Russia and Mongolia: from Slump to Strategic Partnership

After the collapse of the Soviet Union and the victory of the democratic revolution in Mongolia in 1990, Russian-Mongolian relations went through three stages. First, in 1990-1993 there was a period of decline, caused by a set of objective factors (the difficulties of transition to a market economy and democracy in both countries), subjective factors (sharp turn of Russia and Mongolia to the West), and a number of other circumstances. It was very painful and characterized by a deep slump in relations in all areas, especially in trade and the economy, as well as cultural, scientific, and military areas, and Soviet aid stopped: previously 30% of the Mongolian annual budget was subsidized, the trade turnover between the two countries decreased by 40% in 1991-93, and by 1998 by a factor of 6.5.

As a result, Mongolia experienced a severe economic crisis, from which in 1994 it was able to recover through an emergency donation of foreign aid and the successful implementation of radical economic reforms.

The conclusion in 1993 of a fundamental Treaty on Friendly Relations and Cooperation between Russia and Mongolia marked the beginning of the second phase of our relationship - the stage of recovery and stabilization: political contacts at different levels were greatly expanded and intensified, by 1999, the trend of falling trade turnover was halted at 190.8 million dollars, and at the beginning of the XXI century it stabilized at 200-300 million dollars.

The turning point was the state visit of President Vladimir Putin to Mongolia on 13-14 November, 2000. The "Ulaanbaatar Declaration" was adopted, which defined the main directions of our multifaceted cooperation in the XXI century and marked the beginning of the third, essentially modern stage of our relationship. This was characterized by the gradual development of good-neighbourly relations in a strategic partnership, a milestone for which was the adoption of the "Moscow Declaration" during the visit of then President of Mongolia Enkhbayar on 4-9 December, 2006.

Finally, the strategic nature of Russian-Mongolian relations was secured as a result of signing the "Declaration on strategic partnership" in Ulaanbaatar following the visit of then Russian President Dmitry Medvedev on August 25, 2009.

It should be noted that all three declarations define the strategy of the partnership, namely: deployment of cooperation in all areas and at a higher and more large-scale level, all-round strengthening of political relations, enlargement and differentiation of trade, investment growth, development and implementation of long-term programs and major projects for the economy, science and culture, maximum expansion of cross-border cooperation and regional integration, modernization and technical updating of existing joint ventures, etc. We also note that the above declaration, together with the Treaty of 1993 and more than 130 intergovernmental and interdepartmental agreements concluded since 1993, serve as a stable legal basis for the development of bilateral relations and the work of a multi-level cooperation mechanism, the central component of which is an intergovernmental commission on trade, economic, scientific, and cultural cooperation, operating since 1992, and the Subcommittee on border and Regional Cooperation established in 1996.

A new, after the visit of Medvedev, and powerful impetus to deepen and intensify the strategic partnership between the Russian Federation and Mongolia was the working visit to Mongolia of President Putin on September 3, 2014.
It was timed to coincide with the 75th anniversary of the joint victory at Khalkhin Gol, which in itself was of great political importance, because, as stated by Putin, "the common historical memory, heroic pages of the past, is certainly a good foundation for building modern Russian-Mongolian relations in the spirit of mutual respect, trust, and friendship."

The visit was brief - only 6 hours, but very intense.

Suffice it to say that if in 2009, 5 agreements were signed, then as a result of negotiations between Putin and the President of Mongolia Elbegdorj, face-to-face and in expanded composition, 15 intergovernmental, interdepartmental, and sectoral agreements were signed.

The most important of these are the long-awaited abolition of the visa regime, the agreement between the Ministry of Roads and Transport of Mongolia and JSC Russian Railways on a strategic partnership for the modernization and development of the Ulaanbaatar Railway (UBRR), the Memorandum of Understanding between the Ministry of Economic Development of Russia and the Ministry of Economic Development of Mongolia on cooperation in the development of Russian-Mongolian economic ties, the Memorandum of Understanding between JSC Aeroflot and the airline MIAT - Mongolian Airlines aimed at broadening cooperation in the field of civil aviation and air routes network, etc.

All of these documents outline the main directions of bilateral cooperation in the coming years. President Putin even suggested that in the near future a "roadmap" be developed for further cooperation, aimed at the creation of new industries, promoting trade and investment, as well as the expansion of humanitarian contacts. Both leaders stressed the importance of the agreement on the UBRR. It envisages the electrification and the construction of a second track on the Trans-Mongolian Railway - Sukhbaatar-Sainshand-Zamyn Uud (1,100 km), as well as the construction of branches in a northerly direction (545 km) and to the west (215 km) with access to Russia and to the adjoining railway line Kyzal-Kurachevo, in which regard the construction of these branches is scheduled to finish in 2020.

Thus, the expectations of the Mongols to expand the railway network and, consequently, increasing transit traffic from Russia to China (planned to increase to 100 million tonnes annually) are justified, in this case there has been some breakthrough.

The issue of trafficking has figured prominently in these negotiations. Here there has been a lot of progress. The parties agreed to increase the volume of trade from the current level of 1.3 billion dollars up to 10 billion by 2020, which would mean reaching by this time the same level of trade with China and Mongolia.

It was decided to use the national currencies in mutual settlements. President Putin has promised that in the near future, the Russian government will remove existing restrictions on imports of Mongolian meat and animal products. "Mongolia has good opportunities" he said "to significantly increase the supply of animal products to the Russian market in compliance with health standards." It should be noted that, according to experts, the importation of Mongolian meat to Russia has a number of advantages over the importation of frozen meat from Latin America. Mongolian meat is 2 times cheaper. It comes in live weight by rail and by road directly to the meat-packing plants in Ulan-Ude, Chita, and Irkutsk, and may be sold freshly refrigerated. The cost of transporting is minimal, which is reflected in the selling price, and finally - it is the most environmentally friendly, because almost all year round cattle graze on broad meadows and are cultivated without preservatives, biological additives, antibiotics, etc.

Thus increased trade with Mongolia and, of course, the removal of restrictions on the supply of Mongolian meat and animal products may solve many problems of food security in Russia.

President Elbegdorj generally offered to begin negotiations on the supply to Russia of Mongolian goods as a MFN for 20 years.

Speaking at a press conference President Putin said that "we have accumulated considerable experience working in the mining industry" and gave the example of "the success of the joint venture Erdenet for the production of copper and molybdenum, and Mongolrostsvetmet for gold mining.

Both of these companies provide up to 20% of Mongolia's GDP.

Their complex technological renovation is being planned."

President Putin noted that Russia covers, and will continue to cover 7% or more of Mongolia's electricity needs. All of this, in our opinion, speaks to Russia's interest in strengthening its participation in the development of mineral
resources in Mongolia.

With regard to the humanitarian sphere, the parties agreed to establish new joint schools and training centres, to expand cooperation in such areas as culture, sports, and the media. In particular, the Memorandum of Cooperation between the Mongolian National Public Radio and the Federal State Unitary Enterprise International News Agency Russia Today. An agreement was also signed between the Ministry of Education and Science of Mongolia and the national company Rosneft on collaborating on the training of citizens of Mongolia in the company's partner universities.

Thus, one of the global leaders in the field of hydrocarbon production, Rosneft not only covers most of the needs of Mongolia in petroleum products and supplies fuel to Chinggis Khaan International Airport, the main airport of the country, but also contributes to the training of highly qualified specialists with higher education, in particular by financing activities at the very popular branch of one of the leading universities of Russia, Plekhanov Economic University.

The Russian President's visit attracted attention in the West. The newspaper "Washington Post", for example, wrote: "It should be noted that Mongolian-Russian relations as compared to Mongolian-Chinese relations have always been more direct, more honest, and friendly. The visit of President Putin emphasized that the bilateral relations in the future will become more positive." It remains to wait and hope that this will actually happen, and friendly strategic ties between the two countries will gain another boost to engender new projects and accomplishments.

Mark Golman, PhD in History, Chief Research Fellow at the Institute of Oriental Studies, exclusively for the online magazine "New Eastern Outlook".