In 2012, the United States and Mongolia celebrated 25 years of diplomatic relations. This relationship began as a result of extended discussion on January 27, 1987. Till 1990 their relationship was firmly established, but largely formal: an American embassy was opened in Ulan Bator in June 1988, but the first ambassador, Richard Williams, only arrived with his credentials in September, on a short visit between Washington and Beijing. The Mongolian embassy in Washington did not open its doors until March 1989.

This was a period of mutual acquaintance and drafting the first departmental agreements on cultural relations.

However, what I see as a rapid convergence of the US with Mongolia began directly after the victory of the democratic revolution in Mongolia in March of 1990. By April 1990, the Vice Prime Minister, D. Byambasuren, visited the United States and in July the experienced diplomat, Joseph Lake, arrived in Ulan Bator to fill the full-time role of US ambassador, while in August the Secretary of State himself, James Baker, allowed himself a visit.

In January 1991, in Washington, the first American-Mongolian summit was successfully held: the first President of Mongolia, Punsalmaagiin Ochirbat, and the US President George Bush, reached basic agreements on the chief directions for future development of relations and signed an agreement on cooperation in trade, science and technology. In February with US involvement, Mongolia became a member of the pro-American International Monetary Fund and the World Bank. On March 12 of the same 1991, both houses of the US congress, in a joint session make an unprecedented resolution in support of the US policy, “to provide maximum assistance to Mongolian reconstruction”; in June of 1991, the Minister of Foreign Affairs, Gombosuren, visits the US and as a response, for the second time, but now accompanied by a 19 person delegation, James Baker returns to Ulan Bator in July.

Speaking before the Mongolian parliament, the US Secretary of State said: “You were the first Asian nation to embrace communism. Today, you have become the first Asian nation to have chosen the road to democracy. . . In connection with your decision, I would like to say: Mongolia will point others the way towards progress.”

According to the Americans themselves, Baker’s visits in 1990 and 1991 “threw Mongolia into the arms of the US.” It was Baker who dubbed the United States Mongolia’s “third neighbor.”

Implementing in following days the “third neighbor” policy in Mongolia, the United States worked out of their own geopolitical and strategic interests and their drive to fill the “vacuum of power” in the epicenter of Central Asia, which came about after the fall of the USSR and in consequence, as wrote one of the leading US “Mongolists”, Alicia Campy, “help Mongolia create a stable, free market and democratic community, becoming an example for other socialist countries.” For Mongolia, developing relations with the US, as well as with other Western countries and Japan, made it possible for them to balance out their relations with Russia and China by relying on a third party.

Baker’s visits triggered a phase of rapidly developing American-Mongolian relations and broadening cooperation in politics, economics, humanitarian spheres, military and donor assistance. A regular exchange of various delegations was established on high and sometimes the highest levels. November of 2005 saw George Bush’s first ever visit to
Ulan Bator. Visits from the Secretary of State, Madeleine Albright in 1998 and Prime Minister of Mongolia N. Enkhbayar in 2001 marked the entry into the current stage of relations in a comprehensive, strategic cooperation.

The mechanism of this cooperation, among other things, consists of the annual coordination meetings of the representatives of the foreign ministries, the work of the US Embassy, activity in Mongolian offices of the International Institute of the US Republican Party, and the Open Society (Soros Foundation) fund, representatives of the Peace Corps and other NGOs, the daily work of American advisers, their recommendations and advice that affect the internal and foreign policy of Mongolia.

It can be argued that the United States was, especially in the 90s, and in many ways remains a major political “patron and inspiration of democratic transformation” of Mongolia.

Aside from political support, the United States gave Mongolia material aid. Apart from its participation in the donor movement initiated in Japan in 1991, they came forward as an independent donor, every year, starting in 1990, allocating 16 million dollars to gratis aid through the U.S. Agency for International Development (USAID) both with money and food supplies. Since the end of the nineties, this help has been focused on financing various programs and projects for developing and modernizing the energy sector, agriculture sector, technology and in ever growing volumes – for managing systems and strengthening the private sector.

In the last 25 years it cost 200 million dollars. In addition, the American corporation Millennium Challenges, assisting poor and underdeveloped countries, provided in 2007 Mongolia with a subsidy for 5 years, amounting to 285 million dollars. Of these, 188 million was allocated to modernize the Trans-Mongolian Railway (Ulan Bator Railway) (however, the money was spent on other needs), 23 million dollars went to improve the registration system and the working conditions of foreign experts, 25 million dollars went to develop vocational education, 17 million dollars – to develop healthcare, 30 million dollars – to “administrative costs.”

On December 10, 2014, the Governing Council of the Corporation decided to allocate to Mongolia a second tranche of 433 million dollars mainly for the railway construction.

Food aid has come in repeated deliveries of wheat, totaling about 100 thousand tons.

We already wrote about the intense development of military and military-technological cooperation between the US and Mongolia, gaining strength and strategically important for both involved parties. So we will not repeat ourselves, but instead, in conclusion of this outlook, we will take a short look at trade-economic relations between these two nations.

These developed with less intensity than their political connections, but nonetheless, in an overall parallel process. So, if in 1992 the volume of trade amounted to only 6.2 million dollars, then in 1996 it equalled 26.4 million dollars and by 2003, the United States advanced to the position of the third (after Russia and China) trading partner, and their turnover reached 166 million dollars, while Mongolian exports reached 143 million dollars (90% of this was fabric, cashmere, light industry products, clothing), while imports were at 23 million dollars of equipment for the mining industry, vehicles, tools, hygiene products, household goods, etc.

In subsequent years, the turnover stayed at the level of, for example, in 2007 155.8 million dollars, in 2008 peaking at 198.3 million dollars, while in 2010 it fell to 164.8 million dollars, but was still larger than that of other Western countries.

The United States and Mongolia have a very friendly status in mutual trade deals, which obviously stimulates the development of trade relations. A major role was played by the opening of a US Mission Chamber of Commerce in Ulan Bator in 2011.

As the chairman of the representative office, Jonathan Cox, specially trained staff works every day to maintain and expand trade and economic ties between the United States and Mongolia, and attract US companies. The impetus for the further development of trade and economic relations should be a recent agreement On Ensuring Transparency in International Trade and Investment, according to which both sides are obligated to provide each other with information about upcoming bills on trade and investment for the 60 days prior to their discussion in the Parliaments of Mongolia and the United States, so that the general public of the two countries could be familiarized with these projects.

In conclusion, the US is a powerful (according to some statistics, the third largest after China and Canada) investor in Mongolia.
In 2010, the overall sum of capital investments in Mongolia came to 115 million dollars (15% of general foreign investments).

Over 130 US investment companies operate in Mongolia, mainly producing cashmere, in the clothing industry and in tourism. All of these are part of the American-Mongolian business Council, a coordinating and observatory body. Investment impetus is also influenced by the Agency for International Development (USAID) and the Overseas Private Investment Corporation. Since 2005 it has operated by the agreement signed on July 15, 2005 on trade and investment, which is implemented by the American-Mongolian Business Council.

Thus, the US-Mongolian relations, for over 25 years since the establishment of diplomatic relations, have passed the establishment phase from 1987 through 1989, the stage of American patronage, largely based on the “third neighbor” policy, adopted at the beginning of the twenty-first century, to the stage of gaining strength comprehensive strategic cooperation.

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