Beyond Horses and the Frontier: Mongolia–United States Relations
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Mongolia has an extremely limited role in the United States’ fundamental strategic interest. Since the establishment of bilateral diplomatic relations in 1987, Mongolia has been an important partner to the US in many areas—but never as an indispensable ally. Yet, the bilateral relations have immense potential that could positively impact on both countries as well as Mongolia’s adjacent regions and beyond. Due to Mongolia’s geographic location between Russia and China, obvious geopolitical constraints remain. Correctly understanding the constraints and opportunities of the Mongolia–US relationship is a key to the continued success of this democratic oasis in the region.

The future of this bilateral relationship depends much on Mongolia’s initiative and proactiveness. Now that the troop contribution to Afghanistan has ceased due to the US and coalition withdrawal from the country in 2021, one of the biggest pillars of the Mongolia–US relations is gone. Apart from the Millennium Challenge Account’s $350 million water management project, there are currently no major publicly announced initiatives in the pipeline that could help the bilateral relationship realize its full potential. Mongolia–US relations need a serious and creative rethinking to continue to advance amid the changing world order.

Mongolia’s two immediate neighbours—Russia and China—were always uneasy with its comfortable relationship with the US. But because it is near impossible for Mongolia to pose any security threats to its two neighbours and thanks to adept skills of Mongolian diplomats in managing the immediate neighbours’ interests, so far Russia and China have tolerated Mongolian democracy. But given the increasing enmity between the US and the Russia–China alliance, Mongolians are worried that the accumulating geopolitical and economic constraints will stifle its democracy and sovereignty.
The big veto

The Mongolia–US relationship is a story punctuated by dramatic breakthroughs. After the country’s independence from the Qing Dynasty in 1911, Mongolian leaders dispatched a delegation to the Tsarist Russia with a secret agenda to establish diplomatic relations with the Western powers. It is said that the newly independent Mongolia’s First Prime Minister Sain Noyon Khan Namnansüren snuck out from his hotel during the nights to try to meet with US and other foreign embassy officials without eliciting suspicions from the Russians but ultimately failed to meet anyone. This and numerous other attempts were largely unsuccessful and remained so until the 1944 visit to Mongolia by US Vice President Henry Wallace in preparation for the 1945 Yalta Conference, which recognized Mongolia’s status quo independence.

The initial US support for Mongolia in 1945 was mainly drawn by the Americans’ interest to acquiesce to the then-Soviet Union, whose interest was to maintain a buffer state between itself and China. By 1961, when the Cold War was raging full scale, the Kennedy administration made an overture and expressed interest in establishing diplomatic relations with Mongolia. Secretary of State Dean Rusk sent a memorandum to President John F. Kennedy recommending that the administration extend diplomatic recognition to Mongolia and outlined that the main interest for the US in maintaining an embassy in Ulaanbaatar would be as a listening post. It “would be a most useful place from which to observe and evaluate differences between the Soviet Union and Communist China,” explained Secretary Rusk.¹

Unfortunately, due to internal and external factors in both countries, that
course of action was not taken. However, the US signalled its commitment to establishing diplomatic relations with Mongolia by abstaining in the United Nations Security Council vote on Mongolia’s membership. To ensure that Mongolia’s membership to the United Nations was not blocked, the US, together with the Soviet Union, even went as far as “mobilizing sufficient abstentions,” including from China, which ended up not participating in the voting.²

Efforts by both sides continued almost until the end of the Cold War. After President Richard Nixon’s visits to Beijing and Moscow in 1972, the US State Department received an approval to finalize the diplomatic recognition in March 1973, and the Mongolians made the same decision in April 1973.³ But bowing to pressure and active interference from the Kremlin, the Mongolians had to halt the process. According to the memoir of former Mongolian Deputy Foreign Minister Daramyn Yondon, Soviet Foreign Minister Andrei Gromyko said in 1976 that because the US was “striving to have an intelligence post in [Mongolia], there [was] no need to rush to establish the bilateral relations.”⁴ Deputy Minister Yondon dubbed it as the “big veto”.

A breakthrough occurred in 1986. A couple of months after the first summit between US President Ronald Reagan and Soviet Premier Mikhail Gorbachev in November 1985, Soviet Foreign Minister Eduard Shevardnadze visited Ulaanbaatar, proclaiming that “the establishment of the diplomatic relations with the United States would complement our common interests. You could and should establish the relations with the United States.”⁵ By April 1986, the US Embassy in Tokyo received positive signals from the Mongolians, and suspicious that Shevardnadze may have set a trap, both sides initiated an almost clandestine process to establish diplomatic rela-
tions. In January 1987, Mongolian Permanent Representative to the United Nations Gendengiin Nyamdoo and Secretary of State George Shultz signed a memorandum of understanding in Washington, DC formally establishing bilateral diplomatic relations.

Yet, many surrounding events leading up to the signing ceremony remain shrouded in mystery. Except for Deputy Minister Yondon’s memoir, there are limited resources on that process from the Mongolian perspective. Even one of the most respected scholars on Mongolia–US relations, Ambassador Ravdangiin Bold, curiously avoids recounting the years leading up to January 1987 in his books. The best resources on the topic are by American diplomats, many of whom served in Mongolia. But according to two US foreign policy specialists, in addition to depicting only the American side of the process, at least one American diplomat may have grossly exaggerated her role. As more governmental archive materials become declassified on both sides, future historians may finally be able to accurately describe what actually transpired.

**A philosophical interest**

Once bilateral diplomatic relations were established, the question of defining the strategic interests ensued. What is oftentimes absent from most of the discussions on Mongolia–US relations is the fact that initially both sides had an extremely limited idea of how this relationship should advance. In his speech at the signing ceremony in 1987, for instance, US Secretary Shultz spoke little of substance. In an attempt to define the US vision of the bilateral relations, he said nothing more than a vague statement about initiating “a normal dialogue between our peoples”. He could not point anything beyond “horses and the frontier” as the similarities between the two nations.
As for Mongolia, its leaders seemed to have had an extremely misconstrued understanding of the US intentions. The first resident US Ambassador, Joseph Lake recounted one particular meeting he had in 1990, when President Punsalmaagiin Ochirbat asked him to arrange $230 million in yearly assistance for Mongolia. This suggests that Mongolia, highly dependent on the Soviet Union in terms of sustaining its economy "—and this aid was quickly dissipating due to the disintegration of the Soviet Union—", initially hoped Washington would simply replace Moscow.

Until US Secretary of State James Baker's visit to Mongolia in August 1990, which was cut short due to Iraq's invasion of Kuwait, and another visit in July 1991 to make up for the first trip, it seems the bilateral relationship was left to wander aimlessly. Secretary Baker should be credited for singlehandedly defining and reinvigorating the strategic aims in both Ulaanbaatar and Washington. This moment in history ultimately reflects that breakthroughs in the Mongolia–US bilateral relationship are due to proactive leaders and historical serendipities—not from the confines of the US State Department or the Mongolian Ministry of Foreign Affairs.

With his sheer perseverance and leadership, Secretary Baker forced the US foreign policy establishment to make Mongolia a priority, presciently sensing that the country could turn into a successful democracy. Just a few weeks after his meeting with Mongolia's First Deputy Prime Minister Dashiin Byambasüren in May 1990, Secretary Baker announced that he would make an official visit to Ulaanbaatar that summer. This accelerated the normally slow process of negotiations for various bilateral agreements and the confirmation of the first resident US ambassador to Mongolia. Without Secretary Baker's unexpected announcement of his visit, the whole process could have taken years, or never have happened.
In his memoir, Secretary Baker recounted how his staff was initially reluctant to make the trip happen. Even as his plane was approaching Ulaanbaatar, some State Department diplomats advised him against landing due to the situation brewing in Kuwait. But the Texan was determined. “I wanted to lend the moral encouragement of the US to [Mongolia’s] efforts,” he wrote.\(^8\) In hindsight, it seems as if he saw Mongolian democracy as a low-hanging fruit due to its small population size and that any effort would yield a great return.

Secretary Baker coined the guiding concept of the post-socialist foreign policy of Mongolia. During his 1990 visit, while assuring Mongolian Foreign Minister Tserenpiliin Gombosuren that the US did not harbour any hidden intent to influence Mongolia’s relations with its two neighbours, Secretary Baker described the US as if it shared a physical border with Mongolia: “We believe Mongolia could maintain good relations with the US—your third big neighbour,” he said.\(^9\)

The term “third neighbour” was quickly picked up by Minister Gombosuren and the Mongolian press. The discussions and enthusiasm that followed Secretary Baker’s visit eventually gave birth to Mongolia’s Third Neighbour Policy, which is still one of the cornerstones of Mongolian foreign policy to this day. This policy pursues “bilateral and multilateral cooperation with highly developed democracies in political, economic, cultural and humanitarian affairs”.\(^10\) In other words, the Third Neighbour Policy gives Mongolia the conceptual framework to transcend its immediate two neighbours and perceive itself as a democratic nation whose future lies with the rest of the developed world.

What these stories underscore is that the real strength and founda-
tion of a bilateral relationship is the philosophical underpinning. In a 1994 interview, Ambassador Lake, who oversaw Secretary Baker's visits to Mongolia, summed up the US national interest in Mongolia at that time as one in which the Americans wanted to prove to the world the viability of democracy and free markets—even in far-flung corners. “I do not see a US interest in Mongolia, except for a philosophical one,” he said rather candidly.11

This core of the US interest in Mongolia has not changed much over the years. The late East Asian scholar Alan Wachman, who regarded Mongolia–US bilateral relations as highly underappreciated, wrote in 2009: “US policy toward Mongolia is not so much about what the United States ‘gets’ by assisting as about what the United States is. Washington’s credibility, relevance and integrity are at stake.”12 But this philosophical interest has created its own set of challenges and opportunities.

The US government’s emphasis on this idealistic interest as a driver of bilateral relations never fully convinced either the Mongolian public nor American citizens. Naturally pragmatic people, some Mongolians suspected that the US harboured a nefarious intention to exploit Mongolia’s rich natural resources. American citizens who became incredulous of US interventions abroad also regarded their government’s strategic interest in Mongolia sceptically. This was clearly a failure of communication to their respective public on both sides.

The philosophical approach to the bilateral relationship, however, allowed it to advance in a more sustainable way. Instead of the $230 million that President Ochirbat had asked for in 1990, the US pledged $30 million in aid annually.13 It became clear to Mongolians that the bilateral relations
with Washington would be quite different from its relations with Moscow. The investments and aid that the US gave were nowhere near what Mongolia had received from the Soviet Union. This lowered expectations on the Mongolian side.

Without evident immediate returns, initiatives that have long-term effects took off at their own comfortable pace. For example, since 1991, nearly 1,500 American Peace Corps volunteers have served in Mongolia—teaching and advising across the country.\(^{14}\) It is nearly impossible to quantify the actual contribution of these volunteers to thousands of rural Mongolian students who learned English through them. These volunteers typically spend two years in remote rural communities of Mongolia. They return to the US as advocates for the country with a deep understanding of Mongolians’ way of living and values—sometimes even better than many of the urban Mongolians themselves.

**Back to Mongolia**

Mongolia was never a foreign policy top priority for the US. Hence, Mongolia oftentimes slipped off the US government’s radar, especially in times of resource constraints or shifting focus. By the time President George W. Bush was elected in 2001, US attention to Mongolia had declined drastically due to funding cuts for global democracy promotion as well as the absence of any immediate geopolitical interest in Mongolia.

The declining attention resulted in a noticeable reduction of projects and initiatives that oftentimes symbolized the US support for Mongolia’s democracy. According to Mendee Jargalsaikhan, an expert on Mongolia–US relations, the US Agency for International Development, The Asia Founda-
tion, the International Republican Institute, and even the US Embassy had significantly scaled back their operations to just a few small-scale projects as of the early 2000s.\textsuperscript{15}

Although the remaining US assistance and aid still made a difference, such as the Fulbright Program that continues to fund Mongolian scholars (nearly 400 to this day),\textsuperscript{16} Mongolian policymakers saw the US focus vanishing. The bilateral relations needed another breakthrough moment akin to Secretary Baker’s visit.

Two important events took place in the 2000s that changed things—the Global War on Terror and the global mining boom. Mongolian policymakers’ subsequent reactions to these events created the necessary impetus that would catapult the bilateral relations into the twenty-first century.

Despite its illustrious military history that stretches back to the times of Genghis Khan and due to the relative peace that followed the disintegration of the Soviet Union and post-socialist economic challenges, it became hard for Mongolia to justify its military expenditure. According to World Bank data, Mongolia was spending more than 6 per cent of its GDP on military at the end of the 1980s (the US spent 3.7 per cent of its GDP on defence in 2020). Within a couple of years, that amount was drastically reduced to less than 2 per cent. Compared to the Socialist times, Mongolian armed forces went through an underfunded and neglected period throughout the 1990s.
Enter the 11 September attack on the US. Mongolia was one of the first countries to offer condolences and condemn the terrorist attacks. When the US reached out to countries for support for the Global War on Terror, the Mongolian Parliament agreed to deploy a 170-soldier contingent to Iraq in August 2003, even though Russia and China openly opposed the US military operation. Shortly thereafter, in October 2003, another Mongolian contingent was sent to Afghanistan, which operated until the spring of 2021—for more than 17 years. It required an enormous effort to make the underfunded Mongolian army ready for international military operation. According to the General Staff of the Mongolian Armed Forces, Mongolia has contributed close to 1,200 troops in Iraq and almost 6,000 troops in Afghanistan since 2003.

This expanded defence cooperation took the bilateral relationship to a new height. New developmental aid packages were earmarked for Mongolia. One of the projects, the Millennium Challenge Account, provided Mongolia with a five-year $284.9 million grant funding that was spent on
property registration, public health, vocational training, energy-efficient stoves and road construction.\textsuperscript{18} Mongolia qualified for it due to its democratic governance and support for the Global War on Terror. In April 2021, a second compact with the Millennium Challenge Account, worth $350 million, was launched to increase the available supply of water in Ulaanbaatar.

The other significant driver of the breakthrough in the Mongolia–U.S. relations was the mining boom that followed the 2007–2008 global financial crisis. Commodity prices rallied to an historic high level, creating an opportunity for Mongolia to finance its own development gaps and catch up with the developed world. For the first time, the US was able to justify its support for Mongolia to its taxpayers with tangible commercial interests. Although direct US investment in many of the mining projects, such as the Oyu Tolgoi copper mine, has been minimal, the indirect commercial interest has been significant. The mining sector continues to be the biggest buyer of US exports to Mongolia.

\textit{Global price index of all commodities (index 2016 = 100)}

Source: International Monetary Fund, “Global price index of all commodities [PALLFNINDEXQ]”. Available at https://fred.stlouisfed.org/series/PALLFNINDEXQ.
Running out of steam

With the decline of significant investment opportunities in Mongolia and the withdrawal of Mongolian troops from Afghanistan, similar to the late 1990s, the Mongolia–US relations entered another auto-pilot period. Apart from the Millennium Challenge Account’s water project, no major cooperation initiatives have been announced in recent years. Sensing that this wane might negatively affect the Third Neighbour Policy, Mongolian policymakers sought another breakthrough to reinvigorate the bilateral relations.

One creative initiative that gained some traction was the Third Neighbor Trade Act legislative bill submitted to the US Congress, which, if passed, would have allowed Mongolia to export duty-free cashmere products to the US. The idea was first pitched by the Mongolian Democratic Women’s Union to then-newly elected President Khaltmaagiin Battulga. During his first meeting with US Ambassador Jennifer Zimdahl Galt a few days after his inauguration in 2017, President Battulga requested the US to consider duty-free treatment to Mongolian textile and woven products. No support came through from the US Embassy, and Mongolian policymakers realized that they need to speak directly to Washington policymakers to make things happen.

Until the 2005 abolishment of the World Trade Organization’s textile quotas, Mongolia had unused quotas to export to the US, which countries that had used up their quotas were eager to take advantage of. This brought in foreign investment and created manufacturing jobs in Mongolia for more than a decade. According to The New York Times, nearly 40,000 Mongolian women were employed in the garment industry and generated $200 million worth of annual garment exports. The amount was equal to nearly
10 per cent of Mongolia’s GDP in 2004. But all of it vanished overnight on 1 January 2005 with the abolishment of textile quotas, hitting Mongolian women particularly hard.

Although cashmere generates a sizeable portion of Mongolia’s foreign exports, duty-free exports of Mongolian cashmere would hardly make a dent on the garment industry of the US—a country that produces hardly, if any, cashmere. Total bilateral trade in 2012 measured $707 million. In 2017, the US exported almost ten times less to Mongolia, at $82 million in goods, and imported less than $10 million from Mongolia.\footnote{21} It is unlikely that the increased cashmere export would have brought the trade total to the 2012 level, but the symbolic gesture of the US supporting Mongolia’s economy and democracy would have created the breakthrough needed in the bilateral relations.

Former Republican Congressman Ted Yoho spearheaded the effort and introduced the Third Neighbor Trade Act legislative bill to the US Congress, first in 2018\footnote{22} and then again in 2019. The latter bill garnered significant bilateral support, and 78 (almost a quarter of all 435) members of Congress pledged to be co-sponsors,\footnote{23} making it one of the most promising trade bills in that year. But the sudden COVID-19 restrictions and the US presidential election spectacle destroyed its chance for a Congressional vote. Democratic Congresswoman Dina Titus reintroduced the bill for the third time in April 2021, but so far it has attracted only six co-sponsors.\footnote{24} It seems this potential breakthrough has lost its momentum.

Another promising area of bilateral cooperation that emerged in the past few years is the Indo-Pacific Strategy, which was conceived to redefine the US strategy towards Asia in relation to China. First adopted by the Trump
administration, interestingly, this essentially maritime strategy includes Mongolia—a landlocked country. According to the US Strategic Framework for the Indo–Pacific, a declassified document that has provided overarching strategic guidance to the US executive branch departments and agencies, as a democratic partner to the US, Mongolia is essential to the Indo–Pacific Strategy to “counterbalance Chinese models of government”.

As part of this objective, former US Secretary of Defense Mark Esper made his first international trip to Mongolia in 2019. The official press release highlighted the Mongolia–US “shared democratic values and interests in regional peace and stability”—a clear message to China, whom the US defines as its “strategic competitor”. President Donald Trump then invited President Battulga to the White House for extensive talks. As a result, bilateral relations were elevated to the strategic partnership level, making the US the fifth country to do so with Mongolia.

The Biden administration has reaffirmed its commitment and continuation of the Indo–Pacific Strategy. In a strategic document released in February 2022, the US reassured that the country is strengthening relationships with its “leading regional partners”, including India and Mongolia in “innovative ways”. But the results of it, especially for Mongolia, are yet to be seen. Given the now open hostility between the US and the Russia–China alliance, the possibility of the Indo–Pacific Strategy bringing in the much-needed breakthrough to the Mongolia–US bilateral relations is becoming less likely.
Both sides need to be cognizant of several factors when advancing the bilateral relations to the next level. First, as Ambassador Lake noted, “in Mongolia, the US was idealized far beyond our capabilities and reality.” It is important to be aware of the US limitations. The US will never provide any security guarantee to Mongolia. Exaggerating the US role in Mongolia will not only create unnecessary pressure on the bilateral relations but could negatively affect Mongolia’s relationships with its immediate two neighbours.

Second, the truth is that Mongolia needs the US more than the US needs Mongolia. It is not a secret that the US engagement is essential for Mongolia to counterbalance its two neighbours’ interests and to protect its democratic governance. This has always been true, and it is unlikely that this reality will change anytime soon. It also means that to continue to advance the bilateral relations, Mongolia needs to be proactive. When more pressing global agendas compete for Washington’s attention, Mongolia often slips through the cracks. Ambitious yet implementable initiatives, such as the Third Neighbor Trade Act, could put Mongolia back on the agenda and bring the necessary breakthrough.

Third, the philosophical interest of the US in Mongolia means it is willing to partner with it insofar as Mongolia is willing to uphold its democratic values. Any erosion of democratic principles in Mongolia, such as obstruction of freedom of speech or assembly, would directly decrease the US interest. The foundation of this bilateral relationship is well maintained yet fragile. This means, when respecting the interests of its two immediate neighbours, Mongolia needs to uphold its democratic principles and ensure never to infringe upon the rights of its citizens.
The US had an undeniable role in the success of Mongolia’s democracy and sovereignty in the past three decades. If the US engagement with Mongolia decreases, it will have irreversible effect on the regional prospects for democracy. Although the natural ebb and flow of bilateral relations have plateaued at the moment, history shows us that breakthroughs can emerge if both sides keep an open mind and remain willing to work hard.

*Tuvshinzaya Gantulga is a Non-Resident Fellow at the National Institute for Strategic Studies and a former foreign policy aide to the President of Mongolia. Tuvshinzaya also served as the first Executive Director of the American Chamber of Commerce in Mongolia.*
Endnotes


2 ibid.


5 ibid.


9 Central Archive of the Ministry of Foreign Affairs of Mongolia, call number 108, box 1, folder 50, p. 24 (author’s translation).


13 Charles Stuart Kennedy, “Interview with Ambassador Joseph E. Lake”, Association of Diplomatic Studies and Training (Interview took place in 1994.).
Available at https://www.adst.org/Readers/Mongolia.pdf.

14 Peace Corps Mongolia Twitter post on the 30th anniversary of Peace Corps in Mongolia. Available at https://twitter.com/PC_Mongolia/status/1347066869375664132.


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Friedrich-Ebert-Stiftung Mongolia
Landmark building
Sukhbaatar district, 1st khoroo
Chinggis avenue 13
Post box 831
14251 Ulaanbaatar
Mongolia
Facebook: @fesmongolia
Email: info@fes-mongolia.org
Web: https://mongolia.fes.de/