Mongolia's Strategic Relevance for European Diversification Efforts

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Arne Ronneberger



With political shocks and the following supply chain disruptions, European countries' aims of diversifying trading partners have gained a lot of momentum. Since most economies have adopted the goal of becoming climate-neutral, avoiding dependencies in areas that are crucial to achieve this goal remains challenging. With the current level of carbon-free technology, very specific materials are put in the spotlight. Only certain countries offer the materials needed for a carbon-free economy , which limits the choice of

trading partners. Mongolia is one of few countries offering a high volume and diversity of invaluable raw materials and critical minerals, making it a lucrative partner to diversify European supply chains.

Mongolia's intensifying relationship with European countries

Mongolia's importance has recently regained media attention when German President Steinmeier visited the country in early 2024 to conclude the strategic partnership (https://www.auswaertiges-amt.de/en/newsroom/news/-/2643076) between Mongolia and Germany. In 2022 French President Macron visited Mongolia which was its first French presidential visit, showcasing Mongolia's growing importance. The EU and Mongolia have both frequently mentioned mutual interest in intensifying the relationship (https://www.epc.eu/en/publications/EU-Mongolia-Relations-Toward-a-Strategic-Partnership~5bba6c). Additionally, it must be mentioned that Germany concluded an agreement for cooperation in the raw material sector (https://www.auswaertiges-amt.de/en/aussenpolitik/mongolia/233952) in 2011, which can now be seen as a decision with strategic foresight.

Which raw materials make Mongolia attractive?

When having a closer look at Mongolia's raw materials and their possible usages, the foreign interest becomes clear. For example, its high amounts of copper are a necessary element to build today's electric vehicles and other electrically powered devices. High occurrences of lithium, mainly used for batteries, are essential in an economy that will face an increasing turn towards electric energy. Also, many of the 17 different rare earths materials can be found in Mongolia, which are necessary for all kinds of technology,. Their most important usages are in the field of catalysing, magnetism, and luminescence, which for example makes them necessary for modern military technology (https://www.sciencenews.org/article/rare-earth-elements-properties-technology). Fluorite and tungsten are both invaluable for today's chemical industry, and the latter also finds frequent usage in the steel industry due to its enormous stability. Mongolia's high occurrence of zinc is important for many industrial sectors, however, mainly to ensure sustainable production of steel.

Why Mongolia matters geopolitically

Besides its resources, Mongolia's location weighs significantly. China and Russia are Mongolia's biggest trading partners by far, as it is located between the two countries, often described as 'sandwiched' (https://www.fpri.org/article/2024/06/grasslands-to-global-stage-the-geopolitics-of-mongolia/). Mongolia is keen to diversify its economic dependence on China and Russia (https://jamestown.org/program/mongolias-expanding-cooperation-with-china-has-limits/), showing that diversification efforts

between Mongolia and European countries are mutual. To the EU and its members, intensified connections to Mongolia are useful to gain influence in a region that is mostly dominated by China and Russia. Not responding to Mongolia's reach towards diversification would be a serious mistake.

In a diversified "patchwork" of partners, Mongolia can play an invaluable part in providing European countries with important materials for their path towards climate neutrality. Furthermore, a strong partnership with the East Asian country can bring strategic leverage in a region where European influence is limited.

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