



# **ECONOMIC CORRIDOR CHINA- MONGOLIA-RUSSIA: BILATERAL ASPECT IN MULTILATERAL FORMAT**

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# TRILATERAL FORMAT: RUSSIA-CHINA-MONGOLIA

- Countries' leaders, foreign ministers, ministers of the ministries concerned:
- First meeting in September 2014 in Dushanbe (Tajikistan) (at the SCO summit)
- Second meeting in 2015 in Ufa (Russia) (at the SCO summit sidelines)
- Third meeting in 2016 in Tashkent (Uzbekistan) – putting forward the **Initiative of the Economic Corridor Russia-China-Mongolia**

# CONTEXT

- Russia's "Turn to the East" (2012-2014)
- Mongolia-China: Comprehensive strategic partnership
- Mongolia: multipolar foreign policy, soft balancing. Important to realize geopolitical comparative advantage – to reach the markets of the neighboring countries. "Third neighbor", Russia, China.
- Declarative readiness to sacrifice the "third neighbor": if the latter acts contrary to the interests of Russia and China, Mongolia stands together with the two neighboring countries.

# CORRIDOR (1)

- Interaction in developing trilateral transport infrastructure
- Improving custom procedures
- Intensifying investment and trade
- Broadening humanitarian contacts
- Interaction in environment protection
- Promoting regional and trans-border cooperation

## CORRIDOR (2)

- Combining Russia's Eurasian Economic Cooperation, China's One Belt One Road, Mongolia's Steppe Route (transport and pipeline infrastructure project of 50 billion US Dollar investment)
- Corridor's term – five years. In five years reassessment and, if mutually desired, prolongation

# SOME ASPECTS OF CURRENT STRUCTURAL FRAMEWORK (1)

- Russian-Chinese trade volume – 107 billion US Dollars (2018)
- Russian-Mongolian trade volume – 1,6 billion US Dollars (2018)
- Chinese-Mongolian trade volume – around 7 billion US Dollars (2017)
- Trade volume structure “path dependent”, difficult to alter - Russia exports raw stuff to China and Mongolia, imports processed goods from China, raw and processed raw stuff from Mongolia

## SOME ASPECTS OF CURRENT STRUCTURAL FRAMEWORK (2)

- China sends to the West 1700 containers via Kazakhstan, 1200 containers via Manzhouli (and then via Russia), and only 170 containers via Mongolia
- The route via Mongolia, however, is 1135 km shorter than via Manzhouli and 1600 km shorter than via Kazakhstan
- Falling prices in raw materials has been having deep negative impact on Russia and Mongolia
- China is ready to extend credit to Mongolia for 1 billion US Dollars (comparable with the whole Russian-Mongolian trade volume)

## IMPORTANT REMARKS (1)

- The initiative of Corridor apparently stands on a par with other multilateral formats of International cooperation in this and neighboring regions, which are being realized, in fact, on bilateral basis (the biggest of such formats is, clearly, SCO). This is natural since due to the structure and dynamics of International relations in Central and East Asia (differences in the scale of national economies, cultural-historic barriers and conflict potential) bilateral cooperation prevails over multilateral.



## IMPORTANT REMARKS (2)

- According to the view of several experts, even though the implementation of the “Corridor” initiative will have positive impact on both Russia and Mongolia, the main beneficiary of the format is de-facto PRC.
- It seems that Russia, proceeding from her long-term strategic interests, should make good use of the “Corridor” initiative to upgrade quantitatively and qualitatively her bilateral relations with Mongolia. This is apparently also the expectation of Ulan Bator, which has put forward this initiative. It certainly goes without saying that Russian-Chinese bilateral format of strategic cooperation remains fully viable, being also deepened and upgraded.

## IMPORTANT REMARKS (3)

- Most recent visit of Russian President Vladimir Putin to Mongolia, signing of perpetual bilateral agreement on comprehensive strategic partnership, declared fraternity between Russia and Mongolia
- This seems to be a good start for the “reset” of Russian-Mongolian cooperation. Moscow and Ulan Bator have certain grounds for optimism