

Mongolia's Response to Increasing U.S.-China-Russia Rivalry in Asia

By Dr. Alicia Campi

In the midst of heightened tensions generated by renewed U.S.-China-Russia rivalry in Asia, the sparsely populated, landlocked state of Mongolia demonstrates creativity and flexibility in crafting its national strategies. But this is an old story for Mongolia. Historically, Mongolia was viewed as a pawn whose fate was determined by the nature of the Sino-Russian relationship. When its Soviet Union protector dissolved at the end of the Cold War, it had to define new national priorities beyond reliance on just one state and one ideology. It embraced a multi-pillared foreign policy called the “Third Neighbor” to balance its relations with border neighbors Russia and China by reaching out to other democracies, including the U.S., Japan, European Community, and South Korea, for political and economic support. Since then, the “Third Neighbor” policy has promoted relations with industrially advanced nations of the west and east to consolidate best practices for Mongolia’s transition into a free market economy.

In this decade, the policy was reinterpreted in content and meaning to include cultural and economic partners as diverse as India, Brazil, Kuwait, Turkey, Vietnam, and Iran. With increased superpower rivalry in its region, Mongolia has expanded this basic policy with three distinct corollaries: trilateralism, economic transit zone, and bridge nation. These permit Mongolia, as a rapidly growing minerals resource-based economy, to simultaneously reassure Russia and China that they will remain major trade partners and investors, while diversifying political and trade options to other partners. These moves raise Mongolia’s profile in international affairs to promote its own vision of Eurasian regional synergy and integration.

Mongolia’s trilateralism is anchored in two relationships. The first is among Mongolia, China, and Russia, which is useful in balancing Sino-Russian rivalry towards Mongolia and approaching continental problems such as energy, environmental issues, and transportation development that demand greater Eurasian connectivity. To avoid democratic nations misinterpreting this triangular economic relationship as some kind of return to the orbit of the two border neighbors, Mongolia has promoted another relationship based on shared values called “democratic” trilateralism among Mongolia, the United States, and Japan. These two forms of trilateralism emphasize balancing interests. This is not the same as bandwagoning, because Mongolia is not vacillating its alignment from one superpower to another with little national security and economic advantage.

Mongolia-Russia-China trilateralism owes its origin to the rapprochement between China and Russia that began in 2014 after the Ukrainian crisis. Concerned that a new version of the Eurasian Silk Road that excluded Mongolia was being constructed, former Mongolian President Tsakhia Elbegdorj proclaimed his “trilateralism” strategy to revive Russian economic investment in Mongolia, build domestic transport infrastructure northward to link with the Trans-Siberian rail system to Pacific trade partners and southward to China, and promote Mongolia as a reliable and cheaper “Economic Corridor” for Sino-Russian transit traffic across Eurasia. This trilateralism policy deepened Mongolian, Russian, and Chinese transnational infrastructure development and economic cooperation through annual presidential-level summitry, usually on the sidelines of the Shanghai Cooperation Organization (SCO). Plans to erect a

Dr. Alicia Campi, President of the Mongolia Society, explains that “The [“Third Neighbor”] policy was reinterpreted in content and meaning to include cultural and economic partners as diverse as India, Brazil, Kuwait, Turkey, Vietnam, and Iran. With increased superpower rivalry in its region, Mongolia has expanded this basic policy.”

network of cross-border transport links and strengthening energy cooperation with regional power grids are more than rhetoric. Construction of a new road, rail, and pipeline corridor connecting Mongolia and China with Russia has advanced to the construction stage under the supervision of a Mongolian-Russian-Chinese Northern Railway working group. New rail lines will have two gauges to allow Russian and Chinese trains to transit Mongolia without changing train wheels, facilitating Russia's gateway to India and Pakistan.

Mongolia's "democratic trilateralism" policy dates to March 2013, when Japanese Prime Minister Shinzō Abe and President Elbegdorj agreed to pursue a regular trilateral dialogue with the United States, but its implementation developed slowly under the Obama administration. Although the United States has been Mongolia's mainstay in promoting democracy and free market reforms for the past 30 years, U.S. economic relations had been steadily contracting since it is not a major player in Mongolia's mining or transport projects. With the Trump presidency, this democratic trilateral dialogue, which is pursued at the Secretary of State/Foreign Minister level, has deepened because of U.S. deteriorating relations with China and Russia and greater hopes that Mongolia can act as a bridge for negotiations with the DPRK. Thus, U.S.-Mongolia bilateral relations were raised to the strategic partnership level in 2019, a \$350 million Millennium Challenge Corporation (MCC) Mongolia Water Compact signed, and a still unpassed most-favored nation cashmere textile bill has garnered bipartisan Congressional support. Both sides expect such measures will energize the U.S.-Mongolian economic relationship in the mid- to long-term. The United States has no objection to a strong Mongolian-Japanese economic relationship, which has been at a "strategic partnership" level since 2010, especially since Japan has the capacity, if transportation connectivity is improved, to become a sizable customer for Mongolian minerals such as rare earths and coal.

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Japan also is dependent upon Mongolia as a successful broker for negotiations with North Korea on return of its abductees. This record illustrates Mongolia's capacity to be a "bridge nation". Working through existing mechanisms such as United Nations (UN) multilateral organizations, Council for Community of Democracies, and allied troop cooperation with the United States in the Middle East and Afghanistan, Mongolia has volunteered to facilitate linkages between Central Asia and Northeast Asia, Turkey, and Japan, and the Arctic and South Asia, particularly India via northern corridor transit routes, border free trade zones, and international peacekeeping operations. Its success in approaching North Korea has included creating its own regional structure, "Ulaanbaatar Dialogue on Northeast Asian Security" (UBD), to tackle long-standing disputes and bottlenecks on the Korean peninsula. Moreover, Mongolia has promoted itself as a bridge among Northeast nations to achieve connectivity through a Northeast Asian Super Grid.

With globalization and connectivity come complications, as the COVID-19 crisis has demonstrated. In today's Eurasian economic scenario that is heavily influenced by Sino-Russian Belt and Road Initiative (BRI) cooperation, Mongolia's development is linked to maintaining regional stability. It recognizes the limits of its geospace and so must reach out to like-minded nations such as the United States and Japan for investment, economic, civil society, and military ties to buttress its national identity and security. It cannot escape being influenced by great power relations, which always have been complicated. When the United States looks at Mongolian interactions with its neighbors, it should not simplistically oppose the creation of a transit corridor. It rather should recognize that creating such a mechanism permits Mongolia to utilize democratic trilateralism and "Third Neighbor" policies to strengthen its national security and, by overcoming its landlocked geography, contribute to Asian peace and development.

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