

# *Mongolia's Possibilities and Approaches for Joining Regional Cooperation Mechanisms*

B. Otgonsuren

Researcher, Center for China and East Asia Studies, Institute for Strategic Studies (ISS), Mongolia

Mongolia's history of membership in international organizations began when the country became a member of the United Nations (UN) in 1961. The Article 3.2.5.4 of the National Security Concept of Mongolia states that *"The decisions on joining regional or international integration arrangements and concluding free trade agreements shall be made upon research and studies concerning Mongolia's economic security and economic development objectives."* Also, the Foreign Policy Concept of Mongolia underlines that in *"...seeking to accede in international and regional economic integration and infrastructure network"* *"Mongolia shall be promoting bilateral friendly relations and develop cooperation with the countries of the region. Within the framework of this objective, greater attention shall be given to Asia and the Pacific region, in particular to Northeast and Central Asia. Mongolia shall take an active part in the process of initiating policy and activities on the issues of strengthening strategic sustainability and regional security"*(Article 3.21.4 and Article 2.14.3).

Currently, Mongolia maintains membership and observer statuses in 9 cooperative organizations in the political, security and economic fields (Table 1).

## **In the security field**

Mongolia actively participates in the Defense Ministers' Meeting on Regional Security Cooperation, the

Conference on Interaction and Confidence-Building Measures in Asia (CICA), the Council for Security Cooperation in the Asia-Pacific (CSCAP) and has coordinated several meetings and events in Mongolia.

Moreover, Mongolia has been promoting cooperation with many countries in order to secure its own security and development. For instance, the initiative by the Mongolian President Tsakhiagiin Elbegdorj, called the "Ulaanbaatar Dialogue on the Northeast Asia Security", aims to make a contribution in creating conditions of security and sustainable development in the region and supports countries to participate in the dialogue. Furthermore, its purpose lies upon initially acknowledging various issues such as, the regional integration, environmental protection and non-traditional threats, by scientific researches and cooperation<sup>1</sup>. Mongolia has organized a meeting between Japan and North Korea in Ulaanbaatar. The women members of the Mongolian Parliament have also organized the "Northeast Asian Women Parliamentarians' Forum".

As illustrated in Table 1, Mongolia participates actively not only in the security type of regional cooperative organizations, but also those aimed at developing economic cooperation, such as being an observer in SCO and member of ASEAN Regional Forum (ARF). In fact, Mongolia is interested in participating more profoundly in the economic cooperation organizations.

**Table 1 Mongolia's Membership and Observer Statuses in Regional Organizations**

Organization Name	Organization Type and Status		Mongolia's Participation Status
<b>In security field</b>			
CSCAP (The Council for Security Cooperation in the Asia Pacific)	Formal and Informal	Permanent	Member
OSCE (The Organization for Security and Cooperation in Europe.)	Formal	Permanent	Member
The Shangri-La Dialogue	Formal	Permanent	Member
<b>In economic field</b>			
PECC (The Pacific Economic Cooperation Council)	Informal	Non-permanent	Member
<b>Requested membership</b>			
APEC (Asia-Pacific Economic Cooperation)	Formal and Informal	Permanent	Officially requested membership
<b>Other</b>			
SCO (Shanghai Cooperation Organization)	Formal and Informal	Permanent	Observer
ARF (ASEAN Regional Forum)	Formal and Informal	Permanent	Member
FEALAC (The Forum for East Asia-Latin America Cooperation)	Formal	Permanent	Member
Boao Forum for Asia (BFA)	Formal	Permanent	Initial member
ACD (The Asia Cooperation Dialogue)	Informal	Permanent	Member

<sup>1</sup> <http://www.president.mn/eng/newsCenter/viewNews.php?newsId=1172> Speech by H.E. Ts. Elbegdorj, President of Mongolia at the Summit of the Conference on Interaction and Confidence Building Measures in Asia.

### In the economic field

Currently, Mongolia is seeking to actively participate in the regional cooperation mechanisms that promote economic cooperation. In this sense, Mongolia is effectively taking part in the process of initiating policy and activities on the issues of strengthening strategic sustainability and regional security in the Asia and the Pacific region, in particular in the Northeast and Central Asia.

Due to Mongolia's geographic location, which belongs to Central Asia and Northeast Asia, integration or economic cooperation in these regions are important for Mongolia. In East Asia, owing to the differences of political regime, conflict of interests in economic cooperation, competition between great powers and issues on the Korean Peninsula, Northeast Asian cooperation integration has not been able to proceed effectively. For example, the Tumen River Project, which includes North Korea, has not moved forward. China, Japan and South Korea are considering and researching opportunities for establishment of a free trade agreement. It resembles how serious their attitude towards this integration is. Thus, to determine which cooperation is progressive, it comes down to the ASEAN. Furthermore, World Bank announced that East Asia has the fastest growing region in the world.<sup>2</sup>

ASEAN has become one of the ongoing integrations in the East Asia and the core of the integration includes ASEAN+3, ASEAN+6 and ASEAN+Japan. Only 25% of the total ASEAN trade is domestic trade, while trade with ASEAN+3, ASEAN+6 account for 75% of total. Consequently, there is an opportunity to become the third neighbor in Mongolia's foreign trade sector. Hence, Mongolia should seek developing cooperation with ASEAN not only depending on East Asian security cooperation, but also see ASEAN as an opportunity of economic cooperation. Mongolia implements certain steps in this field as becoming a member of ASEAN Regional Forum in 1998, a member of cooperation dialogue in 2004 and signed the Treaty of Amity and Cooperation (TAC) in 2005.

Mongolia has also active economic cooperation with China, Korea and Japan. Mongolia is in the process of signing a treaty of establishing economic partnership agreement with Japan, while Mongolia has a certain level of economic cooperation with Korea. In 2013, Mongolia's imports originated from 137 countries. Import from Russia accounted for 24.6% of total, while those from China, the U.S., Japan and Korea accounted for 28.1%, 8.1%, 7% and 8% of total respectively<sup>3</sup>. In July 2014, Mongolia has substantively agreed to establish a treaty of economic partnership with Japan. If Mongolia could manage to show the world that a large economy can successfully implement economic cooperation with a small economy, Mongolia will have the opportunity to increase participation in multilateral economic cooperation mechanisms with such experience.

Mongolia is making a great effort in acceding to the Asia Pacific Economic Cooperation (APEC) and Mongolia

made an official request for APEC membership in 1993. According to the Mongolian Foreign Minister Luvsanvandangiin Bold's speech at the Foreign Ministers' Meeting of APEC, "APEC accounts for almost 90 % of the total trade volume and 50% of Foreign Direct Investment (FDI) of Mongolia". Consequently, deepening relations with an organization that account for more than half of the global production is of a great importance to Mongolia. On the other hand, owing to Mongolia's advantage in natural resources and geographical location, the projects in transportation system could play a vital role for developing the regional economic infrastructure, which increases trade volume and travel and reduces the scarcity of energy consumption. Therefore, it could be win-win cooperation for Mongolia by joining the APEC<sup>4</sup>. Mongolia has to consider the criteria of membership as stated in the Guidelines of the Ministerial Conference in 1997, such as:

- To be situated in the region of Asia Pacific Ocean;
- To have active economic relations within the region;
- To have market economic preference;
- To recognize the vision and the principles of APEC.

China will lead the APEC's annual meeting from 2014. China plans to implement more than hundred conferences and activities during this period. Hence, there is an optimistic perspective that Mongolia's neighbor China will make a progress in the field.

From the research of the Chinese scholars on APEC, customs duty has decreased from 15.4% to 6.95% during the years from 1988 to 2008. Specifically, the customs duties of the developing countries have dramatically decreased compared to those of the developed countries. However, for some health, environmental and social security concerns, APEC has no zero-rate duties and never announces the duty rates transparently.

Some members of APEC limit the requirements at the level of foreign investments and transfer of technologies. Thus, the developing countries with small economies, like Mongolia, should carefully plan ahead on participation process and focus on certain directions.

Mongolia not only engages in the regional multilateral cooperation, but also participates in regional cooperation mechanisms initiated by China, such as the SCO, Asian Infrastructure Investment Bank, New Silk Road Economic Zone etc.

Mongolia is an observer to the SCO. The SCO still cannot determine its priorities of main functions, whether to be security or economic cooperation, and Mongolia is still observing the process. If certain benefits are provided, there will always be a chance to participate.

China's finance minister, Lou Jiwei said that the Asian Infrastructure Investment Bank (AIIB) will be as "1+10" upon learning a lesson from the composition of the cooperative mechanism between China and ASEAN and is planning to practice it in other Asian countries. As a result, apart from the ASEAN countries, Mongolia and Pakistan were invited to join it as the co-founding members. The

<sup>2</sup> <http://www.worldbank.org/mn/news/press-release/2014/04/07/east-asian-economies-expected-to-grow-at-a-stable-pace-in-2014>

<sup>3</sup> Mongolian Foreign Trade Statistical Analysis and Report (The 4th Quarter of 2013)

<sup>4</sup> <http://bold.parliament.mn/news/categories/929/pages/8837> Mongolia's wish to Accede to the APEC get a step forward.

bank is expected to mostly be funded by China, with \$50 billion and aims to support the infrastructure and investments of Asian countries. Based on the experiences of the similar organizations, the initial investment of the bank will be around 10% of total. The "New Silk Road Economic Zone" that is initiated by Xi Jinping is aiming to be funded by the Asian Infrastructure Investment Bank and Mongolia is interested to participate in the process and seeks export opportunities to the third markets and to develop transit transportation corridors.

### Conclusion

According to the international relations theory, small states indeed face the difficulties of their small economy, heavy external dependence and little influence on

multilateral or bilateral relations as compared to the great powers' participation in the regional cooperation mechanisms. Consequently, Mongolia should implement a plan that considers effective ways to cooperate. From the researcher' point of view, upon engaging in regional economic cooperation mechanisms, Mongolia will be able to benefit from the advantages, such as:

- Create new markets;
- Diversify economic sources and reduce dependency on a single country's economy;
- Increased role in the international economic cooperation organizations; and
- Increased supply of products and reduced dependency on great powers.

## モンゴルの地域協カメカニズムへの参画の見通しと 取り組み

モンゴル戦略研究所 (ISS) 研究員 B. オトゴンスレン

### 要旨

モンゴルの国際機関への参加は、1961年の国連加盟が最初である。とりわけ、中央アジア並びに東アジアで行われる安全保障と経済協力に関する様々な動きは、この地域の一員であるモンゴルにとって非常に重要である。

モンゴルの外交コンセプトは、次のとおり言及している。「モンゴルの外交活動の第三の方向性として、アジア内における自国の立場を強め、この地域における政策的・経済的統合過程に積極的に参加する。この目的の枠組みの中で、アジア太平洋地域、とりわけ北東・中央アジアに一層目を向けなければならない。モンゴルは、地域の安全保障の強化と集団的な安全保障制度の創造に向けた対話と交渉を始める過程において積極的に関与する」(第2.14.3条)。

しかし、モンゴルは様々な地域協力会議の安全保障会合に定期的に出席してはいるが、経済分野における効果的な協力活動はまだ実現されていない。

世界銀行の調査によれば、東アジアは今もなお経済成長のスピードが最も速い地域である。東アジアの多くの国々と友好関係を持ち、東アジア諸国との2国間貿易のシェアが中国・ロシアに次いで多いモンゴルには、地域の経済協力を積極的に参加する将来性がある。実際、モンゴルは積極的に地域協力に参加し、安全保障問題における地域協力分野で確実に前進している。

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