Mongolia–Australia relations: a Mongolian perspective
by Mendee Jargalsaikhan
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This year marks the 40th anniversary of Mongolia–Australia relations. The Australian Government will increase the number of scholarships for Mongolian students from 28 to 38 per year, open a trade office in Ulaanbaatar, and continue its developmental aid to Mongolia. Australia has provided more than $50 million in assistance to Mongolia, and 120 Australian Youth Ambassadors have served there. More than 300 Mongolians (who see themselves as ‘Mozzies’), have graduated from Australian universities. The partnership between the sea-girt middle power and the landlocked developing nation is on the rise.

Traditionally, Australia’s foreign policy has been to prioritise developmental assistance to Oceania and Southeast Asia and consolidate its diplomatic presence in a few important Northeast Asian capitals. So why is Australia reaching out to Mongolia?

Modest but effective Australian educational investment and increasing business interests in the Mongolian mining industry underpin this partnership.
However, despite the two countries’ similar foreign policy priorities and shared values of democracy and free markets, political and security cooperation is slow.

**Background**

The bilateral relationship was established amid the Cold War in 1972, although there was little interaction between the two nations for many years. Mongolia was closely allied with the Soviet bloc, and Moscow had strong leverage over Mongolia’s foreign policy.

When dealing with the communist bloc, the Australian Government (led by Whitlam) pursued policies that were more independent of the US than its predecessors had been. Australia played a bridging middle-power role by deepening relations with Moscow, granting diplomatic recognition to the People’s Republic of China in 1973, and establishing relations with the Non-Aligned Movement in the United Nations.\(^2\) The ‘Whitlam government’s emphasis on closer relations with the countries of the Asia–Pacific region was,’ as Carl Ungerer argues, ‘both qualitatively and quantitatively different from the anti-communist thinking that had dominated the Menzies period.’\(^3\) Interestingly, when the Nixon administration was attempting to recognise Mongolia in 1973, US officials sought lessons from the Australian experience.\(^4\)

Mongolia was seeking diplomatic recognition from other countries, especially middle powers. Positive relations between Australia and the Soviet Union in the early 1970s enabled Mongolia to gain official diplomatic recognition from Australia a year before bilateral relations were established between Australia and the People’s Republic of China.

However, official recognition was not followed by any interactions between Canberra and Ulaanbaatar. Australian diplomatic efforts with the Soviets largely ceased as the succeeding Fraser government objected to the incorporation of the Baltic states into the Soviet Union in 1975. As a Soviet satellite, Mongolia was unlikely to have any options other than to take a stance on Australia similar to the Soviet Union’s. Mongolia’s relationships with Asia–Pacific countries were limited to a few communist countries, while Sino-Mongolian relations ceased as a result of the Sino-Soviet confrontation for almost three decades from 1964. So Mongolia became politically and geographically inaccessible to the West while Australian relations with China forged ahead.

Mongolia’s political and economic transition in 1990 and pursuit of an independent foreign policy beyond its two neighbours provided favourable conditions for Mongolia to reach out to Australia. At the same time, Australia was in a position to pursue more assertive middle-power roles in international affairs.

Following its first multiparty parliamentary election in June 1990, Mongolia established a semi-parliamentary political system with extensive checks and balances among government branches and institutionalised protection of human rights (especially civil, religious and economic freedom). This distinguishes Mongolia from the Asian communist countries, including China, and enables Mongolian politicians to project the country’s new identity as a democratic state.

As Moscow ended its substantial developmental aid and withdrew its political–military presence, Mongolia began to pursue an independent foreign policy by normalising its relations with China and reaching out to developed democracies, including Australia. Immediately after the normalisation of Sino-Soviet relations in 1986, and despite ideological differences, Mongolia established bilateral relations with the US and the Mongolian Foreign Minister visited Japan and Australia for the first time.\(^5\) After 1990, Ulaanbaatar formulated the National Security Concept and the Foreign Policy Concept, which highlighted Mongolia’s integration with
the international community and the need to strengthen democratic governance and promote the principles of free market economics. In addition to maintaining balanced relations with China and Russia, the Mongolian Government began to seek ways to strengthen its ties with the Western democracies and countries such as India, Japan and Turkey to reduce Mongolia’s dependence on its neighbours.

At the same time, Australia, as a middle power, was reaching out to places that had not appeared before on the Australian foreign policy radar. For example, the Australian Foreign Minister visited Mongolia in 1994 to explore opportunities for trade and investment in the Mongolian mining sector. Since then, bilateral relations have grown gradually. Mongolian President Ochirbat and Prime Minister Batbold visited Australia in 1997 and 2011, respectively, while Australian Governor-General Bill Hayden visited Mongolia in 1994. Since 2009, government leaders and cabinet ministers have engaged in bilateral meetings at the margins of multilateral forums such as the United Nations and the ASEAN Regional Forum. Mongolia opened its embassy in 2008, while Australia accredits its ambassadors in Beijing or Seoul to Mongolia. In contrast to their ceremonial diplomatic recognition during the Cold War, Mongolia and Australia now engage in a modest collaboration in almost all areas of bilateral relations.

Mongolian–Australian bilateral cooperation is indirectly expanding the perimeter of the Asia–Pacific region. Mongolia sits at the northern edge of Chinese-influenced East Asia and on the southern edge of Russian-dominated society. It marks the far-eastern flank of formerly nomadic Central Asian societies, including Afghanistan, Kazakhstan, Kyrgyzstan and Turkmenistan. Australia also marks a frontier: the southwestern boundary of the Pacific. Both countries’ efforts to cooperate support their foreign policy objectives to integrate with the wider Asia–Pacific region.

In addition to vast territory and isolation, there are many other similarities between Australia and Mongolia. Both nations are parliamentary democracies that uphold human rights and the principles of separation of powers. However, Mongolia has a unicameral parliament, which appoints the prime minister and the cabinet with the consent of the president. The president, who is nominated by political parties with seats in the parliament, is elected through a direct election, plays important roles in national security, foreign policy and the judiciary, and holds veto power over the parliament and the appointment of the prime minister and cabinet members. Unlike in the Australian political system, political institutions in Mongolia are still in the consolidation stage and are facing many challenges of postcommunist transition.

Although Mongolia is less industrialised and has a smaller economy than Australia, both economies rely substantially on extractive industries and agriculture. Mongolia’s transition to free markets began in the early 1990s, when it underwent a painful period of ‘shock therapy’ under the instructions of international financial institutions. The privatisation of livestock has increased the self-sustainability of the rural population, but herders have suffered tremendously in natural disasters (zud, or extreme cold). As Chinese demand grew from 2000, Mongolia emerged as the closest supplier of mineral resources, especially coal, to the Chinese market. And with more than 36 million livestock, Mongolia is perfectly located close to Russian and East Asian markets. Although animal husbandry and mining produce more than 70% of Mongolia’s GDP, both sectors are struggling to obtain advanced technology and to meet higher standards (the Mongolian Government is aiming to adopt European Union and OECD members’ standards from 2008). Mongolia and Australia will compete for export markets for mineral resources (coal and uranium) and meat in markets such as China and Russia.

Culturally, Mongolia and Australia are quite distinct. Mongolia is traditionally a nomadic society and Buddhism is the dominant religion; however, a recent census
shows that a substantial percentage of the population is atheist as a result of policies during the communist regime.

Mongolian culture has been enriched by three major factors:

• The main features of nomadic culture and lifestyle (self-sustainability, adaptability and mobility) have survived for centuries, even under the communist regime.
• Seventy years of Soviet influence has left lasting marks on Mongolian society because the entire nation-building process was directed, assisted and sustained with Soviet support.
• Mongolia has been widely exposed to different cultures and lifestyles in the past two decades.

This combination strengthens the symbols of nomadic culture but at the same time creates opportunities for Mongolia to expand educational and cultural ties with developed countries as well as with its neighbours. While there is increasing cultural and religious tolerance, Mongolia, unlike Australia, remains an ethnically homogeneous society with a 5% Muslim minority.

Educational investment

Until the late 1990s, Mongolia was a terra incognita for many Australians. Similarly, ‘Crocodile’ Dundee (1986) starring Paul Hogan conjured up an exotic image of Australia for many Mongolians. Unlike many other former communist countries, Mongolia has no diaspora link with Australia. However, the Australian scholarship program has begun to contribute to a mutually beneficial long-term friendship.

One of the major challenges for postcommunist Mongolia was to restructure its government institutions under the 1992 Constitution and to develop a cadre of public servants to implement political and economic reform. Because of Mongolia’s sudden economic transition and the loss of external subsidies (which were mostly from the Soviet Union), the Mongolian Government was not initially able to provide funding to train its public servants. From 1921 to 1989, leading Mongolian public servants were educated in Russia and other Central and Eastern European communist states. But in the 1990s both Russia and China were unable to provide educational assistance to Mongolia because they were also in the midst of economic turmoil. Therefore, Mongolia asked for educational assistance from developed countries, many of which were new partners.

After repeated requests from the Mongolian side at high-level exchanges, Australia included Mongolia in the Australian Development Scholarships program and awarded 13 scholarships in 1996. Because of the effectiveness of the program, the Australian Government increased the scholarships to 28 in 2010 and 38 in 2012 (Table 1).

| Year | 96 | 97 | 98 | 99 | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Australian Development Scholarships | 13 | 16 | 6  | 4  | 4  | 0  | 4  | 8  | 11 | 13 | 16 | 14 | 18 | 24 | 28 | 28 | 38 |
| Australian Leadership Award Scholarships | 2  | 10 | 8  | 8  | 7  |     |     |     |     |     |     |     |     |     |     |     |

At first, the scholarship program was administered by the Australian Embassy in Beijing, placing extra administrative and technical burdens on the staff. From 2003 to 2008, the program was managed by an Australian Government contractor, Coffey MPW Pty Ltd, as the ‘Mongolia–Australia Targeted Capacity Building and Small Activity Facility’ (CaBSAF), along with other projects such as poverty alleviation. Upon the successful completion of the CaBSAF, the Mongolia–Australia scholarships program evolved as an independent developmental aid program. As Peter Nolan argues, the Australian Development Scholarships program produces positive results in bilateral relations and also brings high returns for Australian foreign policy.

What explains this successful Australian investment?

First, it’s a joint program that meets Mongolia’s needs and AusAID requirements. The Mongolian working group of seven ministries and the Civil Service Commission needs to develop human resources for the public service, while the Australian side manages the scholarships (processing applicants, preparing candidates and monitoring funding). If the Mongolian side fails to nominate capable candidates, AusAID could easily shift the scholarships to its high-priority countries in Oceania and Southeast Asia.

Second, scholarship recipients must have at least two years of continuous full-time employment, be approved by their employing government organisations, and return to their current employers upon completing their studies. Although there were attempts to provide more scholarships in non-public sectors in 1997, when 13 out of 16 slots went to non-public applicants, they stopped from 2000. Perhaps, at that time, attrition rates among non-public candidates were high or public servants demonstrated more visible results. The program usually supports only one or two years of master’s level education, which is convenient for the employing organisations.

Third, the program initially targeted the ministries of Foreign Affairs, Finance, and Justice and Homeland Affairs, and was later extended to other ministries. As the number of scholarships increased from 2004, the competition was opened to all ministries and government agencies, which are now responsible for selecting candidates and providing career opportunities for graduates. Only the Ministry of Defense has not participated: it already receives substantial training and education aid from the US and other developed countries, and increased peacekeeping deployments since 2002 have required more personnel.

The Australian Development Scholarships program effects bilateral relations in several positive ways. Because most candidates have more than five years of experience in the government service and previous educational experience in Russia or Eastern Europe, they bring interesting out-of-region perspectives to the Australian host universities. Being exposed to the politics, economies and lifestyles of Russia and China, Mongolians can contribute greatly to Australian faculty and students’ knowledge of Inner Asia. Not only the Mongolian students but also their family members interact with Australians and other international visitors. At the same time, the ‘Mozzies’ disseminate knowledge about Australia among the Mongolian public.

In 1998, Mongolian graduates of Australian institutions established an alumni organisation, the Mongolia Australia Society (known as the Mozzies Association). The organisation supports members of the Australian Young Ambassadors for Development and organises events with the Australian business community in Mongolia to build networks and support its members. As alumni advance to middle and higher level posts, government strategies and plans (such as the Government Action Plan of 2008–2012) increasingly reflect policies to develop mutually beneficial cooperation with Australia.
Importantly, the scholarships program has provided equal opportunities for male and female applicants. This has helped to increase the numbers and quality of female public servants in Mongolia.

As former Australian Foreign Minister Gareth Evans notes, Australian middle-power foreign policy 'usually involves “niche” diplomacy, which means concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover the field.' This applies to the Australian Development Scholarships program in Mongolia. As Mongolian graduates from Australian universities have built knowledge about Australia, the Mongolian Government has taken more active steps to deepen its ties with Australia. It has opened a consular office in Sydney (1997) and an embassy in Canberra (2008), increased government study group visits, and used the Australian scholarship program effectively. Mongolian graduates from Australian universities have encouraged their politicians and bureaucrats to see Australia as a developmental model, along with Canada and Singapore.

Economic interests

The Australian business community has driven Australia’s interest in Mongolia. Direct trade is small and complicated by distance, but Australian interest in Mongolian mining, in particular, grew between the Australian Governor-General’s visit in 1994 and Trade Minister Craig Emerson’s launch of the Mongolian mining projects report 2011. As important energy and resources exporters to East Asia, Australian miners can use their expertise and networks in the region to invest in the Mongolian mining sector, which is well placed next to China and close to resources-poor Japan, South Korea and Taiwan.

To reduce its economic dependence on China and Russia, Mongolia pursues a so-called ‘third neighbour’ policy to increase its political and economic links with OECD members and India. Although it depends heavily on the infrastructure and markets of its neighbours, it avoids giving Chinese and Russian investors access to its strategically important ore deposits and infrastructure. At the same time, it seeks to introduce Western standards and technologies to reduce environmental damage from mining. Since 2000, civil society organisations, especially environmental protection groups, have intensified pressure on the government and politicians to make the mining industry more accountable for environmental damage. For its part, the Mongolian Government prefers making deals with Western investors, rather than with the state-owned enterprises of China and Russia.

The development of Oyu Tolgoi, Mongolia’s largest copper–gold mine, is an interesting example. Because the Mongolian investment environment was not well understood and the Chinese market was uncertain, BHP Minerals sold its exploration licence for the Oyu Tolgoi site to Canada’s Ivanhoe Mines in 2001, a few years after buying the licence. Although Ivanhoe tried to conclude a long-term investment agreement with the Mongolian Government, its attempts failed because of Mongolian domestic politics (such as the major political parties’ inability to reach a consensus and rising public anger about irresponsible mining) and possibly because of its poor public relations. In 2005, Robert Friedland, one of Ivanhoe’s owners, told a Florida investors’ conference that ‘We are building the biggest new mine in the world …. The nice thing about this, there’s no people around …. There are no NGOs … You’ve got lots of room for waste dumps without disrupting the population.’ Politicians, civil society activists and media in Ulaanbaatar brought up cases of irresponsible mining practices in the US and developing countries. Only after Ivanhoe joined the Anglo-Australian mining company, Rio Tinto, and strengthened its pledges to Mongolia about its social and environmental responsibility was a long-term agreement signed in 2009. This example demonstrates the growing influence of civil society activists and the public in the
government’s decision-making, as well as the growing opportunities for Western companies prepared to commit visibly to corporate social responsibility.

According to the Australian Government, there are 171 Australian-invested companies and about 300 Australians working in Mongolia. Rio Tinto, BHP Billiton, Leighton, Xanadu Mines and Kumai Energy have significant Mongolian mineral leases and investment plans. Australian companies have lobbied the government to establish a permanent trade office in Ulaanbaatar, opened new business opportunities for other businesses, supported or sponsored trips and public-to-public engagements for Mongolian parties, and contributed to the general public's knowledge about Mongolia.

The Mongolian side is beginning to see Australia as a developmental model with economic advantages similar to its own—abundant natural resources and livestock (plus tourism potential, to a lesser extent). Like Australia, Mongolia has rich deposits of coal and uranium, which are destined for Chinese and Russian markets (Mongolia is becoming one of the world’s main coal providers). It also has great potential to provide animal and crop products to East Asian markets.

However, Mongolia lacks expertise, investment and technology. As noted in the Australia–Mongolia joint statement of February 2011, Mongolia looks for Australian assistance in vocational education, agricultural development and a better legal and institutional framework for mining investments. Since 2008, Mongolia has been working with the European Union to localise EU standards, and with Canada and Australia to improve its public service.

**Political and security ties**

Despite the similar foreign policy and security objectives of Ulaanbaatar and Canberra, the political and security relationship is slow. This is perhaps understandable: Australia’s immediate areas of concern are Oceania and South and Southeast Asia, while for Mongolia they’re Sino-Russian relations and East Asian politics. However, the two nations pursue similar objectives.

Multilateralism underpins the foreign policies of both nations. Both nations support non-proliferation, disarmament, peacekeeping and human security norms (such as the International Criminal Court and the abolition of the death penalty). Both want to be active members of wider regionalisation efforts in Europe and Asia. Both are members of the European Union’s Asia–Europe Meeting, Asian partners of the Organization for Security and Co-operation in Europe, global partners of NATO, and members of the ASEAN Regional Forum. And both consider the US as an important partner in their national security calculations.

Proportionally to their economies, Mongolia and Australia make similar efforts in the security arena. Since 2002, Mongolia has been a solid contributor to UN peacekeeping operations and to coalition operations in Afghanistan, Iraq and Kosovo. Despite its small economy and military, Mongolia has deployed more than 6,000 personnel to peacekeeping operations. While many NATO members have been reducing their commitment in Afghanistan, Mongolia has increased its contribution from a 12-man mobile training team to a 400-man contingent deployed with US, German and Belgian forces. The Mongolian military has also become an active partner of the US in the Pacific; for example, Mongolia’s Five Hills Training Centre is designated as a regional peacekeeping training centre and hosts annual bilateral and multilateral peacekeeping training events with the US.

So, what holds back political and security relations between Australia and Mongolia?
Mongolia–Australia relations: a Mongolian perspective

For one thing, Australian politicians still see Mongolia as a faraway, relatively insignificant regional player. Australian reluctance to emphasise bilateral relations continues to reflect Gareth Evans’s assessment in the 1990s:

Mongolia, which is unequivocally a regional country, has had a fascinating history, not least since it rebalanced its relations with China and the Soviet Union in 1989, and abandoned communism in favour of multi-party democratic elections in 1990. But its tiny population of two million people and its land-locked developing economy mean that it will be a long time yet before it assumes significance in either regional or bilateral terms.¹⁴

Despite some changes in Australia’s stance towards Mongolia, bilateral political relations may remain nascent until Canberra establishes a political footing in Ulaanbaatar.

High-level interactions occur between military officers of both nations at regional gatherings such as the Shangri-La Dialogue, military chiefs’ meetings hosted by the US Pacific Command, and NATO summits, which now include NATO’s global partners. Mid-level military interactions happen during US-led coalition operations (with various headquarters, including the US Central Command), major multinational exercises in the Pacific (such as Cobra Gold and Balikatan), and hosted events such as the Mongolian military’s Khaan Quest peacekeeping exercise and the Australian–Thai Pirap Jabiru exercises. Both militaries have sent military delegates to those exercises since 2006. Australian and Mongolian military personnel now socialise during their study at US military schools and at regional venues such as the Asia–Pacific Centre for Security Studies.¹⁵

Australia’s participation in the Khaan Quest exercise and sponsorship of Mongolian participation in Pirap Jabiru training in Thailand are some tangible results of the interactions between senior military leaders. Australia also offered opportunities for Mongolian staff officers to serve in the headquarters of the peacekeeping mission in East Timor, but because of technical and administrative problems that didn’t happen. Subsequently, in 2002, the Australian-led mission in East Timor welcomed a group of Mongolian MPs and military officials. The Mongolian politicians later lobbied for the passage of Mongolia’s first law on peacekeeping deployments. Like political relations, military-to-military ties between two nations appear to be constrained by both sides’ unawareness of their similar goals and opportunities, and by geographical isolation.

There might be many areas where both nations can benefit from inexpensive partnerships. For example, both benefit greatly from collaborating with the UN, the Organization for Security and Co-operation in Europe, NATO, and the ASEAN Regional Forum. Mongolia has supported Australia’s bid for a UN Security Council seat and membership in the Asia–Europe Meeting, while Australia has supported Mongolia’s inclusion in international financial organisations and the ASEAN Regional Forum. Because both nations are sometimes seen as outsiders in many regional initiatives, especially in the Asia–Pacific, their joint efforts along with those of other like-minded nations, such as Canada and New Zealand, strengthen their hands.

Academic cooperation between universities and research institutes could benefit both. For example, Mongolia could contribute greatly in Australia’s understanding of the Korean Peninsula, Central Asia, the Russian Far East and north and northeastern China. Besides China and Russia, Mongolia is the only nation with close ties with both Koreas.

A final area for cooperation is peacekeeping. Although Mongolia has recently contributed to short-term peacekeeping operations, it lacks the expertise needed to develop strategy and policies for sustained deployments. Australian institutions and colleges could help the Mongolian military and civilian police to develop expertise for UN and coalition peacekeeping operations. For instance, Mongolia’s revised
peacekeeping law permits the deployment of civilian police and disaster-relief personnel for peacekeeping operations, but respective ministries and agencies lack expertise and training opportunities. Because peacekeeping training assistance provided by the US and other developed nations is legally restricted to non-military agencies, the Mongolian military’s peacekeeping expertise is not always relevant to civilian police and emergency personnel. The experience and expertise of the Australian Federal Police is certainly worth sharing.

Conclusion

Australia and Mongolia stand at the frontiers of the wider Asia–Pacific region. They share values (democracy and free markets) and goals (international peace and security). Although they’re separated by geography, an interesting partnership has been evolving over the past two decades.

Australia’s modest educational assistance program has strengthened Mongolia’s public administration, disseminated knowledge about Australia, and led to gains in Mongolia’s education, mining and agriculture sectors. Growing investment opportunities for Australian mining companies have begun to push the Australian Government’s diplomatic efforts beyond traditional areas of interest.

Despite a healthy educational aid program, political and security relations are still underdeveloped. From the Mongolian perspective, there are many areas in which Canberra and Ulaanbaatar could engage in mutually beneficial relations.

Collaboration between the middle power and the developing state supports their mutual objective of integrating to the wider Asia–Pacific region.

Notes

1 Australia–Mongolia Joint Statement, 2011.
3 Ungerer, 2007, p. 545.
10 www.mozzies.mn.
11 Since 1997, Australian Youth Ambassadors for Development (AYAD) has dispatched Australian volunteers to work in media, business development, public health, environmental engineering, and cultural heritage (AYAD, AusAID 2007–08 annual report).
12 Gareth Evans, Bruce Grant, *Australia’s foreign relations*, 1995, University Press, Melbourne, p. 344.


14 Gareth Evans, Bruce Grant, *Australia’s foreign relations*, 1995, University Press, Melbourne, p. 239.

15 Mongolia is one of the largest beneficiaries from the US’s International Military Training and Education program. More than 200 personnel are involved in different levels of training, starting from noncommissioned officers’ courses to the National Defense University.

**About the author**

Mendee Jargalsaikhan is a PhD student of the Political Science Department of the University of British Columbia and non-resident research fellow of the Mongolian Institute for Strategic Studies.

He served as Mongolia’s Defence Attaché to the United States (2004-2007), Chief of the Foreign Cooperation Department of the Ministry of Defence of Mongolia, Senior National Representative at the US Central Command in Tampa, Florida, and Senior Research Fellow at the Mongolian Institute for Strategic Studies.

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