

SILK ROAD-2015 FORUM ESSAY

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Mongolia has friendly diplomatic relations with over 180 countries. It has been 25 years since Mongolia became a democracy with a market economy. Since then, we have gained considerable experience. As an emerging economy and a country with an ancient tradition of statehood, foreign policy and diplomacy, we have been taking our efforts to develop multilateral cooperation at the regional level.

Mongolia sees China's "Silk Road" initiative as a real opportunity to enhance regional economic integration. For instance, Mongolia participated in the signing ceremony of Asian Infrastructure and Development Bank initiated by China and became one of 22 founding members on October 24th, 2014. Moreover, our three countries agreed to develop Mongolia's "Steppe Road" Program, China's "One Belt, One Road" and Russia's "Eurasian transport corridor" in a coordinated way and to establish "Mongolia, China and Russian economic corridor".

Since 2012, Mongolia started to talk on how to connect Russia and China through infrastructures. "Steppe Road" focuses on "five-lines" consisting of road, railway, oil and gas pipelines which would connect the trade and economic cooperation between China and Russia.

Within the framework of "One Belt, One Road", China is planning to establish six economic corridors. One of them will be "China-Mongolia-Russian economic corridor" and it will be crucial for China to maintain close ties with its northern neighbors. In comparison with the other five economic corridors, it will cover more territory than others. We see this corridor will be significant for Northeast Asian economic integration and transportation networks.

In recent years, trilateral mechanism of Mongolia, China and Russia has become an important area of cooperation. On the initiative of the President of Mongolia, the first meeting was held in Dushanbe, Tajikistan in September, 2014. On the sidelines of the 15th SCO Summit in Ufa, Russian Federation, the second trilateral meeting between the Heads of State of Mongolia, the Russian Federation and the People's Republic of China was successfully conducted in June, 2015. During the first meeting, the three parties exchanged their views on possibilities to develop infrastructure and transit transportation, advance current railroads and establish new railroads. During the second meeting, the three heads of state signed a memorandum of understanding to process a program of Mongolia-China-Russian economic corridors and adopted a mid-term roadmap to develop the trilateral cooperation.

Trilateral meetings of Vice Ministers of Foreign Affairs as well as Vice Ministers of Road and Transportation have been conducting on a regular basis. Within the less than year from September, 2014 to June, 2015, trilateral meeting of Vice Ministers of Foreign Affairs was conducted three times in Ulaanbaatar, Beijing and Moscow, respectively.

During these meetings, the parties emphasized that Mongolia, Russia and China has started their trilateral meeting to make their contributions to regional and international peace, stability and

prosperity and to boost real cooperation and exchanges in trade, economy and infrastructure sectors. Moreover, the three parties underscored that connecting three countries through infrastructures will be the first and foremost priority of trilateral cooperation and agreed to facilitate cooperation in mining, transit transportation, infrastructure construction, tourism and environmental sectors.

Mongolia is aiming to become a Eurasian transport-logistic hub and a continental bridge. By doing so, Mongolia will become a transit corridor connecting Asia and Europe, especially China and Russia through the closest and safest route.

The main basis of “Mongolia-China-Russia economic corridor” is economy and in frastructure, thus Mongolia is paying special attention to develop these areas of cooperation. Our country is working to agree with relevant organizations of other two countries on the followings:

- General Agreement to Establish Joint Transportation-Logistic Company of Three Countries.
- Trilateral Agreement on Road Transit Transportation.
- General Agreement on Transit Transportation.

In the “State Policy on Railway Transportation” adopted by the Parliament of Mongolia in June, 2010, it is specified that 5683 km new railway base in frastructure to be built in three phases. As for the ownership type, state ownership prevails or adheres to the principle of concession agreement.

Furthermore, in October, 2014 the Parliament of Mongolia made a decision to authorize new vertical tracks built to the broad gauge or 1520 mm, while new horizontal tracks built to the standard gauge or 1435 mm. In other words, our country defined its own railway policy at the domestic level and ended the debate on railway gauge.

Transit corridor passing through Mongolia is 1000 km shorter than other corridors connecting Europe and Asia. It gives us a key advantage. In Mongolia, it is being discussed at various levels to build 3 vertical corridors and 3 horizontal corridors.

Our researchers see that Mongolia has the following strengths:

- Close to giant markets of China-Russia, unique geographical location makes passing through Mongolia the shortest transportation route.
- Relatively peaceful and secure country.
- Abundant resources of energy, minerals which are vital for the transportation and economic corridor.
- Pure and organic agricultural products which will protect us from resource curse.

Establishing “Mongolia-China-Russia economic corridor” will not only bring opportunities to drastically enhance trade and economic cooperation, but also certain challenges for Mongolia. For example.

- Inequality among large and small economies causes a number of challenges, thus it is important to adhere to a principle of being mutually beneficial.
- Although our neighbors have relatively high complimentary capacity, there is a high possibility that they would become competitors.
- In the future, environmental and ecological vulnerability may be increased and desertification may become the most challenging problem. Especially, water shortage and air pollution would require critical attention when coal liquefaction and power plants were built and energy was exported to China.
- We are facing financial and investment challenges while building transportation corridors, roads and railways.

In conclusion, Mongolian geographical location, mining, and rapid development of energy sector are crucially important for connecting “New Silk Road”, “Steppe Road” and “Eurasian transportation corridor”.

“Mongolia-China-Russia economic corridor”, new intensification of trilateral cooperation among Mongolia, China and Russia, is providing a favorable condition for not only trilateral cooperation, but also regional economic cooperation.

However, this initiative may face a number of political, economic and geopolitical challenges. For instance, concerns and fears of small states to become dependent from great powers, competition among powerful economies for acquiring mineral resource and interest conflicts can be mentioned here. Moreover, we are in high shortage of financial and human resource, legal coordination and well-prepared researchers to realize this initiative.

Thus, collaborations among think tanks are more important and we need to develop more constructive and closer cooperation. We have a possibility to establish regular cooperation mechanism as well.