Industry development is one of the key indicators of a country’s development. The structure of Mongolia’s industry is largely based on mining, agricultural raw materials, and easy technology, characterized by a large share of exports with low technology capacity, little to no value-added and low technology products. The State Industry Policy of Mongolia, adopted by the State Great Khural (The Parliament) in 2015, aims to promote sustainable economic growth through the creation of knowledge, value added products and services from the agricultural raw materials and mining industries, and diversification of industrial structure and productivity. The policy includes a number of important objectives, such as the mapping of industrial development incorporating ecosystems, human settlements, raw materials sources and infrastructure policies. It is important to implement cluster development objectives by identifying industrial priorities and performing policy analysis.

A combination of geographic information system analysis methods, Multi Criteria Decision Analysis (MCDA) and Analytical Hierarchy Process (AHP), are used for mapping and policy analysis to identify suitable regions for industrial development, related to the key industries of Mongolia, including heavy industry, light industry and food production. With special consideration given to the Eastern Region of Mongolia, the present study identified potential industrial sector development in the area and defined cluster development feasibility of this sector.