

# Why does Japan include Mongolia in its **FREE** and **OPEN** Indo-Pacific Strategy?





## MONGOLIAN GEOPOLITICS #6

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung.

Author: Mr. Dorjsuren Nanjin,  
*Director, Mongolian Institute of Northeast Asian Security and Strategy*  
Dr. Mendee Jargalsaikhan

Layout: Batbold Yondonrenchin  
Cover illustration: I. Tuguldur

Copyright ©2021, by Friedrich-Ebert-Stiftung Mongolia & Mongolian Institute for Innovative Policies. All rights reserved.  
Commercial use of all media published by the Friedrich-Ebert-Stiftung Mongolia (FES Mongolia) is not permitted without the written consent of FES Mongolia.

ISBN 978-9919-9696-2-2

## Why does Japan include Mongolia in its Free and Open Indo-Pacific Strategy?



## **Why does Japan include Mongolia in its Free and Open Indo-Pacific Strategy?**

### **Why does Japan include Mongolia in its Free and Open Indo-Pacific Strategy?**

When Japanese Foreign Minister Toshimitsu Motegi visited Mongolia last October, he highlighted during the ensuing press conference that “Mongolia fully endorses [the Free and Open Indo-Pacific Strategy], and the two countries will continue to collaborate closely on this initiative”.<sup>1</sup> His visit came on the heels of Chinese Foreign Minister Wang Yi’s visit to Ulaanbaatar as well as Mongolia’s Foreign Minister Nyamtseren Enkhтайван’s meeting with Russian Foreign Minister Sergey Lavrov in Moscow. Then-US State Secretary Michael Pompeo also had planned a visit at that time but was forced to cancel due to an outbreak of COVID-19 cases among White House officials. Had his visit taken place as scheduled, on 29 September, the great power geopolitics in Mongolia would have become more intense. Clearly, Mongolia, like many small States, is likely to be dragged into emerging geopolitical competitions between its two neighbours versus third neighbours, in addition to the traditional sphere of influence competition between China and Russia.<sup>2</sup>

Japanese Foreign Minister Motegi, one of the influential foreign policy architects of former Prime Minister Shinzo Abe’s geopolitics, pledged to strengthen a strategic partnership with Mongolia after both countries agreed to finalize the next round of the Mid-Term Action Plan of the Strategic Partnership (2017–2021). During the October visit, the Japanese government also announced the inclusion of Mongolia in its financial-support programme, known as the COVID-19 Crisis Response Emergency Support Loan.<sup>3</sup> Mongolia is the only country from Northeast and Central Asia in this initiative. Amid the vaccine debates,

Mongolians applauded as UNICEF announced that Mongolia would receive 1.3 million doses of a COVID-19 vaccine funded by the Japanese government.<sup>4</sup>

This policy paper thus asks why Japan is so interested in Mongolia as part of its Free and Open Indo-Pacific vision. The paper explains three plausible factors (geopolitics, democracy and economy), discusses the importance of two specific aspects (amicable people-to-people ties and North Korea) of bilateral relations and concludes with a policy recommendation.

### ***Japan's Free and Open Indo-Pacific Strategy***

A free and open Indo-Pacific has become a geopolitical strategy or “vision” of Japan and will remain a foreign policy priority for succeeding Japanese governments. Seemingly, there are three drivers behind this strategy. The primary one is China’s rise. Japan is wary of China’s military modernization, maritime expansion and geopolitical influence. If China’s rise goes unchecked, current international and regional orders, in which Western powers dominate, would be challenged and potentially reshaped by China. Therefore, Japan sees China as a strategic threat.<sup>5</sup> Another driver is Japanese concern for the declining role of the United States and uncertainty of its security commitment, especially demonstrated during the Trump administration. Japan needs to step up its security to protect maritime trading routes across the Indian and Pacific oceans. Its economy is heavily dependent on crude oil exports through these oceans. Japan also wants to increase its international role in the region and strengthen its security ties with like-minded (democracies) States to contain China and protect the current interna-

tional order, in which Japan has greater advantages than its geopolitical rivals.

For these reasons, the Japanese government, especially under Prime Minister Abe, has embraced a series of measures. In 2007, Prime Minister Abe initiated the Quadrilateral Security Dialogue (known as the Quad) with Australia, India and the United States as a loosely tied strategic alignment to balance against China. According to Japanese calculation, the Quadrilateral Security Dialogue would include democracies in Northeast and Southeast Asia to create an Asian Arc of Democracy, which excludes but aims at China.

In 2015, the Japanese government announced the Partnership for Quality Infrastructure (PQI), which would provide \$110 billion investment through the Asian Development Bank for quality infrastructure development in Asia.<sup>6</sup> The PQI was developed as a response to China's Belt and Road Initiative, which also provides infrastructure investments to increase global and regional connectivity.

Japan then joined with India to establish an Asia-Africa Growth Corridor and with the European Union to fund global connectivity projects that are sustainable and of high quality. Unlike the PQI, the Japanese initiatives with India and the European Union remain at the discussion level.

In 2016, Japan formally unveiled its Free and Open Indo-Pacific Strategy, which focuses on maintaining an open sea and maritime security while advocating inclusive economic cooperation. Unlike American administrations, the Japanese officials did not rule out the possibilities

of partnering with China either through the Belt and Road Initiative or the Asian Infrastructure Investment Bank.

In a nutshell, the Free and Open Indo-Pacific is a strategy to balance against China. It justifies the increase of Japan's defence expenditures and international security role of its Self-Defence Force.<sup>7</sup> It demonstrates the shared geopolitical concern of Australia, India and the United States regarding China's economic and military capabilities in the Indo-Pacific region. At the same time, Japan does not want its relations with China and Russia to deteriorate, thus it needs to avoid directly antagonizing either of them. This would explain Tokyo's careful wording of its vision: providing an international public good and promoting multilateralism in the Indo-Pacific region and de-emphasizing liberal democracy while stressing the rule of law.

### ***Why is Mongolia included?***

**It is geopolitics.**

Mongolia's location next to China provides one plausible explanation for the Japanese strategy to contain China. Because the Japanese government envisions an encirclement type of strategy (more crescent like), it focuses on members of the Association of Southeast Nations, such as Cambodia, Indonesia, Laos, the Philippines and Vietnam as well as Mongolia.

Japanese geopolitical interests in Mongolia are historical. Following its occupation of the Korean Peninsula, Japan took control of Manchuria and eventually Inner Mongolia from China in 1931–1936. This led to a

historic battle—the Khalkhyn Gol Battle (known as the Nomonhan Incident) between the Japanese and Soviet/Mongolian militaries in 1939. The battle was settled with a non-aggression pact between Japan and the Soviet Union: then one launched its Pacific campaign, the other fought against Germany in Europe. The battle also signifies Mongolia's geostrategic importance for Russia, as seen with Russian presidents' presence in every fifth- and tenth-year anniversaries of its conclusion. Nowadays, it is unlikely to expect Japan to go to war against China over Mongolia. Yet, Mongolia remains a geopolitical card for Japan because of its location next to China.

Similarly, Mongolia's wish to have strong ties with Japan, an out-of-region major power, is natural and historic. During the early independence days of 1911, Mongolian political leaders sought Japanese recognition, military assistance and economic relations. Then, all those leaders along with more than 20,000 innocent Mongolians were purged by the Soviet and Mongolian secret services prior to the Japanese–Soviet war of 1937–1939 on accusation of conspiring with Japan. Then, after tireless efforts of diplomats of two nations, Mongolia gained Japanese recognition in 1972 and began high-level political exchanges as of 1987. For Mongolia, Japan is a key strategic partner to balance against China and Russia.

Despite these geopolitical rationales, the Japanese–Mongolian partnership must be constructed in ways that do not antagonize either China or Russia. Thus, Japanese inclusion of Mongolia in its Free and Open Indo-Pacific vision is more political than security-oriented. For both governments, their relationship with China and Russia are of utmost importance. To maintain equal-distance close relations with Chi-



na and Russia has been Mongolia's foreign policy priority over its associations with third neighbours or developed democracies, including India, Japan, the European Union and the United States.<sup>8</sup>

For any Japanese prime minister, the essential task has been to normalize relations with China and resolve the territorial disputes with Russia. As a result, Mongolia and Japan still have limited engagement in the security and defence sector. After years of careful consideration, the Japanese Self-Defence Force began to participate in the annual Khan Quest exercise in 2007 but limited its participation to observers and now only military engineering projects (such as road construction). The Mongolian Ministry of Defence keeps ties within the defence diplomacy framework (such as high-level talks, educational and research exchanges), and Japan offers limited slots for Mongolian officers and cadets through their defence diplomacy programs.

Above all, Japan is considered Mongolia's most important partner in Asia. The Japanese and Mongolian partnership has successfully progressed since the end of the 1945 war declaration in 1972. They fully normalized the relationship in 1989, set the objective of building a "comprehensive partnership" in 1996 and declared to develop a "strategic partnership" in 2010. Now, both sides have agreed on the five-year Mid-Term Action Plan to strengthen their strategic partnership, with the objectives mostly political, economic and cultural rather than security.<sup>9</sup> Even though both countries have shared similar concerns over China's rising military and economic clout, the Mid-Term Action Plan prioritizes strengthening high-level dialogues, increasing trade and investment ties and deepening the cultural and people-to-people exchanges.

**It is a democracy.**

Although it is changing, Japan has promoted the Free and Open Indo-Pacific as an ideological strategy. Japan referenced democracy as a unifying ideology or value for the Indo-Pacific region. Japanese administrations might have used democracy to reflect the interests of Australia, the United States and, to a lesser extent, India, but not to rally for the promotion of democracy in the authoritarian regimes. Japan is more interested in keeping the current international order, which is dominated by liberal democracies. Here, Mongolia makes an interesting connection to the Japanese strategy for a Free and Open Indo-Pacific.

Foremost, Mongolia is the only functioning electoral democracy in the greater neighbourhood of Central Asia. Political power has been transferred between two major political parties peacefully through regular parliamentary and presidential elections since 1990. Political and civic rights are constitutionally protected. More importantly, civil society space exists—even though it is not fully institutionalized nor respected by the State, by politicians, by business or by other actors. By any measure, Mongolia's ranking of civil liberties and political rights is closer to that of Japan, South Korea and Taiwan than the rest of the Asia-Pacific countries.

Second, Japan has been one of the most important supporters of Mongolia's political and economic transition since 1989. Mongolia was the only Asian communist State that made political and economic transitions similar to what has occurred in Central and Eastern Europe. All other Asian communist States (China, Laos, North Korea and Viet-

nam) strengthened their authoritarian regimes and repressed dissenting views. Then the sudden end to the longstanding financing and developmental assistance from the Soviet Union and the imposition of high customs tariffs put Mongolia in an extremely difficult economic situation. If Japan had not taken the lead in establishing a donor group (the Mongolia Assistance Group) and provide extensive financial assistance, the country could have imploded with its economic crisis in 1989 and then might have easily fallen into the hands of its large neighbours.<sup>10</sup>

At that time, the Soviet Union, a primary security provider, had collapsed and the United States and Western European States heavily focused on Central and Eastern Europe, the Balkans and the former Soviet republics. Japan supported Mongolia's membership in the international financial institutions (World Bank, International Monetary Fund and the Asian Development Bank) and took the lead to alleviate the transitional challenges and stabilize the economy in Mongolia.<sup>11</sup>

And one last important aspect of Japanese support for Mongolia's democracy differs substantially from that of the United States or the European Union: Japan has avoided providing assistance directed at the political process, such as elections or political institutions (e.g., political parties and movements). Rather, Japanese assistance centres on grass-roots challenges to improve the livelihoods of people and communities, economic development and humanitarian assistance in Mongolia. Even Japan's Official Development Assistance has financed projects improving human security as well as infrastructure development projects—building schools, roads, dispatching volunteers and so forth. Both governments regard each other as like-minded States

concerning human rights and human security.

Therefore, Japanese inclusion of Mongolia in the Free and Open Indo-Pacific Strategy is thus likely based on the two nations' shared identity as a liberal democracy and protector of the political and civil rights of their citizens rather than promoting democracy in authoritarian States in the region. Japan seeks Mongolia's support with its foreign policy objectives in the international arena.

### **It is the economy.**

In theory, Mongolia and Japan could have complementary, mutually beneficial economic cooperation. Mongolia has abundant natural resources and is located next to large markets, whereas Japan is an industrialized, developed economy but has limited natural resources. Yet, in reality, things are much more complicated.

In 2015, Japan became the first G7, G20 and OECD member to conclude an economic partnership agreement with Mongolia. This was a victory for Mongolia, which had been wanting to reduce its economic dependency on its two large neighbours, particularly China. In the long run, the economic partnership agreement promotes trade and investment between the two countries. But Japanese business interests in Mongolia are limited. Despite encouragement from the Japanese government, Japanese companies are reluctant to invest because of the unstable investment environment, underdeveloped infrastructure, high transportation costs and the harsh climate. Even the big companies that are interested in the mining and energy sectors have failed to conclude any investment agreement. For example, Japan's

Sumitomo Corporation failed to invest in the Tavan Tolgoi coking coal mine and Japan's Marubeni Corporation experienced similar challenges to win the contract for the Tavan Tolgoi power plant project due to Mongolia's domestic politics and competition between political and economic factions. Populist political leaders and even politically affiliated business entrepreneurs in Mongolia use any investment project for their own parochial interests, either to gain public office or to advance their interest in major projects.

For Mongolian governments, Japan is regarded as the most reliable donor or funder whenever the country experiences a financial crisis or for funding infrastructure projects. As it did in the 1990s, Japan assisted Mongolia in obtaining immediate loans through international financial assistance to deal with the economic crisis of 2007–2008 and a self-made crisis in 2017. The Development Bank of Mongolia received more than \$230 million “Samurai” bonds from the Japanese Bank for International Cooperation in 2014.<sup>12</sup> Through the Asian Development Bank, Japan supported the financing of more than 300 infrastructure development projects in Mongolia. And a new international airport in Ulaanbaatar has been financed by a Japanese soft loan. Although the airport was completed last year, its opening has been delayed by the COVID-19 pandemic. The airport would definitely increase Mongolia's capacity to serve as a logistical hub and direct air link with Japan. A sad story behind the airport and other major projects, though, is that the Mongolian side failed to localize Japanese technology and management and to provide sufficient funding and planning for operations and maintenance.

Also, apparently, Japan included Mongolia because of its competition

against China. Afterall, Japan increased its Asian Development Bank funding and activities in Mongolia after the latter joined the China-led Asian Infrastructure Investment Bank and endorsed China's Belt and Road Initiative. Japan included the Japanese Sun Bridge (a fly-over bridge) in the list of the PQI projects after China called the Moon Bridge in Ulaanbaatar as a Belt and Road project. The Japanese conclusion of the economic partnership agreement could be explained within this soft geo-economic competition of Japan versus China. And yet, we cannot rule out Japanese long-term economic objectives—the economic partnership agreement would contribute to creating a friendly investment environment for Japanese investors and open the Japanese market for Mongolia exports.

### ***Bonus factors***

There are two favourable factors for the Mongolian and Japanese interaction. One is the amicable people-to-people relations and the other is the shared view on North Korea.

Unlike in many other Asian States, Mongolians do not hold any anti-Japanese sentiment because the country was never colonized nor occupied by Japan during the world wars. The Mongolian government facilitated the Japanese government's effort to repatriate graves of Japanese prisoners of war. Following the Second World War, the Soviet Union transferred 12,318 Japanese prisoners of war to Mongolia to assist construction works. About 1,600 of them died and were buried in 16 grave sites in Mongolia. By 2000, the Japanese government repatriated all remains and built a monument honouring those Japanese soldiers in Mongolia.

Since the 1990s, Japan has become one of the top educational destinations for Mongolian students. The Japanese government provides scholarships for Mongolian students, and Japanese-style elementary and secondary schools as well as technical colleges (*kosen*) have opened in Mongolia. This contributes to amicable people-to-people relationships. And Mongolian wrestlers' dominance of the top category of Japanese Sumo has deepened the cultural ties. There have been four Mongolian grand champions since 2003, and more than 30 Mongolian wrestlers compete in the top category. And Mongolia is now considered one of the adventure or cultural tourism destinations for Japanese tourists during summer.

North Korea has provided an interesting cooperation opportunity. Both Mongolia and Japan share a non-nuclear stance. Mongolia is an internationally recognized single-state nuclear weapon-free zone, whereas Japan upholds a non-nuclear weapons policy of non-possession, non-production and non-introduction. Mongolia advocates non-isolationist policies towards North Korea while promoting diplomatic dialogue (such as the Ulaanbaatar Dialogue) and economic and cultural exchanges open to all conflicting States in Northeast Asia. This relates to Mongolia's multilateral foreign policy, socialist past and amicable ties with the two Koreas.<sup>13</sup> For Japanese governments, the return of Japanese abductees from North Korea has been the top priority and hot topic in domestic politics. After North Korea admitted the abduction in 2002, all Japanese succeeding prime ministers, including the incumbent one, promised to resolve this matter through all channels. Like many other States hosting embassies of both Koreas, Mongolia has made contributions to the Japanese efforts by hosting Japan–North Korea meetings in 2007 and 2012.<sup>14</sup>

### ***Policy recommendation***

Japanese inclusion of Mongolia in the Free and Open Indo-Pacific Strategy is a logical move for Tokyo to see Mongolia as the geopolitical card it is. For Mongolia, the Japanese stance complements its foreign policy objective of being recognized and supported by distant major powers (third neighbours). Neither Ulaanbaatar nor Tokyo wants to antagonize the great powers of China and Russia. The Japanese and Mongolian strategic partnership will remain politically, economically and culturally oriented rather than security or defence focused, thus avoid militarizing the Free and Open Indo-Pacific Strategy.

Also, the strategic partnership requires a careful strategy for both countries. The major difference between the Japanese and Mongolian approaches to economic cooperation is strategy and planning. Japan looks for a long-term strategy and careful implementation, while Mongolia lacks a long-term strategy and commitment and acts in a short-term, crisis-management and unpredictable manner.

Like many other small States, Mongolia needs assistance to develop its infrastructure to increase its connectivity to neighbouring countries and regional economies. This is prompting its political leaders, who operate within the short-term election cycles, to play short-sighted politics off between the great powers. For example, Mongolian leaders have been attempting to secure loans, bonds and assistance from all major powers without calculating the long-term consequences. This type of behaviour or politics ultimately will reduce the trust between Mongolia and the respective great and major powers. It will trigger misperceptions or security dilemmas with and between the great powers.



It is therefore important for Tokyo and Ulaanbaatar to increase the transparency of the strategic partnership rather than one of them seeing it as a geopolitical card and the other acting like a rent-seeker. Democracy thus serves as an identity that both Mongolia and Japan share and not an agenda to push around.

Given the ongoing pandemic situation, Japan and Mongolia are experiencing similar challenges but to different degree. It might be the most practical and beneficial approach, especially for Mongolia, if both sides discuss ways to increase the people-to-people cultural exchanges, including tourism, and new ways of doing business, such as outsourcing Mongolian IT companies and experts.

## **Endnotes**

- 1 Ministry of Foreign Affairs of Japan, Press conference, 9 September 2020. Available at [https://www.mofa.go.jp/press/kaiken/kaiken4e\\_000859.html](https://www.mofa.go.jp/press/kaiken/kaiken4e_000859.html).
- 2 "Renewed geopolitical rivalries: challenges and options for Mongolia", Mongolian Geopolitics (Ulaanbaatar, Friedrich-Ebert-Stiftung Mongolia, 2020). Available at <http://library.fes.de/pdf-files/bueros/mongolei/17164.pdf>.
- 3 Ministry of Foreign Affairs of Japan, Press release, 9 October 2020. Available at [https://www.mofa.go.jp/a\\_o/c\\_m1/mn/page3e\\_001068.html#section2](https://www.mofa.go.jp/a_o/c_m1/mn/page3e_001068.html#section2).
- 4 "Japan donates 1.3 million doses of COVID-19 vaccines to Mongolia", News.mn, 11 March 2021. Available at <https://news.mn/en/795465/>.
- 5 Government of Japan, National Security Strategy. (Tokyo, 2013). Available at <https://www.cas.go.jp/jp/siryoku/131217anzenhoshou/nss-e.pdf>.
- 6 Ministry of Japan, Press release, 21 May 2015. Available at [https://www.mofa.go.jp/policy/oda/page18\\_000076.html](https://www.mofa.go.jp/policy/oda/page18_000076.html).
- 7 Ash Rossiter, "The 'Free and Open Indo-Pacific' strategy and Japan's emerging security posture", Rising Powers Quarterly, No. 2.
- 8 "Renewed geopolitical rivalries: challenges and options for Mongolia", Mongolian Geopolitics (Ulaanbaatar, Friedrich-Ebert-Stiftung Mongolia, 2020). Available at <http://library.fes.de/pdf-files/bueros/mongolei/17164.pdf>.
- 9 Ministry of Foreign Affairs of Mongolia, "Japan-Mongolia relations", 14 September 2014. Available at <https://www.mofa.go.jp/region/asia-paci/mongolia/data.html>.
- 10 Mendee Jargalsaikhan, Small Islands of Democracy in an Au-

thoritarian Sea: Explaining Mongolian and Kyrgyz Democratic Development (dissertation). (Vancouver, University of British Columbia, 2019), pp. 99–100. Available at <https://open.library.ubc.ca/cIRcle/collections/ubctheses/24/items/1.0378321>.

- 11 *ibid.*, pp. 106–107.
- 12 "'Samurai' bonds lack clarity", The Mongolist blog, 1 February 2014. Available at <http://www.themongolist.com/blog/government/82-samurai-bonds-lack-clarity.html>; "Mongolia: new Samurai bond puts fiscal rules in spotlight", Financial Times, 17 December 2013. Available at <https://www.ft.com/content/73acef59-f6c5-3910-9986-c23260b1e877>
- 13 "Mongolia's balancing act between the two Koreas", Mongolian Geopolitics (Ulaanbaatar, Friedrich-Ebert-Stiftung Mongolia, 2020). Available at
- 14 Ministry of Foreign Affairs of Japan, "Japan-North Korea relations", 28 December 2018. Available at [https://www.mofa.go.jp/a\\_o/na/kp/page1we\\_000069.html](https://www.mofa.go.jp/a_o/na/kp/page1we_000069.html).

Friedrich-Ebert-Stiftung (FES) is the oldest political foundation in Germany. The foundation is named after Friedrich Ebert, the first democratically elected president of Germany.

## MONGOLIAN GEOPOLITICS #6



### Friedrich-Ebert-Stiftung Mongolia

Landmark building  
Sukhbaatar district, 1<sup>th</sup> khoroo  
Chinggis avenue 13  
Post box 831  
14251 Ulaanbaatar  
Mongolia

Facebook: [@fesmongolia](#)

Email: [info@fes-mongolia.org](mailto:info@fes-mongolia.org)

Web: <https://www.fes-mongolia.org/>

