

# THE PAST, PRESENT AND FUTURE OF EU-MONGOLIA DEVELOPMENT COOPERATION

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# **The Past, Present and Future of EU-Mongolia Development Cooperation**

## **The PCA and Beyond**

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### **Abstract**

*This Briefing Paper marks the second in a series of EIAS Briefing Papers on Mongolia and its relationship with the European Union (EU). The preceding gap between the end of the Country Strategy Paper (CSP) 2007-2013 and the beginning of the CSP 2014-2020 as well as the signing of the yet to be ratified EU-Mongolia Partnership Cooperation Agreement (PCA), presents an occasion to reflect on the current state of Mongolia, the success of EU-Mongolia relations, the development of the relationship from 1989 until 2013 and the prospects for further areas of development cooperation between the two parties. As a result, this series of papers will look closely at the areas where cooperation has already been administered and the prospects for continued collaboration in the relevant areas in regards to the priorities of the EU and Mongolia as well as new areas which should be considered for cooperation from 2014-2020. This second paper outlines the development cooperation that has been established between the EU and Mongolia since 1989, and then addresses the perspectives of the EU and Mongolia on future development cooperation, before finally analysing the potential for an EU delegation resident in Mongolia. This will help to provide a greater understanding of where development cooperation with the EU could be administered in the next few years. These areas will be individually analysed in the last two papers.*

This paper expresses the views of the author and not the views of the European Institute for Asian Studies.

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## List of Abbreviations and Acronyms

ADB	Asian Development Bank
ALA	Assistance Programme for Asian and Latin American Countries
CSP	Country Strategy Paper
DCI	Development and Cooperation Instrument
ECHO	European Commission Humanitarian Aid Office
EBRD	European Bank for Reconstruction and Development
EEAS	European External Action Service
EU	European Union
EUR	Euro
GIZ	German Technical Cooperation Agency
IAAC	Independent Authority against Corruption
MDG	Millennium Development Goal
MIP	Multi-Annual Indicative Programme
NDS	National Development Strategy
NGO	Non-Governmental Organisation
PCA	Partnership Cooperation Agreement
SME	Small and Medium Enterprise
TACIS	Technical Assistance to the Confederation of Independent States
UK	United Kingdom
UN	United Nations

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## Introduction

The European Union (EU) and Mongolia established diplomatic relations in 1989. Since then, they have signed a number of trade and political agreements and several of the newer Member States – for example the Czech Republic - and EU Candidate Countries traditionally maintain close relations with Mongolia and have permanent offices in Ulaanbaatar.<sup>2</sup> The year 2013 has been particularly successful for EU-Mongolia relations. The signature of the EU-Mongolia Partnership Cooperation Agreement (PCA) on 30 April 2013 marked a historical moment in the bilateral relationship.<sup>3</sup> It also signified the first ever high level visit from the EU; as High Representative of Foreign Affairs, Catherine Ashton, signed the document on behalf of the Union. She later commented that “it was a historic day in EU-Mongolia relations”, adding that “the economic growth that Mongolia has experienced over the past decade is extraordinary...efforts to transform your country and build democracy in a challenging geostrategic position are also impressive”.<sup>4</sup>

Other high profile visits have since followed. Mongolia welcomed the EU Agriculture and Rural Development Commissioner, Dacian Cioloş, from 18 to 21 July 2013.<sup>5</sup> The 15<sup>th</sup> Joint Committee Meeting then took place in Ulaanbaatar on 10 September 2013, headed by Viorel Isticioaia-Budura, Managing Director and Head of the Asia and Pacific Department of the European External Action Service (EEAS), on the European side and Chimed Saikhanbileg, Minister and Chief of the Cabinet Office in the Mongolian Government, on the Mongolian side. The 16<sup>th</sup> Joint Committee Meeting will be held in Brussels in late 2014.<sup>6</sup> Finally, José Manuel Barroso, President of the European Commission, visited Mongolia on 17 November 2013, upon the invitation of Tsakhiagiin Elbegdorj, the Mongolian President.<sup>7</sup> President Barroso met with key ministers, spoke at the National University of Mongolia and opened the fourth edition of the EU Film Festival.<sup>8</sup> This was the first time ever that the Central Asian state has received a visit from a President of the European Commission, highlighting the increasing importance being placed upon EU-Mongolia relations by both sides.

Consequently, this paper will focus on analysing the development cooperation between Mongolia and the EU since 1989, followed by an outline of EU and Mongolian perspectives on their relations and their expectations for the future, culminating in an evaluation of the prospects of an EU resident delegation in Ulaanbaatar. Research for this paper was mainly carried out through interviews as the paper required first-hand information, but some research was also conducted through consultation of official documents, press releases as well as recent academic and media publications.

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<sup>2</sup> Embassy of Czech Republic, Ulaanbaatar. (2010). *Political and Economical relations between Mongolia and EU*. Retrieved from

[http://www.mzv.cz/ulaanbaatar/en/political\\_relations/european\\_union/political\\_and\\_economical\\_relations\\_1.html](http://www.mzv.cz/ulaanbaatar/en/political_relations/european_union/political_and_economical_relations_1.html).

<sup>3</sup> Negotiations for an EU-Mongolia PCA launched in September 2009.

<sup>4</sup> European External Action Service. (2013). *Remarks by EU High Representative Catherine Ashton following the signature of the EU-Mongolia Partnership and Cooperation Agreement*. Retrieved from [http://consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/136987.pdf](http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/136987.pdf).

<sup>5</sup> European Commission. (2013). *PRESS RELEASE – Building EU-Mongolia relations on agriculture and rural development*. Retrieved from [http://europa.eu/rapid/press-release\\_IP-13-714\\_en.htm](http://europa.eu/rapid/press-release_IP-13-714_en.htm).

<sup>6</sup> European External Action Service. (2013). *JOINT STATEMENT, EU-Mongolia Joint Committee*, Ulaanbaatar, 10 September 2013.

<sup>7</sup> European Commission. (2013). *MEMO - Joint Statement of H.E Mr. Jose Manuel Barroso, President of the European Commission and H.E Mr. Tsakhiagiin Elbegdorj, President of Mongolia*. Retrieved from [http://europa.eu/rapid/press-release\\_MEMO-13-1002\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-1002_en.htm).

<sup>8</sup> European Commission. (2013). *PRESS RELEASE – President Barroso’s visit provides fresh impetus to EU-Mongolia bilateral relations*. Retrieved from [http://europa.eu/rapid/press-release\\_IP-13-1079\\_en.htm](http://europa.eu/rapid/press-release_IP-13-1079_en.htm).

## Development cooperation between the EU and Mongolia since 1989

The EU and Mongolia established diplomatic relations in 1989. The Mongolian Ambassador to the EU presented his credentials in 1990 and the head of the resident EU Delegation in Beijing was accredited to Mongolia in 1991. The EU Delegation to Mongolia and China therefore resides in Beijing rather than Ulaanbaatar. An EU-Mongolia Trade and Cooperation Agreement was then signed in 1992 and ratified in 1993. The agreement was initially for a period of five years, but since 1998 has been renewed every year. Provided for by the agreement are the yearly Joint Committee meetings between Mongolia and the EU and most-favoured nation treatment in relation to exports, plus a commitment to foster trade and economic relations and to protect human rights.<sup>9</sup>

The EU provides development assistance and cooperates with Mongolia through three pillars: bilateral, thematic and regional. Bilateral assistance requires that EU projects are carried out in cooperation with the Mongolian government, in line with the Paris Aid Declaration. Mongolian regional assistance is carried out in cooperation with EU regional programmes and the thematic pillar generally involves a call for proposals from NGOs, civil society organisations and more. The Union then chooses the projects that it wishes to support.<sup>10</sup> Country Strategy Papers (CSPs) provide the strategic framework for EU assistance. Each CSP for Mongolia sets out “the cooperation objectives, policy responses and priority areas of cooperation based on the political and socio-economic situation in Mongolia”, which includes the country’s strategies and priorities. The European Commission has drawn up two strategy papers on Mongolia; the first from 2002 to 2006 and the second from 2007 to 2013.

The CSP 2002 to 2006 focused on rural development, support to the private sector and alleviation of the social consequences of the transition to a market economy.<sup>11</sup> The CSP 2007 to 2013 principally concentrated on “poverty alleviation through sustainable rural development”, which included environmental, social, trade and gender issues as well as human rights.<sup>12</sup> The rest of the focus was on other complementary actions, mainly in the fields of education and vocational training and/or trade and economic cooperation.<sup>13</sup> The EU gave Mongolia EUR 29 million for the implementation of the CSP 2007 to 2013. These actions have been supported by other regional programmes and thematic budget lines, such as the Erasmus Mundus scheme, the SWITCH ASIA programme and the TEMPUS programme.<sup>14</sup>

The Multi-Annual Indicative Programmes (MIPs) highlight the limited number of focal areas which will be adhered to while implementing each CSP. The latest MIP from 2011 to 2013 allocated nearly EUR 15 million to funding projects supporting Mongolia’s democratic institutions and their effectiveness, including the adoption of EU norms and standards as

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<sup>9</sup> Embassy of the Czech Republic, Ulaanbaatar. (2010). *Development Cooperation between Mongolia and EU*. Retrieved 24 May 2013 from:

[http://www.mzv.cz/ulaanbaatar/en/political\\_relations/european\\_union/development\\_cooperation.html](http://www.mzv.cz/ulaanbaatar/en/political_relations/european_union/development_cooperation.html).

<sup>10</sup> Information obtained through interview.

<sup>11</sup> European External Action Service. (2001). *Country Strategy Paper (2002-2006) Mongolia*, 27 December 2001, p.14. Retrieved from [http://eeas.europa.eu/mongolia/csp/02\\_06\\_en.pdf](http://eeas.europa.eu/mongolia/csp/02_06_en.pdf)

<sup>12</sup> European External Action Service. (2007). *Mongolia – European Community, Strategy Paper 2007-2013*, 23 February 2007, pp.12-13. Retrieved from [http://eeas.europa.eu/mongolia/csp/07\\_13\\_en.pdf](http://eeas.europa.eu/mongolia/csp/07_13_en.pdf).

<sup>13</sup> European External Action Service. (2011). *Development Cooperation Instrument, Mongolia*, p.3. Retrieved from [http://ec.europa.eu/europeaid/where/asia/documents/20120925-mtr-nip-2011-2013\\_en.pdf](http://ec.europa.eu/europeaid/where/asia/documents/20120925-mtr-nip-2011-2013_en.pdf).

<sup>14</sup> Embassy of the Czech Republic, Ulaanbaatar, *Development Cooperation between Mongolia and EU*.

well as funding for vocational training projects.<sup>15</sup> Implemented in line with the government priorities set out in the National Development Strategy (NDS), the MIP supports the Mongolian government's poverty reduction strategy, emphasising rural development.<sup>16</sup>

The EU has provided humanitarian assistance and support to Mongolia through a number of programmes; the 'Technical Assistance to the Confederation of Independent States' (TACIS) from 2000 to 2006;<sup>17</sup> the Assistance Programme for Asian and Latin American Countries (ALA) from 2004 to 2006 (EUR 9 million); and the Development and Cooperation Instrument (DCI) since 2007.<sup>18</sup> European aid initially focused on the transition towards a market economy, including human resources, support for small and medium enterprises (SMEs), institutional and infrastructural development and alleviating the social consequences of transition, but since 2000 the principal focus has been on rural development.<sup>19</sup> The DCI regulates assistance to Mongolia and its key focus is on "poverty reduction, sustainable economic and social development and the gradual integration of developing countries into the world economy".<sup>20</sup>

The European Commission's Humanitarian Aid Office (ECHO) has frequently supplied emergency relief to assuage the effects of harsh winter and droughts as well as to assist Mongolia in disaster preparedness.<sup>21</sup> For example, when Mongolia was hit by a serious drought during the summer of 2000, there was a huge risk of food shortages. The Commission therefore decided to extend an existing food distribution project in Uvs, which is one of the worst affected regions, at a cost of EUR 575,000. The project, implemented by a Danish non-governmental organisation (NGO) partner, targeted about 38,000 vulnerable people.<sup>22</sup>

From 2007 to 2013, the main EU projects focused on supplementary actions. The supplementary actions included improving the livelihood security of livestock owners in Arkhangai, reducing poverty through agricultural development in western Mongolia, reinforcing small enterprise opportunities by promoting tourism, providing social care services to the most vulnerable people, empowering women in rural Mongolia and supporting minorities and the media.<sup>23</sup> One project assisted women in the setting up of bakery shops and another supported a Mongolian NGO in its promotion of gay and lesbian rights.<sup>24</sup> External evaluations on the focal areas and rural development projects concluded that the results so far are globally satisfactory and that continued involvement in this sector should be envisaged.<sup>25</sup>

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<sup>15</sup> Embassy of the Czech Republic, Ulaanbaatar. (2012). *Multiannual indicative plan of cooperation between European Union and Mongolia for years 2011 – 2013*. Retrieved from [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).

<sup>16</sup> European External Action Service. (2011). *Development Cooperation Instrument, Mongolia*, p.10.

<sup>17</sup> Europa. (2007). *Tacis programme (2000-2006)*. Retrieved from [http://europa.eu/legislation\\_summaries/external\\_relations/relations\\_with\\_third\\_countries/eastern\\_europe\\_and\\_central\\_asia/r17003\\_en.htm](http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/eastern_europe_and_central_asia/r17003_en.htm).

<sup>18</sup> Embassy of the Czech Republic, *Development Cooperation between Mongolia and EU*.

<sup>19</sup> European External Action Service. *Mongolia – European Community, Strategy Paper 2007-2013*, p.9.

<sup>20</sup> Embassy of the Czech Republic, *Development Cooperation between Mongolia and EU*.

<sup>21</sup> European External Action Service. *Mongolia – European Community, Strategy Paper 2007-2013*, p.9.

<sup>22</sup> European Union @ United Partnership. (2001). *EU humanitarian aid to Belize, Mongolia, Afghanistan and DRC*. Retrieved from [http://www.eu-un.europa.eu/articles/en/article\\_435\\_en.htm](http://www.eu-un.europa.eu/articles/en/article_435_en.htm).

<sup>23</sup> European External Action Service. (2012). *Mongolia*. Retrieved from [http://ec.europa.eu/europeaid/where/asia/country-cooperation/mongolia/mongolia\\_en.htm](http://ec.europa.eu/europeaid/where/asia/country-cooperation/mongolia/mongolia_en.htm).

<sup>24</sup> Information obtained through interview.

<sup>25</sup> European External Action Service. *Mongolia – European Community, Strategy Paper 2007-2013*, p.12.

The first ever EU-Troika (visit from the EU Presidency, Commission and Council Secretariat) mission to Mongolia on 8-9 June 2006 set another mark for the intensification of relations.<sup>26</sup> All of these initiatives finally culminated with the EU opening a technical office in Ulaanbaatar in the same month. Since 2009, there have been yearly meetings between the ambassadors of EU Member States resident in Ulaanbaatar and Beijing. As part of the programme, the Beijing ambassadors have the opportunity to meet high level Mongolian politicians such as the President and various ministers. These meetings were first initiated by the embassy of the Czech Republic in Ulaanbaatar.<sup>27</sup>

To substantiate its efforts, the EU cooperates with the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the World Bank and other multilateral organisations on projects.<sup>28</sup> For example, one EU project carried out in cooperation with the World Bank and the Mongolian government, supplied micro-credits whilst another supported pastoral risk management.<sup>29</sup> Several EU Member States have also undertaken initiatives in areas such as culture, education, social care and archaeology;<sup>30</sup> e.g. the German bilateral donor concession, the German Technical Cooperation Agency (GIZ),<sup>31</sup> the Czech Republic, Denmark, Poland and the United Kingdom (UK). The Journalist Press Institute set up in Ulaanbaatar by a Danish initiative was said in one interview to be a resounding success.<sup>32</sup>

The EU-Mongolia PCA will provide the legal framework for the intensification of relations in previously established areas of cooperation and also establish newer areas for cooperation.<sup>33</sup> One of the experts interviewed for this paper said the PCA will act as a useful protocol framework which will allow negotiations to be much more substantial.<sup>34</sup> As a result, the Agreement will permit a greater understanding and a more sustained exchange of experiences, information and culture between Mongolia and the EU.<sup>35</sup> At the 15<sup>th</sup> EU-Mongolia Joint Committee meeting in September 2013, Mongolia “expressed its hope for a swift conclusion of the PCA ratification procedure and suggested working out a plan of action for the implementation of the Agreement”.<sup>36</sup> Both parties also made clear in this meeting that the PCA “will open new broad possibilities of cooperation”.<sup>37</sup>

The priorities and the financial framework of the new CSP 2014 to 2020 for Mongolia are currently under negotiation with the Mongolian government, civil society as well as the main stakeholders.<sup>38</sup> The DCI for the CSP 2014 to 2020 was discussed at the 15<sup>th</sup> Joint Committee meeting, in which the EU expanded on its reasoning for focusing on two areas; “improved governance of revenues from extractive industries for inclusive and sustainable

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<sup>26</sup> Embassy of the Czech Republic, *Political and Economical relations between Mongolia and EU*.

<sup>27</sup> Embassy of Czech Republic, Ulaanbaatar. (2010). *Meeting of Head of Missions of EU Member States in Ulan Bator with Mongolian President Ts. Elbegdorj*. Retrieved from [http://www.mzv.cz/ulaanbaatar/en/political\\_relations/european\\_union/meeting\\_of\\_head\\_of\\_missions\\_of\\_eu\\_member.html](http://www.mzv.cz/ulaanbaatar/en/political_relations/european_union/meeting_of_head_of_missions_of_eu_member.html).

<sup>28</sup> Information obtained through interview.

<sup>29</sup> European Union @ United Partnership. (2007) *Mongolia: EU increases aid to €14 million between 2007-10*. Retrieved 29 July 2013 from [http://www.eu-un.europa.eu/articles/en/article\\_7067\\_en.htm](http://www.eu-un.europa.eu/articles/en/article_7067_en.htm).

<sup>30</sup> European External Action Service. (2007). *Mongolia – European Community, Strategy Paper 2007-2013*, p.9.

<sup>31</sup> Information obtained through interview.

<sup>32</sup> Information obtained through interview.

<sup>33</sup> Information obtained through interview.

<sup>34</sup> Information obtained through interview.

<sup>35</sup> Information obtained through interview.

<sup>36</sup> European External Action Service. *JOINT STATEMENT, EU-Mongolia Joint Committee*.

<sup>37</sup> Ibid.

<sup>38</sup> Information obtained through interview.



growth” and “vocational training for better employment opportunities”.<sup>39</sup> It was also revealed this month that development assistance from the EU to Mongolia will double for the period 2014 to 2020,<sup>40</sup> to about EUR 60 million. Close cooperation is similarly envisaged between different levels, including administrations and civil society.<sup>41</sup> Nevertheless, the exact areas to be targeted for EU development assistance and the projects to be administered will not be fully identified until the new CSP is published in mid-2014.<sup>42</sup>

### **The Mongolian perspective**

The Mongolian government views its relations with the EU as extremely positive and consequently, it claims to be very satisfied with the development of relations and its cooperation with the Union. The role of the EU in assisting Mongolia in overcoming the difficulties of evolving from a communist, centralised economy to a market economy has equally been viewed with high esteem. The government outlines that all EU projects and aid programmes have been successful, have fully fulfilled their objectives, and are well-managed and delivered in a timely manner, resulting in their improving the livelihood of thousands of Mongolians.<sup>43</sup> The EU is seen as an institution that Mongolia can trust as the relations are much less politically orientated and more straight-forward.<sup>44</sup> Mongolia therefore hopes that the Union and its Member States will continue to be engaged in the successful development of Mongolia and committed to furthering EU-Mongolia trade.<sup>45</sup>

The EU-Mongolia PCA is viewed by the country as an agreement which is going to give new momentum to the intensification of bilateral relations. The Central Asian state expects the PCA will facilitate cooperation in agriculture, the environment, the rule of law, governance, human rights, trade, investment, urban planning, education, culture, science, technology and global and regional issues.<sup>46</sup> In addition, it hopes the PCA will expedite the establishment of an EU resident delegation in Ulaanbaatar;<sup>47</sup> an expectation reiterated at the 15<sup>th</sup> Joint Committee meeting, with Mongolia reaffirming that “an EU presence in Ulaanbaatar would give fresh impetus to expanding bilateral relations”.<sup>48</sup>

Mongolia has similarly expressed, at the highest political level, its desire to achieve European norms and standards in the political, economic and social arena, particularly in the provision of public services, education, legal systems and how to do business. This aspiration was in fact revealed by President Elbegdorj in a meeting with European Commission President Barroso on 2 February 2010. Mongolia hopes to implement EU norms and standards by drawing on the experience of transition countries in Central and Eastern Europe which have acceded to the EU as well as ensuring a general exchange of experts, information, ‘know-how’ and expertise with the EU.<sup>49</sup>

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<sup>39</sup> European External Action Service. *JOINT STATEMENT, EU-Mongolia Joint Committee.*

<sup>40</sup> European Commission, *MEMO - Joint Statement of H.E Mr. Jose Manuel Barroso, President of the European Commission and H.E Mr. Tsakhiagiin Elbegdorj, President of Mongolia.*

<sup>41</sup> European Commission. (2013). “*EU-Mongolia: Third neighbour and first class partner*”. Retrieved from [http://europa.eu/rapid/press-release\\_SPEECH-13-937\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-13-937_en.htm).

<sup>42</sup> Information obtained through interview.

<sup>43</sup> Information obtained through interview.

<sup>44</sup> Information obtained through interview.

<sup>45</sup> Information obtained through interview.

<sup>46</sup> Information obtained through interview.

<sup>47</sup> European External Action Service. *Development Cooperation Instrument, Mongolia*, p.12.

<sup>48</sup> European Commission, *MEMO - Joint Statement of H.E Mr. Jose Manuel Barroso, President of the European Commission and H.E Mr. Tsakhiagiin Elbegdorj, President of Mongolia.*

<sup>49</sup> Information obtained through interview.

Finally, the country wishes for the PCA and future EU-Mongolia cooperation to assist it in achieving its NDS. The NDS for 2021 was adopted in January 2008 by the Mongolian Parliament. This strategy is an attempt to define in a comprehensive manner, a policy for the next fourteen years which supports Mongolian human development in a democratic and civil society; the promotion of economic growth, science and culture; and develops Mongolian society in line with international standards and norms. The NDS is also expected to strengthen and protect Mongolia's sovereignty while fostering its national pride.<sup>50</sup> It therefore "focuses on six priority areas: achieving the United Nations Millennium Development Goals (UN MDGs); developing an export-oriented, knowledge-based economy; exploiting strategic minerals; developing regions to reduce urban-rural disparities; halting ecosystem imbalances; consolidating democracy; and stamping out corruption".<sup>51</sup> The strategy is split into two phases: the first phase is for the period from 2007 to 2015, with the main focus on achieving the MDGs and actively developing the country's economy. The second phase is for the period from 2016 to 2021, with the main focus on the transition to a knowledge-based economy and strategies to improve the quality of life for Mongolians, particularly through social welfare, employment and poverty reduction.<sup>52</sup>

### **The European Union perspective**

The primary and overarching objectives of EU development cooperation with third partner countries are founded on the Agenda for Change document, published in October 2011.<sup>53</sup> Consequently the EU intends to assist its partners in implementing human rights, democracy, the rule of law and other key elements of good governance, as well as inclusive and sustainable growth for human development and poverty alleviation.<sup>54</sup>

The EU sees Mongolia as very open and enthusiastic to cooperation and therefore considers their current relationship to be very positive and constructive.<sup>55</sup> Cooperation between them is particularly strengthened by the fact that they share many of the same values in terms of democracy, freedom, human rights, nuclear disarmament, the free market and perspectives on the death penalty.<sup>56</sup> The EU is therefore in admiration of Mongolia in the sense of the progress that the country has made, in spite of the pressures of being a landlocked country between two strong neighbours that have contrasting values to the EU.<sup>57</sup> Since the appointment of Markus Ederer, head of the EU Delegation to China and Mongolia, the Central Asian state has also received much greater attention from the Union.<sup>58</sup> It should be noted, however, that the EU would like to see Mongolia more visible in Brussels.<sup>59</sup>

The signature of Mongolia on the EU-Mongolia PCA is proof for the EU that the Central Asian state is interested in engaging with other countries, other than simply China and Russia.<sup>60</sup> The Union, like Mongolia, views the agreement as a framework which will facilitate cooperation and take the EU-Mongolia relationship to a higher level. Specifically for the

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<sup>50</sup> Information obtained through interview.

<sup>51</sup> European External Action Service. *Development Cooperation Instrument, Mongolia*, p.3.

<sup>52</sup> Information obtained through interview.

<sup>53</sup> EuropeAid, European Commission. (2012). *Agenda for Change*. Retrieved from [http://ec.europa.eu/europeaid/news/agenda\\_for\\_change\\_en.htm](http://ec.europa.eu/europeaid/news/agenda_for_change_en.htm).

<sup>54</sup> Information obtained through interview.

<sup>55</sup> Information obtained through interview.

<sup>56</sup> Information obtained through interview.

<sup>57</sup> Information obtained through interview.

<sup>58</sup> Information obtained through interview.

<sup>59</sup> Information obtained through interview.

<sup>60</sup> Information obtained through interview.

period 2014 to 2020, the EU will continue to assist in core areas where it has a comparative advantage as a donor and where European research may provide a strong constructive contribution.<sup>61</sup> The Union similarly intends to provide assistance and cooperation in areas which still require improvements and which will help Mongolia fulfil its set targets of achieving the MDGs by 2015 and the NDS by 2021.<sup>62</sup>

The EU will therefore continue its work in assisting Mongolia to implement European standards and norms.<sup>63</sup> The main priority areas for cooperation will be trade and investment; development assistance including poverty reduction; sustainable growth and development; good governance; increasing employment prospects outside of Ulaanbaatar; as well as regional and global issues.<sup>64</sup> Ultimately, the long-term aim of the Union is to support Mongolia in its ambition of developing into a middle income, knowledge-based country by 2021.<sup>65</sup> Nevertheless, it should be noted that based on 2012 figures, Mongolia is the EU's 131<sup>st</sup> trading partner<sup>66</sup> and therefore EU-Mongolia relations should be recognised in relation to the fact that the country competes with many other states that are much more closely tied to the EU. This does not mean that the Union is not enthusiastic to advance the EU-Mongolia relationship but relations should be viewed in the broader context of competing trading partners.<sup>67</sup>

## **Resident delegation**

Mongolia has embassies in eleven EU Member States<sup>68</sup> and there are four EU Member State embassies in Ulaanbaatar. Other EU Member States have embassies in Beijing or other cities which are accredited to Mongolia.<sup>69</sup> As previously mentioned, the EU now has a very small technical office in Mongolia; a development which has been well-appreciated. However, diplomatic, political and economic relations are still driven by the EU Delegation resident in Beijing and the EEAS in Brussels. Even though EU institutions work closely with member states in partner countries, the absence of a resident EU delegation means that the EU has to work particularly closely with the Member State embassies and representations present in Mongolia, relying on them for information on the country.<sup>70</sup> These resident delegations relay messages from the Union back to the Mongolian government and other national stakeholders.<sup>71</sup> The resident EU embassies also take it in turns to hold the EU presidency which lasts for one year. During each presidency, the chosen embassy is responsible for overseeing relations between the EU and Mongolia, which obviously takes up a lot of time.<sup>72</sup>

In 2004, the implementation of cooperation projects in Mongolia were decentralised from Brussels to the EU Delegation in Beijing. Nevertheless, it has still been difficult for the EU to

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<sup>61</sup> European External Action Service. *Mongolia – European Community, Strategy Paper 2007-2013*, p.11.

<sup>62</sup> Information obtained through interview.

<sup>63</sup> Information obtained through interview.

<sup>64</sup> Information obtained through interview.

<sup>65</sup> European External Action Service. *Development Cooperation Instrument, Mongolia*, p.5.

<sup>66</sup> Directorate General for Trade, European Commission (2013). *European Union, Trade in goods with Mongolia*. Retrieved from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113420.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113420.pdf).

<sup>67</sup> Information obtained through interview.

<sup>68</sup> Mendee, J. (2012). *Mongolia's Quest for Third Neighbours: Why the European Union?*, *EUCAM*, 25. Retrieved from [http://www.eucentralasia.eu/uploads/tx\\_ictcontent/MONGOLIA\\_QUEST\\_FOR\\_THIRD\\_NEIGHBOURS\\_WHY\\_THE\\_EU.pdf](http://www.eucentralasia.eu/uploads/tx_ictcontent/MONGOLIA_QUEST_FOR_THIRD_NEIGHBOURS_WHY_THE_EU.pdf).

<sup>69</sup> Information obtained through interview.

<sup>70</sup> Information obtained through interview.

<sup>71</sup> Information obtained through interview.

<sup>72</sup> Information obtained through interview.

manage cooperation projects without a resident delegation in Mongolia. Currently staff from the EU Delegation has to fly over from China each time they would like to check on development assistance projects and events in Mongolia.<sup>73</sup> Even though recurrent visits are undertaken by the resident Beijing delegation, these visits “cannot replace the insights gained from a permanent local presence in Mongolia”. The European Commission’s consultation and dialogue procedures are also obstructed by an absence of EU officials actually on-the-ground. Outside assessments of the CSP 2002 to 2006 and individual TACIS projects produced similar results.<sup>74</sup> Ultimately, an Office for Development and Cooperation would be very useful as that would allow a much greater exchange of information and coordination.<sup>75</sup>

Mongolia has been asking for an EU resident delegation for many years; an EU Resident Delegation would give it political recognition and make it easier for Mongolians to cooperate with the EU.<sup>76</sup> The country has even offered the EU office space for a delegation.<sup>77</sup> For historical and cultural reasons as well as geo-strategic considerations, EU Member States also see the role of the Union, in particular the European Commission, as more than just focusing on development and poverty reduction in Mongolia. The Member States would like to see EU recognition of Mongolia as a more equal partner, being underpinned with an EU delegation present on the ground.<sup>78</sup> A resident delegation would also act as a political platform for the Union. Consequently, demands for a resident delegation in the country are becoming more and more frequent as Mongolia’s potential international role is only starting to become apparent. The rapid transformation that is currently taking place in Mongolia also implies a need for greater presence from the EU. For example, an EU resident delegation in Ulaanbaatar would be extremely useful in monitoring the Independent Authority against Corruption’s (IAAC’s) progress in using the ‘know-how’ and expertise offered by the EU for tackling corruption.<sup>79</sup>

The possibility of an EU resident delegation in the Central Asian state is under negotiation and the EU is open to engagement on this subject through the PCA. One possibility is to transfer some resources from Beijing to Ulaanbaatar as China will soon be ‘graduating’: from 2014, China will no longer receive bilateral development aid from the EU and therefore bilateral projects in the country will also end.<sup>80</sup> At the 15<sup>th</sup> Joint Committee meeting, the EU and Mongolia agreed that an EU delegation resident in Mongolia is “desirable and pledged to cooperate closely to create the necessary conditions”.<sup>81</sup> However, a resident delegation in the country was not planned for in the next EU budget 2014 to 2020 and as a result; it is unlikely that the Central Asian state will gain a resident EU representation in the near future.<sup>82</sup>

## Conclusion

The 25<sup>th</sup> anniversary of the establishment of EU-Mongolia diplomatic relations will take place in 2014. At the 15<sup>th</sup> Joint Committee meeting, both parties agreed that they would

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<sup>73</sup> Information obtained through interview.

<sup>74</sup> European External Action Service. *Mongolia – European Community, Strategy Paper 2007-2013*, p.10.

<sup>75</sup> Information obtained through interview.

<sup>76</sup> Information obtained through interview.

<sup>77</sup> Information obtained through interview.

<sup>78</sup> European External Action Service. *Mongolia – European Community, Strategy Paper 2007-2013*, p.22.

<sup>79</sup> Information obtained through interview.

<sup>80</sup> Information obtained through interview.

<sup>81</sup> European External Action Service. *JOINT STATEMENT, EU-Mongolia Joint Committee*.

<sup>82</sup> Information obtained through interview.

commemorate it<sup>83</sup> and President Barroso extended an invitation for Mongolian leaders to visit Brussels for the occasion.<sup>84</sup> Since 1989, the EU-Mongolia relationship has gone from strength to strength. It is clear that the EU and Mongolia share important values on democracy and global issues which have facilitated the rapid progress in their relations. During a speech at the National University of Mongolia on 17 November 2013, President Barroso made clear that “the European Union wishes to be at [Mongolia’s] side’ during the process of future Mongolian democratic development and international advancement”.<sup>85</sup>

The EU is fortunate that its Member State embassies and representations are greatly involved in the country and do their best to relay information on EU projects and developments back to Brussels. On the other hand, an EU resident delegation in Ulaanbaatar would be extremely beneficial for both the EU and Mongolia. It is clear that development assistance and general monitoring by the EU are significantly hindered by the lack of an official EU presence on the ground in the country. Once the PCA is ratified by all the EU member states, demands for an EU delegation resident in Ulaanbaatar from officials, member states and international donors, are only likely to increase. Even though a delegation is not foreseen in the budget for 2014 to 2020, the Union should make great efforts to ensure that an EU representation is established in the Central Asian state as soon as possible. However, competing commitments to other important partners mean that the establishment of an EU delegation resident in Ulaanbaatar may take longer than both sides would like and should also be taken in consideration when predicting the extent to which the EU-Mongolia relationship will progress, as the EU has relations with over a hundred different countries which have their own requirements and expectations.

Nevertheless, the future looks bright for EU-Mongolia relations. On the Mongolian side, the signature of the PCA proves the country’s commitment to advancing their relations with the EU. On the European side, it is a clear political statement by the EU that it has a great interest in Mongolia and that it has been recognised as an important partner. President Barroso reaffirmed in Ulaanbaatar that the PCA is “the bedrock on which we will develop our relations in the decade, the concrete expression of our common wish to build a future together”.<sup>86</sup> It is clear that all the European institutions have finally begun to realise the value of assisting Mongolia. Even though it is not a rising power in the broadest sense of the word, it can still be a success story for the EU. How the PCA is used, is yet to be determined. This is up to the Member States, the EU and the Mongolian government.

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<sup>83</sup> European External Action Service. *JOINT STATEMENT, EU-Mongolia Joint Committee.*

<sup>84</sup> European Commission, *MEMO - Joint Statement of H.E Mr. Jose Manuel Barroso, President of the European Commission and H.E Mr. Tsakhiagiin Elbegdorj, President of Mongolia.*

<sup>85</sup> European Commission, *"EU-Mongolia: Third neighbour and first class partner".*

<sup>86</sup> *Ibid.*

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### **List of Interviewees**

Bruno Buffaria, Head of Unit, Neighbourhood Policy, Directorate General for Agriculture and Rural Development

Dolgion Aldar, Executive Director, Independent Research Institute of Mongolia (IRIM)

H.E. Ivana Grollova, Ambassador of the Czech Republic to Mongolia

H.E. Khishigdelger Davaadorj, Ambassador of Mongolia to the EU and Benelux

Julianna Hyjek, Directorate General for Development and Cooperation

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