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## *Mongolia's Quest for Third Neighbours: Why the European Union?*

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Policy brief

Mongolia is beginning to attract more interest from European organisations and institutions. A Partnership and Cooperation Agreement (PCA) between Mongolia and the European Union is expected to be concluded soon, and in March 2012, NATO agreed an Individual Partnership and Cooperation Program (IPCP) with Mongolia. In October 2011, the German Chancellor Angela Merkel took time out from dealing with the financial crisis to visit the country, and the OSCE Secretary General visited in June 2012 to discuss Mongolia's request to become a fully participating member of the organisation.<sup>1</sup>

Over the past two decades, European countries and institutions have had limited interest in responding to Ulaanbaatar's calls for cooperation and partnership because of Mongolia's remoteness and geostrategic insignificance. But European attitudes are changing, because Mongolia's sustained commitment to democracy and to creating economic opportunities is aligned with European global objectives, and particularly the EU's goals in Central Asia. When the EU left Mongolia out of its Strategy for Central Asia in 2007, the European Parliament urged the Council and Commission to reconsider in view of Mongolia's substantial progress 'in establishing a state based on democracy, human rights and the rule of law in the

region'.<sup>2</sup> The Council and the Commission define Central Asia as the five post-Soviet '-stans', but the European Parliament includes Mongolia as part of the Central Asian region.

Mongolia's inclusion in the EU's Central Asia Strategy could help the EU in its work of promoting democracy. Mongolia would value the opportunity to develop closer ties with the EU in order to balance the influence of China and Russia and advance its 'third neighbour' strategy. This strategy is common to most smaller states in Eurasia that have suffered as a result of the geopolitical interests of their neighbours.

This policy brief explores the reasons for Mongolia's sustained commitment to European institutions, and especially to the EU. And it discusses the policy implications for Mongolia of a third neighbour partnership with the EU.

<sup>1</sup> Embassy of Mongolia in Austria, 'OSCE studies Mongolia's bid to become a member state', interview with the OSCE Secretary-General, 23 June 2012, [http://www.embassymon.at/news/news\\_473.html](http://www.embassymon.at/news/news_473.html), accessed 3 July 2012.

<sup>2</sup> European Parliament resolution of 20 February 2008 on an EU Strategy for Central Asia (2007/2102(INI)).



## *Reaching out to third neighbours*

Historically, Mongolia has been a geopolitical pivot for Japanese-Russian and Sino-Russian rivalries. Mongolia has been trying to reach out to the U.S., Japan, India and Western Europe for a long time. Up until the late 1980s, all of its attempts were crushed either by Beijing or by Moscow. But in the early 1990s, as Beijing and Moscow were forced to turn their attention to internal struggles and began to behave as benign regional powers, Mongolia succeeded in reaching out to third neighbours.

In essentials, Mongolia's third neighbour policy is similar to the foreign policies of many other countries. It aims to develop closer political ties with powerful states in order to gain their support and recognition in international and regional politics. It promotes economic cooperation so as to diversify its foreign trade and investment. And it advances cultural ties with other states in areas such as education and religion. Mongolia's third neighbour policy has one key difference from that of other states: it does not seek to obtain a security umbrella or pledge of mutual defence obligations unless its existence is threatened militarily. This is because of its delicate geostrategic location, neighbouring two great powers. Just as the Soviet military's presence in Mongolia increased Chinese vulnerability in the past, military activities by third neighbours in Mongolia would trigger concerns in Beijing and Moscow.

Mongolia's revised National Security Concept says that the third neighbour policy is aimed at developing bilateral and multilateral cooperation with developed democracies in the areas of politics, economy, culture and human security.<sup>3</sup> The Foreign Policy Concept names the U.S., Japan, the European Union, India, South Korea and Turkey as Mongolia's desired third partners.<sup>4</sup> This official clarification is a result of two decades of diplomatic efforts to find third neighbours. Most of these states have responded positively to Mongolia's outreach, but both they and Ulaanbaatar are aware of the limitations of third neighbour status.

## *Why the European Union?*

Mongolia is an integral part of Eurasia, but it is geographically distant from Europe. However, a significant portion of Europe's shortest air and land bridges to East Asia go through Mongolia's territory.<sup>5</sup> As a far eastern flank of Central Asia, Mongolia is at the boundary between the nomadic culture and lifestyle of Central Asia and the cultures of East Asia and China. Geographic remoteness and lack of awareness about Mongolia in Western Europe have hindered the development of any partnership between Europe and Mongolia. But European attitudes toward Mongolia have started to change.

Several factors have been critical to bringing about this change in outlook. Mongolia is determined to build an engagement with Europe, and it has kept up its efforts to create linkages ever since official relations were established with the European Union in 1989. Bilateral ties with former countries of the communist bloc and new partners of Europe have played an important

role in generating support for Mongolia in Europe. Mongolia's commitment to democracy has made the EU look more favourably on the country's attempts to build relations. And Mongolia's mining boom and economic growth have captured the attention of political and business interests in Europe.

A Trade and Cooperation Agreement was signed between the EU and Mongolia in 1993 and Mongolia became eligible for the Technical Assistance to the Commonwealth of Independent States (TACIS) programme in 1994. In 2001, the European Commission adopted its first Country Strategy Paper on Mongolia, outlining the EU's priorities in dealing with the country. Three years later, Mongolia was granted a Generalised System of Preferences. The EU opened a Technical Office in Ulaanbaatar in 2006, when Mongolia joined the Asia-Europe Meeting (ASEM). In the same year, the European Bank for Reconstruction and Development (EBRD) became active in Mongolia. Mongolia's repeated calls for cooperation with the EU, along with support from Germany, the Czech Republic, Poland, Bulgaria and others, resulted in negotiations on a Partnership and Cooperation Agreement in September 2009. The agreement is expected to be finalised this year.

For Mongolia, the EU is the ideal 'third neighbour'. In contrast to engagement with India, Japan or the U.S, Mongolia's partnership with the EU should not set off any strategic concerns in Beijing or Moscow. Mongolia has had traditional ties in trade and cultural exchanges with several EU members, somewhat comparable to those between Japan and South Korea. Twenty-one per cent of more than 100,000 Mongolians who reside abroad live in EU member states.<sup>6</sup> And rather than a one-way donor-recipient relationship, the new EU-Mongolia partnership has the potential to offer mutually beneficial cooperation. At the annual meeting with European ambassadors in November 2011, Mongolian President Tsakhiagiin Elbegdorj, Prime Minister Sükhbaataryn Batbold and Chairman of the Ikh Khural (Parliament) Damdiny Demberel said that increased partnership with the European Union is vital in strengthening Mongolian sovereignty, democracy and the market economy.<sup>7</sup> A renewed EU-Mongolia partnership would have a firm basis in common values, mutual economic benefit and contributions to global peace and security.

<sup>3</sup> National Security Concept of Mongolia, 2010, <http://www.nsc.gov.mn/?q=node/119>, accessed 3 July 2012.

<sup>4</sup> The revised Foreign Policy Concept was approved by the Parliament on 10 February 2011.

<sup>5</sup> The trans-Mongolian rail route is part of the shortest rail link between Europe and Beijing.

<sup>6</sup> National Statistics Office of Mongolia, The 2010 Population and Housing Census of Mongolia, 15 June 2011, [http://www.toollogo2010.mn/doc/Main%20results\\_20110615\\_to%20EZBH\\_for%20print.pdf](http://www.toollogo2010.mn/doc/Main%20results_20110615_to%20EZBH_for%20print.pdf), accessed 3 July 2012.

<sup>7</sup> The EU Ambassadors' meeting has been organised annually every year 2009 in Ulaanbaatar by inviting accredited Ambassadors from Beijing. Currently, only six EU members have resident embassies in Ulaanbaatar, whereas Mongolia has embassies in eleven EU member states.

### Common values

Mongolia has made a consistent commitment to democratisation and the protection of human rights. It has followed a similar path of democratisation to that of Central and East European countries and it has strongly rejected Russian, Chinese and North Korean models of authoritarian rule. Mongolia is the only Asian post-communist state rated since 1991 as an electoral democracy along the lines of Central European countries. It is rated significantly higher than all former Soviet republics as well as both its neighbours.<sup>8</sup>

Democracy in Mongolia has been initiated and carried out without any obligation to meet the stringent membership requirements of democracy-promoting institutions like the EU, NATO or the OSCE. Elections are seen as the only way to obtain political power. Since 1992, six parliamentary and provincial elections as well as five presidential elections have been conducted, and all were regarded as free and fair by foreign observers. Electoral procedures are under constant scrutiny. The latest revision of the Law on Parliamentary Election in 2011 introduced requirements for people to resign from public service in order to be eligible to run in an election. It provided for a mix of proportional and majority representation as well as setting out electoral quotas for women. It prohibited making monetary promises, it gave more authority to the General Election Commission and it mandated the use of biometric IDs.<sup>9</sup>

Civil society activity is also on the rise. Bureaucratic malpractices are openly criticised by the public and by civil society organisations. In response to public pressure, anti-corruption efforts have been institutionalised and prominent politicians and government officials now face investigation by the Independent Anti-Corruption Authority. Meanwhile, environmental movements are becoming more important because of the environmental damage done by mining companies. Because of public pressure, the government stopped issuing mining licences, began introducing stricter environmental protection requirements and joined international initiatives such as the Extractive Industries Transparency Initiative (EITI), to which Mongolia signed up in 2010.

Security forces are under civilian control and operate within a legal framework. The most recent reform efforts have concentrated on the judiciary and the police. International human rights watchdogs say human rights are protected reasonably well. In January 2012, Mongolia abolished the death penalty. In 2011, Mongolia became the first Asian post-communist democracy to chair the Community of Democracies (CD), an intergovernmental organisation of democracies that seek to advance democratic norms and work together to support and strengthen democracy worldwide.

Mongolia and the EU have common values on democratisation and the protection of human rights. Mongolian democracy is still young and EU support would be welcome in helping to be vigilant against possible backsliding. High Representative of the EU for Foreign Affairs and Security Policy Catherine Ashton recently commented on the corruption trial of Mongolia's former president, Nambaryn Enkhbayar:

*Mongolia is a new and vibrant democracy and shares many values with the EU. We have been closely following the developments in the case of the former President of Mongolia, Nambaryn Enkhbayar. We trust that this case will be treated transparently and with full respect for democratic principles, the rule of law and human rights. The EU reiterates its full support to the strengthening of democratic processes in Mongolia.*<sup>10</sup>

### A gateway to the northeast Asian economy

Mongolia could be useful to the EU as a gateway to the northeast Asian economy. It borders with the mineral-rich Russian Far East and with north-western China. And it is close to the fertile Tumen River delta, which has the potential for economic development linked to the Korean Peninsula.

With extensive financial assistance from international financial institutions and from donors like Japan, Germany and the U.S., Mongolia has restructured its economy and accepted the principles of the market economy. Mongolia began attracting foreign investors in the mining sector in 2005. In 2009, Mongolian government signed a multi-billion dollar investment agreement on one of the world's largest copper-gold deposits with the Western mining companies, Rio Tinto and Ivanhoe Mines. Investment agreements on the high-quality coal mine, Tavan Tolgoi, have been negotiated with American, Chinese, Japanese, Russian and South Korean mining companies. Foreign investors are also involved in exploiting other, larger deposits of uranium, coal, aluminium and rare earths, as well as in contributing to related infrastructure projects.

Mongolia sees the EU, Australia, Canada and Singapore as development models. Australia and Canada provide examples for the mining sector, while Singapore's example presents solutions for education and housing. Mongolia is particularly interested in applying EU norms and standards because the EU has valuable experience in assisting new members who faced similar socio-economic challenges to Mongolia. Following Mongolia's official request, the EU has created a 'multiannual indicative plan of cooperation' to assist in Mongolia's implementation of European norms and standards.<sup>11</sup> As Mongolia reaches out to the EU for investment, technology and norms and standards, a

<sup>8</sup> Steven Fish, 'The Inner Asian anomaly: Mongolia's democratisation in comparative perspective', *Communist and Post-Communist Studies*, 34 (2001), 323-338; Verena Fritz, 'Mongolia: Dependent Democratisation', *Journal of Communist Studies and Transition Politics*, 18, 4 (2002), 75-100; Freedom House, *Freedom in the World* 2012, <http://www.freedomhouse.org/report-types/freedom-world>, accessed 3 July 2012.

<sup>9</sup> The Law on Parliamentary Election was revised in December 2011. See Mongolian Legal Unified Information System, <http://www.legalinfo.mn>.

<sup>10</sup> 'Statement by the Spokesperson of the EU HR Ashton concerning the case of the former President of Mongolia, Nambaryn Enkhbayar', 1 June 2012, [http://www.eu-un.europa.eu/articles/en/article\\_12242\\_en.htm](http://www.eu-un.europa.eu/articles/en/article_12242_en.htm), accessed 3 July 2012.

<sup>11</sup> Embassy of the Czech Republic in Ulaanbaatar, 'Multiannual indicative plan of cooperation between European Union and Mongolia for years 2011-2013', 5 November 2011, [http://www.mzv.cz/ulaanbaatar/en/political\\_relations/european\\_union/multiannual\\_indicative\\_plan\\_of.html](http://www.mzv.cz/ulaanbaatar/en/political_relations/european_union/multiannual_indicative_plan_of.html), accessed 3 July 2012.

number of EU members have begun to look for opportunities to participate not only in mining projects, but also in other projects in Mongolia.<sup>12</sup>

### *Peace and security*

Mongolia has similar ideas and concepts to the EU on global peace and security. Mongolia is committed to all international initiatives for the non-proliferation of weapons of mass destruction.<sup>13</sup> It declared its territory a Nuclear-Weapon-Free Zone and it has made every possible effort to institutionalise its nuclear-weapon-free zone status. Mongolia joined the Proliferation Security Initiative (PSI) in 2007 and has taken several steps to improve its border security. Since 2002, Mongolia has contributed over 5,200 military personnel to UN peacekeeping operations in Africa as well as to U.S. and NATO-led coalition operations in Afghanistan, Iraq and Kosovo. Within this short period of time, Mongolia has deployed military contingents with a number of EU members and the United States. It deployed 1,200 personnel as part of a Polish contingent in Iraq. It sent 1,100 to Afghanistan with the U.S., Germany and Belgium. And it deployed over 100 in Kosovo with Belgian and French troops. Mongolia has at the moment about 400 personnel in Afghanistan. Given its modest GDP, its population of 2.7 million, the small size of its military and its ongoing contributions to UN peacekeeping, Mongolia's commitment to peace and security is substantial.

Like the EU, Mongolia is working towards the promotion of human security norms. Human security is officially endorsed in the revised National Security Concept as one of Mongolia's six security priorities: external, economic, domestic, human, environmental and information security. The document includes specific goals on human security priorities: public health, food security, security of living environment and protection from transnational crimes.<sup>14</sup>

## *Conclusion*

A renewed EU-Mongolia partnership could offer constructive cooperation in the areas of democracy, economy and international peace and security.

Mongolia's young democracy still wrestles with challenges, and the EU has experience in assisting new democracies in strengthening their institutions, the rule of law, protection of human rights and governance. One area in which the EU and its member states could help is in supporting the independence, professionalism and accountability of the judiciary and law enforcement institutions. The EU could support the development of civil society in building capacity to monitor and participate in governance. EU financial assistance would also be beneficial in providing opportunities for European and Mongolian civil society to cooperate and exchange views. Mongolia would welcome the EU's help in encouraging and also monitoring the democratisation process. Increased foreign investment brings with it the likelihood of multinational corporations involving themselves in domestic politics. Brussels could help protect Mongolia's democracy against intervention by serving as a

neutral and reliable observer of elections, the fight against corruption and the promotion of civic and political rights.

The EU is the third largest trade partner of Mongolia, which means there are advantages for both sides in economic collaboration. The EU can assist Mongolia to incorporate key European norms and work towards economic reform, since Mongolia is still listed by the EU as a non-market economy, although the WTO, World Bank, IMF, and Asian Development Bank regard Mongolia as a free market economy. The EU is Mongolia's most welcomed investor in the mining and infrastructure sectors, because it fits into Mongolia's third neighbour policy, offers advanced technology and standards, and nurtures Mongolia's economic links with European partners.

Mongolia continues to be a valuable partner for the EU on security, especially in view of its contributions to international peace and security. Human security is the area in which Mongolia has the greatest interest in collaborating and in promoting stronger international norms. Other areas for cooperation are peacekeeping and the democratic reform of security forces. Mongolia maintains experts and contingents for peacekeeping, humanitarian and disaster relief operations, which can be rapidly deployed. Mongolia's sound civil-military relations, its experience in peacekeeping and its status as a neutral country could be of benefit to the EU and to the EU's policy in Central Asia.

The most practical way to broaden the EU-Mongolia partnership would be to include Mongolia in the EU's initiatives on Central Asia. The EU seems to present the only forum for Central Asian states, and potentially Mongolia, to discuss issues like democratisation, human rights and rule of law, while at the same time incorporating these matters into other policy areas such as energy and security. These issues are not dealt with in Russian-driven organisations such as the Collective Security Treaty Organisation, nor in the Russia and China-led Shanghai Cooperation Organisation. And they are not taken into account in plans for the establishment of a Eurasian Union. Mongolia's inclusion in the EU Strategy on Central Asia could provide an important local example for consolidating democracy, promoting the involvement of small states in delicate geopolitical and economic situations, and facilitating the socialisation of new generations beyond the political and cultural influence of regional great powers.

<sup>12</sup> At the bilateral level, for example, the London Stock Exchange has given its assistance in developing the Mongolian Stock Exchange, while Cambridge University has started introducing Mongolian-English bilingual education into Mongolian public schools to align the Mongolian national education system with Cambridge international education standards.

<sup>13</sup> For more information, see Embassy of Mongolia in Austria, 'Focal Point of Mongolia's NWFS', [http://www.embassymon.at/ambassador\\_3.html](http://www.embassymon.at/ambassador_3.html). Also, the 1992 Constitution prohibits the stationing and transitioning of foreign troops and commits to a non-aligned policy.

<sup>14</sup> National Security Concept of Mongolia.





Established in 2008 as a project seeking to monitor the implementation of the EU Strategy for Central Asia, EUCAM has grown into a knowledge hub on broader Europe-Central Asia relations. Specifically, the project aims to:

- Scrutinise European policies towards Central Asia, paying specific attention to security, development and the promotion of democratic values within the context of Central Asia's position in world politics;
- Enhance knowledge of Europe's engagement with Central Asia through top-quality research and by raising awareness among European policy-makers and civil society representatives, as well as discuss European policies among Central Asian communities;
- Expand the network of experts and institutions from European countries and Central Asian states and provide a forum to debate on European-Central Asian relations.

Currently, the broader programme is coordinated by FRIDE, in partnership with the Karelian Institute and CEPS, with the support of the Open Society Foundations and the Finnish Ministry of Foreign Affairs. The main outputs of the programme are a series of policy briefs and comprehensive reports on key issues facing the Europe-Central Asia relationship.

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Founded in 1971, the Karelian Institute is a unit of the Faculty of Social Sciences and Business Studies of the University of Eastern Finland. It engages in basic and applied multi-disciplinary research, supports the supervision of postgraduate studies and researcher training, and participates in teaching. It focuses mainly on three thematic priorities: Borders and Russia; Ethnicity and Culture; and Regional and Rural Studies.



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