Michael Klecheski, a retired US Department of State Foreign Service Officer who previously served as the US Ambassador to Mongolia, a Director at the National Security Council, and held posts at US embassies in Russia and the Philippines, explains that "the current strength of US-Mongolia ties is of prime importance" as "growing Sino-Russian rapprochement raises new concerns about Mongolia’s ability to continue its balancing role with those two countries." 

Though it does not draw as much attention, at least in the United States, as other relationships in northeast Asia, bilateral ties with Mongolia are significant and warrant deeper exploration. Landlocked between China and Russia, Mongolia managed to maintain the independence and democracy it achieved when the Soviet bloc collapsed. It has done so primarily through a deft balancing act between those two huge and non-too-democratic physical neighbors. And its success has come, in large measure, from its equally deft handling of relationships with its “third neighbors,” which gives Mongolia the ability to deal with China and Russia from a stronger bargaining position.

On the one hand, in recent years, Mongolia has expanded its third neighbor strategy; it is exploring, for instance, new linkages in Central Asia. On the other hand, growing Sino-Russian rapprochement raises new concerns about Mongolia’s ability to continue its balancing role with those two countries. This has become a subject of discussion in Mongolian policy circles, and one conclusion is that relations with third neighbors are increasing in importance. Along with a few other countries, notably Japan, the United States is a pivotal third neighbor.

Thus, the current strength of US-Mongolia ties is of prime importance. The decision to elevate bilateral relations to the level of strategic partnership in 2019 provided new momentum. Around the same time, the US Agency for International Development, which had been highly active in Mongolia since 1991 but was contemplating reducing its activities due to funding considerations and Mongolia’s own progress, revived its programming and funding. Progress on the US Millennium Challenge Corporation’s second project in Mongolia, a $462 million investment in Ulaanbaatar’s water supply system, continues to fuel this momentum. Recent advances toward the possibility of direct flights between the United States and Mongolia offer a further boost.

US democracy promotion enjoys a high profile in Mongolia. For the United States, supporting Mongolia’s democracy, including the rule of law and civil society, is important in its own right. The endeavor is also worthwhile because Mongolia’s population seems genuinely committed to its democratic institutions—despite occasional indications of wavering support. The United States also is aware that a successfully democratic Mongolia can have a demonstration effect on China and Russia. Reinforcing a democratic orientation among Mongolia’s large youth cohort seems a promising route to further cement the country’s democratic future; the numerous Mongolian parliamentarians and other officials who have studied in the United States and elsewhere in the West fuel such hope, as does Prime Minister Oyun-Erdene’s conscious effort to increase the ranks of such people in his government. Even though Mongolian officials continue to pledge their commitment to democracy, backsliding is always a danger. For example, the possibility that laws could be put in place threatening the independence of non-governmental organizations is of serious concern.

From the US perspective, resource-rich Mongolia offers the possibility of vast commercial opportunities for American companies. So far, however, shortcomings in its investment climate, including corruption and rule of law issues, have dampened US investment levels. Additionally, the Mongolian government’s continued commitment to state-owned enterprises is worrisome. US investors hold a significant share in Mongolia’s largest foreign direct investment project, the giant Oyu Tolgoi copper and gold mine. An end to a deadlock in the Mongolian government’s contractual negotiations with the mine’s owners in 2022 resulted in the long-awaited start of underground production there. But that deadlock had highlighted an unhealthy and recurring
The United States has been understanding of Mongolia’s difficult geopolitical situation, so that the invasion [of Ukraine by Russia] has not damaged the US-Mongolia relationship. Both sides realize the importance of that relationship, and... it is fundamentally in strong shape and meaningfully serves both US and Mongolian interests.

The views expressed here are his own and do not necessarily reflect the official position of the U.S. government.