

Advancing the U.S.— Mongolian Partnership

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KEY TAKEAWAYS

Mongolia is a strategic U.S. ally in the Indo-Pacific. Policymakers should recognize Mongolia's unique potential to anchor a strong U.S. presence in the region.

Washington should upgrade the current economic relationship from one based largely on aid to a partnership based on private-sector-driven trade and investment.

Washington should build on John Bolton's recent visit to Mongolia. Further Cabinet-level visits would reinforce the U.S.–Mongolian strategic security relationship.

On July 31, President Donald Trump will welcome Mongolia's President Khaltmaagiin Battulga to Washington for their first face-to-face meeting. The two presidents are expected to discuss key issues, including “defense and security, trade and investment, and sovereignty and rule of law.”¹ Despite the fact that Mongolia has demonstrated a strong commitment to working with the United States on a range of strategic frontlines in recent years, U.S. policymakers often overlook the country's unique potential, based on common interests and values, to anchor a strong U.S. presence in Northeast Asia.

Mongolia: A Unique Friend for America in the Indo-Pacific

Mongolia is located in a rough neighborhood. Bracketed by the world's most prominent

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authoritarian powers, China and Russia, which historically have exerted significant political, economic, and cultural influence and even outright control over Mongolia, the country today preserves its sovereignty as an open and democratic nation. Even so, Mongolia's relations with its two large neighbors are critical to its prosperity and access to global markets. Far from any seaports, it is vulnerable to the whims of both China and Russia for access to trade, and the balancing of close economic ties with full political independence is an ongoing struggle.

America's relationship with Mongolia has been not insignificant. The United States established diplomatic relations with Mongolia in 1987. Since then, the country's transition to a stable democracy has been notable, comparable to the Baltic states or former Soviet satellites in Eastern Europe. Mongolia's multiparty parliamentary system has yielded a functioning democracy where political dissent is the norm, parliamentary debate is spirited, and compromise between parties is not uncommon. The United States and Mongolia have made a "shared commitment to freedom, democracy, and human rights"² the cornerstone of their relationship.

Over the past three decades, Mongolia has been a reliable diplomatic ally of the U.S., which Mongolia firmly regards as its most important "third neighbor"—a country that does not border Mongolia, but has strategic relations with it. It is notable, for example, that following the lead of the U.S. in multiple votes in the U.N. General Assembly, Mongolia has taken pro-Israel stances.

More recently, the U.S. has reaffirmed Mongolia as "an important Indo-Pacific partner" with which the U.S. will cooperate to provide "mutual support in their shared pursuit of a secure, stable, prosperous world of independent and sovereign countries."³

In fact, Mongolia has already demonstrated a strong commitment to working with the United States on strategic issues as a steadfast military partner. Mongolia is one of nine NATO partner nations in East Asia. Mongolia participates in United Nations global peacekeeping operations and has more than 1,000 peacekeepers in Africa. Mongolia sent troops to Iraq from 2003 to 2008, and currently has more than 200 troops in Afghanistan serving with American forces.⁴

During his first visit to Mongolia in June for Khaan Quest, a joint military exercise that has grown from a small event between the United States and Mongolia to a large multilateral exercise of more than 40 nations over the past 16 years, U.S. Indo-Pacific Commander Admiral Phil Davidson emphasized that "the robust relationship between the United States and Mongolia is based on mutual values and shared interests."⁵

All in all, Mongolia has maintained a constructively engaging relationship with the U.S. However, more can and should be done, particularly in the economic arena, to foster more meaningful bilateral interaction.

Moving the Partnership Onward and Upward

President Trump has stated a preference for stronger bilateral relations with countries around the world over dealing with multilateral organizations. He has also committed to restoring America's credibility in the Indo-Pacific region. Building revitalized bilateral economic ties with Mongolia is a critical part of accomplishing these goals. The Trump Administration and Congress should take concrete steps to:

- **Elevate the U.S.–Mongolian economic relationship.** Washington should upgrade the current economic engagement from one largely based on aid and various types of technical assistance to a partnership based much more on private-sector-driven trade and investment. The Trump Administration's ongoing efforts to raise the American profile and elevate its participation in the Indo-Pacific region are well-advised. However, without a distinct trade component, those efforts are certain to fall short, with a negative impact on American national interests. The U.S. efforts need substance, and substance that counts in a concrete and practical way is trade. The proposed bipartisan Mongolia Third Neighbor Trade Act, which aims to authorize duty-free treatment for certain Mongolian imports, seeks to deepen the U.S.–Mongolian trade relationship. The timely passage of the bill would play a pragmatic role in ensuring Mongolia's ongoing economic development by incentivizing targeted economic reforms.
- **Encourage Mongolia's pursuit of greater economic freedom.** The U.S. should encourage Mongolia to adopt economic policies that will enhance its economic dynamism and competitiveness. According to The Heritage Foundation's *Index of Economic Freedom*, an annual study that tracks entrepreneurial environments of 186 countries, Mongolia ranks 126th, as a "mostly unfree economy."⁶ While Mongolia has undertaken a number of market reforms and extensively privatized its formerly state-run economy, it still lags far behind even Russia and China in promoting economic freedom. Foreign direct investments to develop substantial mineral resources have transformed the economy, but more comprehensive structural reforms, particularly

in the area of strengthening judicial effectiveness and enhancing transparency, should be adopted. The government must try harder to restore investor confidence, which has been weakened by large budget deficits and sizeable government debt.

- **Show a more visible presence.** While National Security Advisor John Bolton’s recent trip to Mongolia is a welcome step, Washington must build on his visit. Cabinet-level visits by the Secretary of State and the Secretary of Defense would benefit and reinforce the U.S.–Mongolian strategic security relationship.

Conclusion

As the Trump Administration continues to pursue U.S. interests in the Indo–Pacific region, America’s evolving relationship with Mongolia should not be overlooked. For over three decades, Mongolia has been a unique ally of the U.S., serving as an important partner in the region. The underlying goal of America’s strategy in the Indo–Pacific continues to be the quest to promote a free and open international order. That requires strong partnerships and furthering meaningful engagement between countries, such as Mongolia and the United States.

The United States and Mongolia have made the strategic choice to forge and defend a relationship based on “shared commitment to freedom, democracy, and human rights.” That choice must be reinforced with concrete action that can further enhance the two nations’ strategic and pragmatic partnership.

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Endnotes

1. News release, "Statement from the Press Secretary on the Visit of His Excellency Khaltmaagiin Battulga, President of Mongolia," The White House, July 25, 2019, <https://www.whitehouse.gov/briefings-statements/statement-press-secretary-visit-excellency-khaltmaagiin-battulga-president-mongolia/> (accessed July 26, 2019).
2. U.S. Department of State, "Joint Statement on the Expanded Comprehensive Partnership Between the United States and Mongolia," September 20, 2018, <https://www.state.gov/joint-statement-on-the-expanded-comprehensive-partnership-between-the-united-states-and-mongolia/> (accessed July 26, 2019).
3. Ibid.
4. Thomas Lum and Ben Dolven, "Mongolia," Congressional Research Service *In Focus* No. 10926, updated July 1, 2019, <https://crsreports.congress.gov/product/pdf/IF/IF10926> (accessed July 26, 2019).
5. Admiral Phil Davidson, "Khaan Quest Opening," U.S. Indo-Pacific Command, June 15, 2019, <https://www.pacom.mil/Media/Speeches-Testimony/Article/1878401/khaan-quest-opening/> (accessed July 26, 2019).
6. Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington, DC: The Heritage Foundation, 2019), <http://www.heritage.org/index>.