation. Simultaneously, Chinese Premier Li Qiang's meeting with Mongolian Prime Minister Nyam-Osor Uchral emphasized robust economic ties and political mutual trust, with Mongolia reaffirming its adherence to the "one-China" principle. These interactions highlight Mongolia's efforts to secure economic benefits and political support from both regional giants, navigating their often-competing interests.

The impending defense cooperation agreement with South Korea represents another significant step in Mongolia's "third neighbor" strategy, expanding its security

partnerships in Northeast Asia. This diversification of defense ties, coupled with ongoing discussions with the European Union on trade and visa facilitation, demonstrates Mongolia's proactive approach to enhancing its international standing and reducing its geopolitical vulnerabilities. However, Mongolia's economic dependence, particularly on Russia for fuel and on China for trade routes and investment, remains a persistent challenge, as highlighted by concerns over the investment climate and the impact of sanctions on transit routes.

Military and Defense Analysis

Mongolia's military posture during this period is characterized by its strong emphasis on peacekeeping operations and international interoperability, primarily demonstrated through its hosting of Khaan Quest 2026. This exercise, involving 18 nations, is not merely a training event but a cornerstone of Mongolia's defense policy, showcasing its commitment to global stability and its ability to operate effectively in multinational environments. The training focus on counter-IED and counter-UAS tactics indicates a modernization effort to address contemporary asymmetric threats, reflecting lessons learned from global conflicts.

The proposed defense cooperation agreement with South Korea signals a strategic shift towards broadening its defense partnerships and potentially acquiring new capabilities or specialized training. While specific defense acquisitions or arms deals were not reported within this week, such agreements often lay the groundwork for future procurements and technology transfers, aligning with Mongolia's long-term goal of modernizing its armed forces. Mongolia's defense spending trends are not explicitly detailed in the available news, but its consistent participation in and hosting of large-scale international exercises like Khaan Quest suggests a sustained investment in training and readiness. The emphasis on UN Chapter VII operations also indicates a focus on maintaining a capable force for peace enforcement missions.

Outlook and Forecast

Short-term trends (1-3 months): In the immediate future, Mongolia will continue to be heavily engaged in the conclusion of Khaan Quest 2026 (ending July 3), which will likely be followed by assessments and diplomatic statements reinforcing its international peacekeeping role. The potential energy worker strike on June 30, 2026, is a critical flashpoint that could significantly disrupt domestic stability and economic activity if not resolved. Diplomatic engagements with India and China are expected to continue to yield discussions on economic projects and strategic alignment. The formalization of the defense cooperation agreement with South Korea will likely

proceed, potentially leading to initial exchanges and planning for joint activities.

Critical flashpoints and risk areas: The most immediate risk is the energy sector strike, which could lead to widespread disruptions and potentially escalate social unrest. Economically, the troubling investment climate and restrictions on mineral exploration could deter foreign investment, impacting Mongolia's economic growth and resource development. Geopolitically, Mongolia's balancing act between China and Russia, particularly concerning trade routes and energy dependence, remains a sensitive area. The ongoing cyber threats from state-sponsored actors, coupled with internal cybersecurity weaknesses, pose a continuous risk to government and critical infrastructure.

Indicators to monitor: Key indicators to monitor include the resolution of the energy worker strike, any new government policies addressing the investment climate and mineral exploration, and further details on the implementation of defense cooperation with South Korea. The frequency and nature of high-level diplomatic visits from "third neighbors" will also indicate the success of Mongolia's diversification strategy. On the cybersecurity front, monitoring reports on cyberattack volumes, compliance rates with the National Cyber Security Strategy, and efforts to develop cybersecurity expertise will be crucial.

Strategic recommendations: Mongolia should prioritize resolving the impending energy worker strike through constructive dialogue to prevent economic disruption and maintain social stability. To improve the investment climate, the government needs to address concerns regarding predictability, transparency, and the protection of contracts, potentially by reviewing and clarifying regulations on mineral exploration. Strengthening cybersecurity capabilities remains paramount; this includes enhancing compliance with existing laws, investing in training for cybersecurity professionals, and bolstering defenses against state-sponsored espionage. Diplomatically, Mongolia should continue to actively pursue its "third neighbor" policy, diversifying economic and security partnerships to enhance its strategic autonomy and resilience against external pressures.

Structured Assessment

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