

Mongolia's Drastic Mining Changes Pose Threat to Investment Environment

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[/EINPresswire.com/](https://EINPresswire.com/) -- Mongolia is actively seeking to raise international bonds to support economic initiatives, but investor concerns persist due to the country's heavy reliance on mining. The sector makes up a significant portion of Mongolia's GDP and export earnings, attracting substantial foreign investments in copper, coal, and other mineral deposits. However, this dependence on mining creates inherent risks, and frequent government policy shifts only add to the uncertainty.



The Mongolian parliament's recent amendment to the Minerals Law restricts project owners from holding more than 34% ownership, while allowing the government to claim up to 50% of a project for free. Project owners must then sell their remaining stakes to a third party within a year. These drastic measures could discourage potential investors and harm Mongolia's standing as a desirable investment destination.

There is also uncertainty about the government's ability to repay these bonds, which has been an issue in the past. During previous commodity price declines, the Ministry of Finance had to restructure previously issued bonds multiple times, raising concerns among investors.

To maintain investor confidence and effectively issue bonds on favorable terms, Mongolia must reinforce its legal and economic stability. While diversifying the economy remains a strategic goal, sustainable diversification relies on responsible mining practices. Therefore, supporting the mining industry is crucial. By establishing transparent and predictable regulatory frameworks that inspire investor trust, Mongolia can unlock mining's full potential while securing long-term financial stability. This will lay a strong foundation for future development and ultimately support diversified growth across various economic sectors.

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