

## ECONOMIC SECURITY FOR MONGOLIA

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### 1. Mongolia is a landlocked country.

There are various ideas about the security. There is national security, human security and recently there came out even environmental security. Among them I would like to mention about economic security today.

Mongolia is faced only with China and Russia on border and she has economical fate controlled by both countries. It is necessary to prepare about following two points taking into consideration for the time when apolitical problem occurred or the confusion in economy is happen in these countries. Of course Mongolia has friendly relations with them at present and so far there is no problem.

- (1) Reduce the dependence to face only with both countries.
- (2) Build the system can be cope with an accident occurs in either country.

When economic security for Mongolia is really realized, it is important to build two points of the above.

Mongolia has its own problems in economic fields. Among them there are problems formed in her conditions of this part of the globe, or formed in her history, or formed to be characteristic of the historical economic process, or the problems formed by the wrong conceptions, or policies of international organizations or donor countries which are introduced to Mongolia in the process of moving to market oriented economy that are no relations to her own economic system or her people's traditional character. Though the management of the problem brought by the wrong policy is improper, you will be allowed to think about others with a problem to dissolve with the time.

But, Mongolia has its own fundamental weak point that becomes an economical difficulty in Mongolia to develop. Incidentally, her weak point can be thought as a favorable point from another viewpoint in advance.

At first, Mongolia is a landlocked country. Moreover, touch each other on border only with the worldwide superpower called China and Russia.

The second, She has vast country, while population is extremely small. The third, Her agricultural basis is making cattle breeding in a pasture that became worldwide rare.

It will be the key of the economical security of the Mongolian people in the 21st century how to make up for these weak points. You must clear these problems at all so that the Mongolian people may realize market economy completely in the 21st century and their standard of living may be enhanced.

Let's examine the problem to be a landlocked country.

When energy problem in Mongolia is seen as an example, the amount of consumption of the electrical energy is 3.1 billion KWH in 2002. Of which 158 million KWH has imported from Russia.



Basic commercial energy in Mongolia is said as 80% of the coal and 20% of the petroleum. Almost all quantity of petroleum is imported from Russia though coal is all the quantity domestic production. In 2002 she imported from Russia 190.6 thousand tons of diesel oil, 243.7 thousand tons of gasoline, 20.1 thousand tons of aviation fuel. So great a thing has a Russian influence against the Mongolian economy.

51.3 % of Mongolian export in 2002 are to China and Russia, (items, Chinese 42.1%, Russian 9.2%), 58.7% of import are from both country (items, Chinese 24.3%, Russian 34.4%). These data show that it will be able to be understood that both countries can control Mongolian economic fate.

## **2. An approach to the Northeastern Asia**

Mongolia has accessed north and south traditionally to the outside world so far to say to China via Inner Mongolia, to Europe via Russia to solve the landlocked problem.

Russian ports are being used occasionally as the northern outside port, while Chinese Tianjin new port has been used as the southern outside port by Mongolia at present. Mr. Kaifu, the Prime Minister of Japan had paid a visit to China after Tian An Men incident in 1991, after China he gave the first visit to Mongolia in history as a west side Prime Minister, in China Mr. Kaifu requested to Mr. Li Peng the Prime Minister of China to allow Mongolia to use Tianjin new port which was realized by economic cooperation between Japan and China, where Mongolia was getting a quarter at present.

You must examine other lines, and that requests the need to discover the second sea port if it thinks about transport quantity reinforcement in the long run even if it is said that capacity approaches a saturation point at present about the same line and some increase in the amount of transport should be made possible.

But, obviously as the location of Mongolia is in the Northeast Asian area, the viewpoint of the Northeast Asia is very important. And to be linked with Northeast Asia is economically and politically more suitable. Northeastern Asia is really located in the east of Mongolia, and approach east is thought to be important.

Mongolians are building the millennium road that crosses a country in the east and west as a Silk Road of the present day, which becomes the bridge between of the east and west. Let's can say this as one of the trials of the approach to the Northeast.

## **3. To develop country integrating in Northeast Asia**

The Northeast Asian area has the population of about 320 million people, and has enough human resources and consumption population as an economic area. There will be an extremely great profit in participating in the development of this area for Mongolia.

Though the officials and people of Mongolia are hoping for the capital import, the excellent enterprise of the advanced country doesn't invest easily in Mongolia at present. Population is only 2.5 million there, because of this at the first stage of the proposal investment plan is stopped. While there is a restriction to be a landlocked country in other hand, too. Let's can say that there are a few such opportunities from the country that economic conditions become worse like Japan.

But, if you consider Mongolia belongs to this region, it can be get over a population problem if Mongolia links here because it has the population of 320 million.



A foreign private large capital investment is still indispensable for Mongolia to stand its own feet, while donor countries and international organizations are supporting to her. It becomes very important that Mongolia links with the Northeast Asian area because of that. It is because it can think about the inside of not only the Mongolian country but also the region as a market of that product even if industry investment is given in Mongolia. Therefore, originally Northeast Asian community development has the important of life and death for Mongolia in the target. Such internationalization can be thought really to guarantee economical safety for Mongolia.

#### **4. A link with Northeastern Asia by the eastern railroad construction**

I am believed that a Northeast Asian body will be completed naturally after it is build that information network as nerve in human body and transport network as a blood stream in human body and through that it will be built Northeast Asian area as one economic bloc.

I am aware that an economic bloc problem is a matter of life and death for Mongolia as mentioning above. It must link by the communication and the transport to the Northeast Asian area.

If it said about the communication in Mongolia did the construction of the optical fiber in north and south by the Japanese support. Moreover, it is turned to eastern Henty, Sukhbaatar and Dornod Prefecture at present by the South Korean support to being installed. Through this concerning an infrastructure of communication contact with Northeast Asia is completed.

Next issue is transportation. Ulaanbaatar railway is the only one international railway in north and south. The railroad goes into the Russian side at Naushik , and it is connected to the Siberia Railway in the Ulan-Ude. This is one way in a northern line to access Northeast Asia.

And also it goes into the Chinese side via Erenhot on the Chinese border. This is southern line to access Northeast Asia.

I have suggested the construction of the railroad by the next line as the third way to the seaport and also the way access to the Northeast Asia.

We can imagine two railway lines beyond the city of Choibalsan, the east end city of Mongolia. Between Ulaanbaatar and Choibalsan there may be an extension line from Baganuur.

Beyond Choibalsan, two lines are expected, one of which is the Southern line passing through Tamsag up to Irsh in China. From Irsh through Changchun and further through Yenji, the line comes to Hungchun and enters the Russian territory ending at the seaport of Zarubino.

The other is the Northern line to be laid from Choibalsan to Manzhouli in China. From Manzhouli through Harbin and crossing the border at Suifenhe it ends up in Vladivostok.

From the seaport Zarubino or Vladivostok most of Japanese big seaports with an outlet to the Japanese Sea lie within 450 to 480 mile distance.

These two lines will have to face the international transport competition, including the competitiveness of the port of Dalian. Obstacles in using these lines are as follows. The first one is a rather technical one. The gauge of the rail is different. Mongolian and Russian

gauge of rail is 1525 mm, and Chinese gauge of rail is 1435 mm. At each border there is a need to change trucks or bogies. One of the answers to this question is to use a new type of freight cars with trucks able to automatically change its gauge. Another problem in using these lines is that the international freight has to pass many borders where duties are imposed on it. One of the possible solutions to this problem could be the establishment by the Governments of Mongolia, China, Russia and Japan, Korea if needed, of an International Board of Transportation that will operate the Northeast Asian Cargo Express with its specific features and logo. This Express will not be imposed of duties at the borders, and each Government will profit from the transportation charge according to a proportional distribution.

It is important destination countries as Japan from point of view of Mongolia should participates in the international transport mechanism of this international freight transport, and South Korea which is also a destination country maybe participate to this Board, and the United States as well are added and to manage it. That gives Mongolia the third way, and becomes an epoch-making thing on the economic security for Mongolia. This brings an immeasurable profit in the stability in Northeast Asia at the same time because it means that the danger of the international conflict which made Mongolia a base decreases.

There are to be details which aren't solved though the problem of the landlocked country is a pending question for many years, and it is to become one of the answer for the landlocked country problem internationally.