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中俄蒙經濟走廊及其對蒙古之影響

A Study on the China-Russia-Mongolia Economic Corridor and Its
Implications on Mongolia



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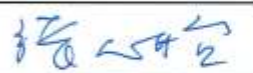
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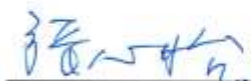
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摘要

2013 年底時，中國大陸領導人習近平提出建構「絲綢之路經濟帶」與「21 世紀海上絲綢之路」的構想，希望透過與周邊國家共同建設此一巨型跨國區域經濟合作計畫，逐步擴大中國大陸與周邊國家的合作關係，其中，中國大陸提出建設六條國際經濟合作走廊，用以加強周邊經濟合作夥伴關係，而中俄蒙經濟走廊是為其中之一條。作為一帶一路戰略的重要組成部分，中俄蒙經濟走廊主要為了促進東北亞的中俄蒙三國的經濟發展，而維持中國北方的地緣安全也是其中一重要考量。本論文希望了解中蒙俄三國的關係及中國大陸「一帶一路」倡議目前的具體規劃，其次探究中俄蒙經濟走廊目前的規劃與執行情形，最後藉以分析中俄蒙走廊對蒙古所可能帶來的機遇與挑戰。

關鍵詞：區域合作、一帶一路倡議、中俄蒙經濟走廊、基礎建設、貿易、能源

ABSTRACT

In 2013, Chinese President Xi Jinping unveiled the main components of what has since become known as the One Belt One Road Initiative (OBOR). In the OBOR, China has expressed her desire to build six core "economic corridors" linking the Silk Road Economic Belt and the Maritime Silk Road with the Euro-Asian partners for deepen cooperation and expand development in the Euro-Asia region.

China's ambitious agenda has evoked a variety of reactions among governments throughout the regions about the geopolitical and economic intentions of the OBOR. The China-Russia-Mongolia Economic Corridor is one of the six corridors China has planned to establish within the framework of OBOR Initiative and it is considered to be significant because for the last 20 years not only the economic cooperation within the Northeast Asian region has remained very low and cooperation has limited to bilateral cooperation, but the level of infrastructure in this region remained underdeveloped.

Once this China–Russia-Mongolia Economic Corridor has been established, it would develop infrastructure connecting the three countries, especially railroad transportation networks and help the Northeast Asian region toward deepening economic integration. This study investigates the China-Russia-Mongolia economic corridor and analyzes its implications on Mongolia. First, this thesis gives a broad overview on relations among the three countries and the content of the Chinese OBOR Initiative. Secondly, it investigate the importance of the China-Russia-Mongolia Economic Corridor and its current development. Finally, this paper provides an analysis on the opportunities and challenges of the China-Russia-Mongolia Economic Corridor and its implications on Mongolia.

Keywords: Regional Cooperation, One Belt One Road Initiative, China-Russia-Mongolia Economic Corridor, Infrastructure, Trade, Energy

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CHAPTER ONE: INTRODUCTION

1.1 Research Background and Motivation

This study investigates the China-Mongolia-Russia Economic Corridor and analyzes its implications on Mongolia and the Northeast Asian region. First, it gives a broad overview on relations among the three countries and the Chinese's OBOR Initiative. Secondly, it investigates the importance of the China-Russia-Mongolia Economic Corridor and its current development. Finally, this paper provides an analysis on the opportunities and challenges of the China-Russia-Mongolia Economic Corridor and its implications, in terms of the political, economic and strategic aspects, on Mongolia.

Mongolia is considered as the priority of foreign relations in the development of good neighborly relations with the Russian Federation and the People's Republic of China. We are landlocked located between Russia and China. It is only possible to get out into the sea through the territories of our two neighboring countries. We have long borders with the neighboring countries, 3543km with Russia and 4709.6 km with China, there are many issues to deal with in between our three countries, mainly in terms of infrastructure and transit transportation.

Mongolia expresses that, Russia considered Europe to Asia, China is considered to be the fastest and most reliable transit infrastructure hub from Asia to Europe. In 2013 Chinese President Xi Jinping proposed the idea of building the new silk road, One Belt One Road initiative to connect Asia with Europe. As part of this initiative, China has been implementing various activities, among them, one of which is China-Russia- Mongolia economic corridors.

Therefore China-Russia-Mongolia economic corridor will be implemented in accordance with planned plans. The speed and capacity of transit transportation through the territory of Mongolia will increase, road infrastructure and trade will develop and many projects and programs will be implemented and will have a positive impact on Mongolian society and economy. it is expected that new strategic development paths connecting Asia and Europe will be created by stakeholders.

The motivation for me to conduct this research is two-fold. First purely academic reason.

Secondly, it is about my personal reason. After graduate, I would like to be a policymaker in the government of Mongolia and it is therefore important for me to study this topic. This research on economic corridors will have a direct and indirect impact on future my career prospects. The three nations economic corridor will have a realistic impact on the economy of Mongolia and will have an important impact in terms of economic and social development for Mongolia in the future. We need to examine how this economic corridor will benefit for Mongolia and how much it will cost us if we get involved into this huge program. I think, as a politician of Mongolia, I think we need to take this issue seriously, considering the possible risks and opportunities.

Mongolia is committed to provide tangible results in trade and economic cooperation with neighboring countries. At the initiative of the President of Mongolia, Mongolia's first meeting of leaders of Mongolia, Russia and the People's Republic of China was successfully organized in Dushanbe, resulting in the Mongolian Development Road Program, China's "Silk Road" initiative, and the "Eurasian Economic Union" the parties to the "Economic corridors" program were signed in July 2016 to coordinate the cooperation mechanisms.¹

This program includes a total of 32 projects to promote three-way cooperation in infrastructure development, transit transport, industrial cooperation, trade facilitation, energy, tourism, environment, education, science, technical, humanitarian and health care. Mongolia is deepening bilateral ties with its neighboring Russia and China, as well as new mechanisms to work together on the basis of the two sides on the basis of the three heads of state, which can be considered as favorable conditions for deepening the balance between our two neighbors.

Mongolia has adopted the "Steppe Road" after name being changed, it is now "Development Road" program to intensify the construction of roads, energy, mining and industrial infrastructure, to connect infrastructure with neighboring countries, facilitate trade and reduce transportation costs. We are working to develop it in line with major regional infrastructure initiatives.

¹ China, Russia, Mongolia Sign Long-Awaited Economic Partnership Agreement

<https://thediplomat.com/2016/06/china-russia-mongolia-sign-long-awaited-economic-partnership-agreement/>

Within the framework of this program, the parties have set up specific programs to implement the Mongolia, Russia and China Economic Corridors Program. The National Security Concept of Mongolia² is to “develop good-neighborly relations and extensive cooperation with both the Russian Federation and the People's Republic of China. In doing so, it seeks to balance the peace and stability of the region, taking into account the national interests and the historical traditions of society”. The Foreign Policy Concept of Mongolia is to maintain “friendly relations with Russia and the People's Republic of China are the priority of the foreign policy of Mongolia, and they will be balanced with all of them and develop a wide range of good neighborly relations, taking into account the unique traditions of the two countries and the peculiarities of economic cooperation”.³

The study focuses on the impact of China, Russia Mongolia the Economic corridor that will affect Mongolia. Economic corridors are planned and implemented as planned, if the speed and capacity of transit through the territory of Mongolia are increased, road infrastructure and trade will develop, and many projects and programs will be built, including the transmission lines, roads and railways. Surely the positive impacts of Mongolian society on the economy and society. It is believed that the new strategic development link between Asia and Europe, which is the interest of the parties, will be created.

One Belt One Road is China's initiative. It is a huge project and China-Russia-Mongolia economic corridor is a part of the big plan. The intention for China through this OBOR is to become the hegemony, Russia is one biggest strategically neighbor of China, whereas Mongolia, with plenty of natural resources, has interests in boosting trade with both Russia and China.

The past ten years all countries policy making process focus to develop the economy, society good living environment in the world. As a result, the Asia-Pacific, Northeast Asia, and markets are expanding rapidly. Mongolian railway road already connected Russia and Chinese border. Mongolia is the shortest and fastest route connecting Asia-Europe. The Chinese are interested in transporting goods through the Mongolian and Russian road to Europe as this land road transportation has the lowest time and the cheapest shipping cost.

² National Security Concept of Mongolia <https://www.mongoliajol.info/index.php/MJIA/article/view/1028>

³ Concept of Mongolia's foreign policy <https://www.mongoliajol.info/index.php/MJIA/article/view/1029>

1.1.1 The relationship between Mongolia, Russia, and China

In 2019 Mongolia, China and Russia maintain friendly relations. With a comprehensive strategic partnership with China, mutual trust and agreement on much economic cooperation have been reached, our exports have increased sharply and trade volume has increased by 30 percent compared to the previous year.⁴

It is agreed that the "Development Road" of Mongolia, the "Belt and Road" of China initiative will be coordinated and a joint survey on the possibility of negotiating a free trade agreement between the two countries. The strategic partnership with Russia was strengthened and the two Heads of State met three times in 2017, increasing the frequency of high levels of visits and trade and economic cooperation.

President of Mongolia Battulga Khaltmaa⁵ has first participated in the East Asian Economic Forum held in Vladivostok, where he made his first foreign visit to the Russian Federation. President of Mongolia Battulga Khaltmaa made the state visit to China on April 24 and 25, 2019, invited by Chinese President Xi Jinping. On April 26-28, 2019, the second round of international cooperation at the "Belt and Road" Second Summit was held in Beijing⁶. The official talks covered a wide range of issues pertaining to bilateral trade and economic cooperation, culturally educational, regional and international matters as well as trilateral cooperation, including the natural gas pipe connecting Russia with China, the agreement on transit transport by rail, and extension of the working hours of some ports. We have agreed to establish a joint mechanism for implementing the "Economic Corridors" program in Mongolia-Russia-China to establish a Joint Venture Capital Investment Center in Ulaanbaatar.

⁴ Ministry of foreign affairs of Mongolia: Mongolia's foreign policy blue book 2017 (Published year 2018) <http://www.mfa.gov.mn/wp-content/uploads/2018/09/blue-book-2017-1.pdf>

⁵ Battulga Khaltmaa, President of Mongolia, prom 2017- <https://president.mn/en/president-battulga/>

⁶ The official talks between the heads of state of Mongolia and China <https://president.mn/en/2019/04/25/the-official-talks-between-the-heads-of-state-of-mongolia/>

1.1.2 The relationship between Mongolia and China

The diplomatic relations between Mongolia and the People's Republic of China were established on October 16, 1949. Mongolia and China borders 4709.6 km. The two sides mutually opened the Embassy in Ulaanbaatar and Beijing in 1950. The relationship between Mongolia and China is developing a "comprehensive strategic partnership" in all sectors, strengthening mutual trust, and realizing bilateral commitments.

Mongolian Prime Minister Erdenebat Jargaltulga⁷ took part in the visit to China in May 2017 while attending a high level of international and regional cooperation "Belt and Road" organized in Beijing. During the visit, the two sides will strengthen the mutually beneficial cooperation, enhance the relationship with new content, accelerate large-scale cooperation projects and achieve real results, especially in mining, energy, construction, agriculture, and transportation, the border crossing and the relevant documents have been signed.

Mongolia expressed their willingness to participate actively in projects implemented under the "Belt and Road" initiative and contributed to regional and global development. During a visit to Prime Minister of Mongolia Memorandum of Understanding was signed between the Coordinate the "Development Road " and the "Belt and Road" initiatives, "Memorandum of Understanding on Controlling and Measurement during Means of Transmission of Meat Products" as well as trade and economic cooperation documents.

President of Mongolia Kh.Battulga State visit to China on April 24 and 25, 2019, invited by Chinese President Xi Jinping. On April 26-28, 2019, the second round of international cooperation at the "Belt and Road" second high level conference was held in Beijing⁸. The President of Mongolia Kh.Battulga met with the President of the People's Republic of China Xi Jinping in his first State visit and made a formal negotiation. He also participated in a round table meeting of the heads of delegations of the second round of international cooperation "Belt and Road" initiative⁹.

⁷ 27th Prime Minister of Mongolia Erdenebat Jargaltulga, <http://www.parliament.mn/en/cv/227>

⁸ The official talks between the heads of state of Mongolia and China <https://president.mn/en/2019/04/25/the-official-talks-between-the-heads-of-state-of-mongolia/>

⁹ President of Mongolia Khaltmaagiin Battulga held official talks with President of the People's Republic of China Xi Jinping <https://president.mn/en/2019/04/25/the-official-talks-between-the-heads-of-state-of-mongolia/>

In 2017 trade with Mongolia and China reached 6.7 billion USD and accounted for 64 percent of Mongolia's total foreign trade. In the first 9 months of 2018, trade turnover of the two countries reached 6.37 billion dollars, accounting for about 66 percent of Mongolia's foreign trade. In addition, 92.5 percent of our exports and 34.1 percent of imports are in China. The development of economic and trade ties with new content and the goal of bringing total trade turnover to \$ 10 billion by 2020¹⁰.

The amount of investment and its structure is during the period from 1990 to 2017 China invested 4.2 billion USD in Mongolia. its 70.1% is geology, mining exploration and mining, 22% is trade and catering sector, and 2.3% is construction sector, In 2019, the 70th anniversary of the establishment of diplomatic relations between Mongolia and China. The parties are working together to organize 70 events in the fields of politics, economics, culture, literature, education, science, health, children, youth and humanities¹¹.

1.1.3 The relationship between Mongolia and Russia

Develop good neighborly relations with Mongolia and Russia. The Treaty on the Establishment of Friendly Relations between the Mongolian People's Government and the Soviet Union Government was established on November 5, 1921 and has been in diplomatic relations. The two countries mutually opened their Embassy Ulaanbaatar in Moscow in 1922. Since the establishment of diplomatic relations, relations and cooperation between Mongolia and Russia have been active in politics, defense, transportation, minerals, energy, food, agriculture, culture and health, and have been active in high and high level visits.

Since the two countries started developing Strategic Partnership since 2009, Mongolia has established strategic partnership relations with the Russian Federation. The President of Mongolia Ts.Elbegdorj and the President of the Russian Federation Vladimir Putin met in Astana on June 17, 2017, meeting of the SCO member-countries in the 17 th

¹⁰ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2017 (Published year 2018)
<http://www.mfa.gov.mn/wp-content/uploads/2018/09/blue-book-2017-1.pdf>

The Official Talks Between The Heads Of State Of Mongolia And China

¹¹ Decision of Government meeting 2019-04-17, Press and Public Relation Department Government of Mongolia <https://zasag.mn/news/view/22298>

meeting of the President and exchanged views on relations and cooperation. Kh.Battulga, the fifth President of the newly elected Mongolia, made his first foreign visit to Russia in September 2017. Russia's President Vladimir Putin took part in the Third East Economic Forum held in Vladivostok. The first time in the East Economic Forum was the significance of our commitment to our relationship with Russia. Mongolia intends to expand its traditional friendly relations with the Russian Federation, deepen political dialogue, intensify cooperation in trade, economic, investment, humanitarian, defense and security sectors and expand international and regional cooperation.

In 2016, the trade of the two countries reached 936.2 million US dollars, of which exports were USD 55.8 million and imports were USD 880.4 million.

In 2017, trade turnover between Mongolia and Russia was \$1.285 billion, Russia imported goods \$ 1217.2 million USD, Exports to Russia reached \$ 67.6 million. In Mongolia, the trade balance is deficit every year. Importantly, the major import products are petroleum, petrol and lubricants.¹²

1.1.4 The Development of China–Russia–Mongolia economic corridor

President of Mongolia Tsakhia Elbegdorj, President of Russia Vladimir Putin and President of China Xi Jinping sealed the agreement on June 23 and 24, 2016 in Tashkent, Uzbekistan, on the sidelines of the 16th summit of the Council of Heads of the Shanghai Cooperation Organization Member States.¹³

The trilateral economic corridor is a major cooperation initiative aimed to boost infrastructural and trade integration of the three nations through the aligning of China's Silk Road Economic Belt initiative, Russia's Trans -Eurasian Belt Development initiative, and Mongolia's "Steppe Road" after changed "Development Road" Program. Joint working groups of the projects have met 17 times in between 2013-2017. Within the scope of the program, the Mongolian side will carry out 32 projects, out of nearly 300 recommended

¹² Ministry of foreign affairs of Mongolia: Mongolia's foreign policy blue book 2017 (Published year 2018) <http://www.mfa.gov.mn/wp-content/uploads/2018/09/blue-book-2017-1.pdf>

¹³ Trilateral talks took place in Tashkent between President Vladimir Putin, President of the People's Republic of China Xi Jinping and President of Mongolia Tsakhiagiin Elbegdorj. <http://en.kremlin.ru/events/president/news/52211>

projects. Over 190 projects were proposed from the Chinese side alone and the Mongolian side selected 32 projects, considered beneficial to the nation, reported the Mongolian Minister of Foreign Affairs in Tashkent.

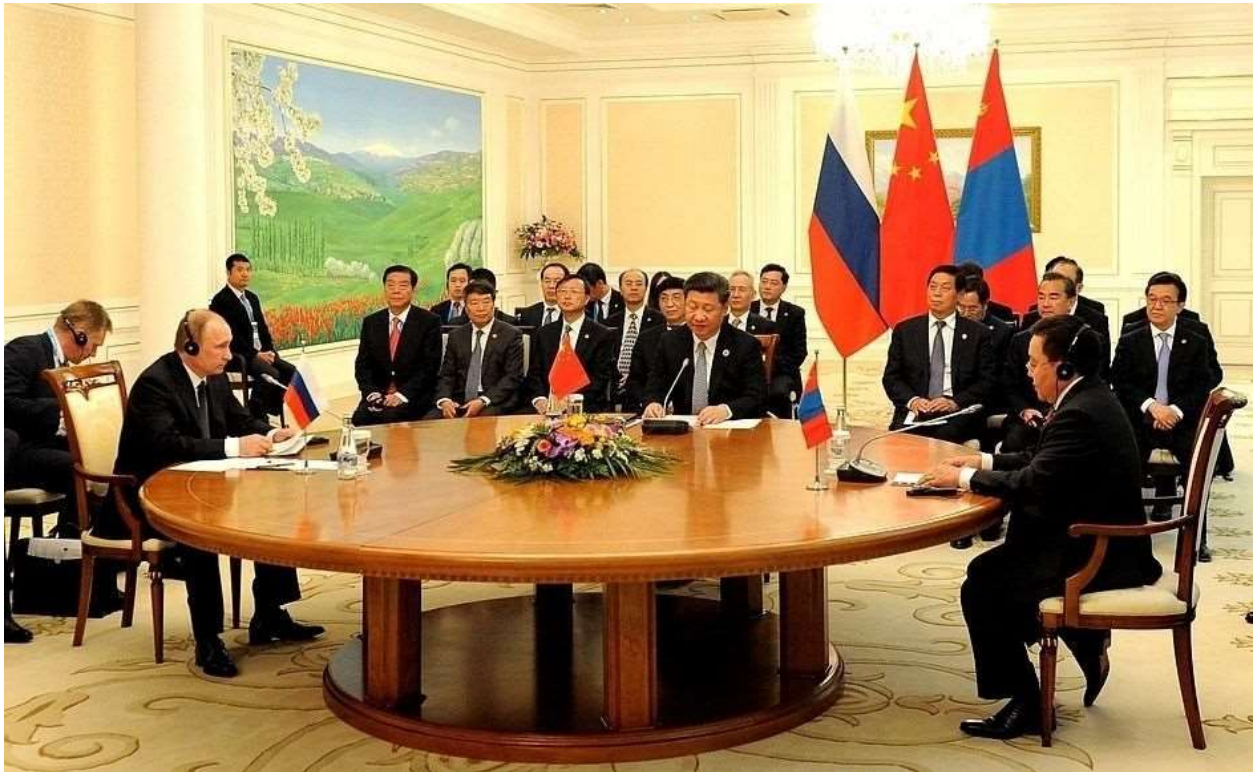


Figure 1 President of Russia Vladimir Putin, President of China Xi Jinping and President of Mongolia Ts. Elbegdorj sealed the agreement on June 23 and 24, 2016 in Tashkent, Uzbekistan Meeting 3 Presidents.
Source: <http://en.kremlin.ru/events/president/news/52211>

Among these 32 projects, 13 are focused on transportation infrastructure. According to the minister, an Investment and Planning Center will be established in Ulaanbaatar before 2017 and financial issues will be negotiated. Though China has enough funds to cover the majority of the projects' costs, the Mongolian side wishes to seek investment from other countries as well.

The three presidents plan to equally divide costs required for building the Investment and Planning Center, where all financial matters related to programs and projects of the economic corridor will be managed. As stated in the program on the development of a trilateral economic corridor, Mongolia, Russia and China will strengthen cooperation in areas of transportation infrastructure connectivity, ports and border checkpoint construction, customs control, industrial capacity, investment, trade and economy, cultural and people-to-

people exchanges, and environmental protection. Mongolia's Ministry of Foreign Affairs, China's National Development and Reform Commission, and Russia's Ministry of Economic Development will be in charge of the program's implementation.

An expert consultation meeting of the three-party working group to implement the "China-Russia-Mongolia Economic Corridors Program" was held from 10-11 December 2018 in Ulaanbaatar.¹⁴

At the consultative meeting, Mr.Enkhbold, Director of the Foreign Trade and Economic Cooperation Department of the Ministry of Foreign Affairs Mongolia and the Russian side, Mr.Velenev, Deputy director of the Asia-Africa and Latin America Department of Economic Development of the Russian Federation, and Chinese Development Minister of the People's Republic of China, Vice chairman of the Western Region Development Center of the Innovation Committee, Zhang Ming, and representatives from relevant organizations and enterprises from three countries participated.

The decision of the Government of Mongolia on April 17, 2019 was approved by the Government of Mongolia and the Mongolian Government's Action Plan for the development of the "Development Road" and "Belt and Road" initiatives agreed to finalize the contract Mongolian Foreign Minister D.Tsogtbaatar to conclude a contract with China¹⁵.

The Minister of Roads and Transportation B.Enkh-Amgalan assigned to draft a decision on the establishment of a Mongolian-Chinese Joint Venture Company in Tianjin free trade zone China's People's Republic of China to discuss at the next Cabinet meeting. It aims to create optimal transport links connecting Asia, Europe and other continents, to increase transit transportation, to reduce exports and imports of goods and services, to reduce logistics costs, to accelerate commodity turnover connect Mongolian companies to entail enterprises in the Free Trade Zone.¹⁶

President of Mongolia Kh.Battulga State visit to China on April 24 and 25, 2019, invited by Chinese President Xi Jinping. On April 26-28, 2019, the second round of international cooperation at the "Belt and Road" second high level conference was held in

¹⁴ An expert consultation meeting of the three-party working group to implement the "China-Russia-Mongolia Economic Corridors Program" <http://www.mfa.gov.mn/?p=49264>

¹⁵ Decision of Government meeting 2019-04-17, Press and Public Relation Department, Government of Mongolia <https://zasag.mn/news/view/22298>

¹⁶ Decision of Government meeting 2019-04-17, Press and Public Relation Department Government of Mongolia <https://zasag.mn/news/view/22298>

Beijing.¹⁷ The President of Mongolia Kh.Battulga met with the President of the People's Republic of China Xi Jinping in his first State visit and made a formal negotiation. He also participated in a round table meeting of the heads of delegations of the second round of international cooperation "Belt and Road" initiative.¹⁸

1.2 Research Questions

In order to connect China, Russia, Mongolia, Central Asia and Europe, regional cooperation is important, according to CRM economic corridor, Mongolian economy will get stronger due to gas transfer and international transport sector, CRM economic corridor develops more Mongolia will face more challenge related to China and Russia economy influence.

The main research questions are as follows:

1. What is the content of China's OBOR?
2. What is the CRM economic corridor and interests Mongolia?
3. What are the risks and opportunities for Mongolia for joining in the CRM economic corridor?

1.3 Literature Review

In conducting this research, the author has found many literatures concerning the China-Russia-Mongolia economic corridor. According to the nature of them, they are divided into three categories, Implications of The China-Russia-Mongolia Economic Corridor, Development of China-Russia-Mongolia Economic Corridor, Regional Cooperation and The China-Russia-Mongolia Economic Corridor, they are introduced as following.

¹⁷ The official talks between the heads of state of Mongolia and China <https://president.mn/en/2019/04/25/the-official-talks-between-the-heads-of-state-of-mongolia/>

¹⁸ President of Mongolia Khaltmaagiin Battulga held official talks with President of the People's Republic of China Xi Jinping <https://president.mn/en/2019/04/25/the-official-talks-between-the-heads-of-state-of-mongolia/>

I: IMPLICATIONS OF THE CHINA-RUSSIA-MONGOLIA ECONOMIC CORRIDOR

In order to do this thesis, the author made several field research Author's first research field is Implications of The Russia-Mongolia-China Economic Corridor. In this range used several books and papers which very helpful to author to understand the background. The scholar B.Otgonsuren stated that In order to establish an economic corridor, we need to develop infrastructure connecting the countries, especially railroad transportation. Therefore, creation of a joint working mechanism is necessary for the effective operation of the proposed economic corridor that crosses Russia, China and Mongolia. In this way we can solve together the urgent issues and facilitate cooperation in a cost-effective way.¹⁹(B.Otgonsuren, 2015)

The scholar Alicia Campi stated three countries for greater modern transport infrastructure construction so that each economy can continue to grow and trade. At the same time, such factors hold the potential to thwart Mongolia's economic rise. With peace in the greater Northeast Asian region in the post-Cold War period and particularly closer political relations between Russia and China, economic forces have risen to trump each nation's national security concerns. As long as this atmosphere between the two great Eurasian continental superpowers continues, Mongolia can utilize its trilateral policy for its benefit. If the relationship between China and Russia turns increasingly hostile and/or the huge sums of FDI required to build all the new connective infrastructure does not emerge because of a severe economic downturn in China or greater political instability on the Korean peninsula or between nations in the Sea of Japan and East China Sea, the trilateral policy will fall apart or not be effective.

Mongolia historically viewed its landlocked position on the Eurasian continent as a national security plus and developed political and economic mechanisms to play its two border neighbors against each other. This strategy, while in many respects essential to ensure

¹⁹ Mongolian Researcher B.Otgonsuren: Mongolia-China-Russia economic corridor infrastructure Cooperation, Center for China and East Asian Studies, Institute for Strategic Studies of Mongolia, 2015 ERINA REPORT No.127 2015 DECEMBER https://www.erina.or.jp/wp-content/uploads/2015/02/se12710_tssc.pdf

cultural and national independence, resigned the population to poverty and a reactive foreign policy. During the past decade, Mongolia has recognized that, if it is to attain maximum economic benefit from its rich mineral resources and not be marginalized politically by Russia and China as happened in past centuries, it needs to proactively take positive advantage of its geographical position to become a significant and cost effective transit link via rail, road, and pipe between the two giant economies. (A.Campi, 2017).²⁰

The Chinese researcher Zhang stated The Belt and Road Initiative is connected with other regional projects seeking to enhance the countries' competitive advantages and help them build common interests: China's Belt and Road and Russia's Eurasian Economic Union; Belt and Road and Mongolia's Development Road; Belt and Road and South Korea's Eurasian Initiative, and China-Mongolia-Russia economic Corridor. The coordinated development of each country should stimulate integration of regional economies and promote the Asia Pacific regional integration.²¹ (S.Zhang, 2017)

The Russian researcher Dondokov stated, For the successful implementation of the Program, in addition to the institutional mechanism, it is necessary to determine the financial mechanism, including the involvement of public, private and international financial institutions. Especially, it is necessary to highlight the legal and regulatory framework of the Program, paying particular attention to interstate interaction in various fields.

The Program for the creation of the economic corridor China-Mongolia-Russia is a large-scale and at the same time a framework document. The need to fill the Program with concrete projects determines the urgency of the task of developing mechanisms for its implementation. For coordinated interaction between the three countries, it is advisable to create a tripartite intergovernmental Commission with the allocation of sub commissions in

²⁰ Alicia Campi: Transforming Mongolia-Russia-China Relations: The Dushanbe Trilateral Summit The Asia-Pacific Journal | Japan Focus Volume 12 | Issue 45 | Number 1 | Nov 03, 2014 <https://apjif.org/-Alicia-Campi/4210/article.pdf>

²¹ Sichen Zhang: A comparative study of regional strategies of Northeast Asian countries, Institute of Northeast Asian Studies, Heilongjiang Provincial Academy of Social Sciences, (Harbin, China 2018); doi:10.15826/recon.2018.4.1.001 <http://r-economy.ru/a-comparative-study-of-regional-strategies-of-northeast-asian-countries/>

certain areas. It is proposed to organize and streamline the interaction of the representatives of the Association of Expert Centers of Russia, Mongolia and China with the authorities of the respective countries. Creation of clear mechanisms for the implementation of the Program, including the sequence of organizational arrangements, is a prerequisite for its success.²² (Z.Dondokov, 2018)

II: DEVELOPMENT OF CHINA–RUSSIA-MONGOLIA ECONOMIC CORRIDOR

The scholar Alicia Campi stated Mongolia historically viewed its landlocked position on the Eurasian continent as a national security plus and developed political and economic mechanisms to play its two border neighbors against each other. This strategy, while in many respects essential to ensure cultural and national independence, resigned the population to poverty and a reactive foreign policy. During the past decade, Mongolia has recognized that, if it is to attain maximum economic benefit from its rich mineral resources and not be marginalized politically by Russia and China as happened in past centuries, it needs to proactively take positive advantage of its geographical position to become a significant and cost effective transit link via rail, road, and pipe between the two giant economies. In the mid-2000s, Mongolia's neighbors had rejected Mongolia's idea of being a "transit corridor" linking the Chinese and Russian economies. Ten years later, landlocked, sparsely populated and resource-rich Mongolia's geostrategic position serves as a less expensive conduit into the Northeast and Central Asian regions for both Russia and China, who now agree that Mongolia can be an "Economic Corridor" in the region.²³ (Campi, 2017)

There Norwegian (Roman Vakulchuk, 2014) (Farrukh Irnazarov, 2014) researchers stated Central Asia Regional Economic Cooperation Case Study Bringing the Economic Corridor in from the Cold?

²² Z.Dondokov: The economic corridor "China-Mongolia-Russia": problems and development prospects 2018 IOP Conf. Ser.: Earth Environ. Sci.190012052 <https://iopscience.iop.org/article/10.1088/1755-1315/190/1/012052/meta>

²³ Dr. Alicia Campi, President, The Mongolia Society ISA HONG KONG, 27 September 2018 [p.18-19] Mongolia and the Dilemmas of Deepening Continentalism <https://www.mongoliajol.info/index.php/MJIA/article/view/1022>

Modeling Investments Scenarios and Strategies for Comprehensive Development of Economic Corridors in Central Asia One of the priority issues of the CAREC is integration of the Central Asian region into the global supply chain system. To proceed with investment scenarios for the development of economic corridors, it is crucial first to solve significant data gaps as identified in the previous section. A dynamic network database should be established to fill these data gaps.

Overall, most data can be obtained for each scenario. Yet, while regional (oblast) level data is obtainable, district (rayon) level data is difficult to obtain. CAREC economic corridors should be treated separately due to heterogeneity of the region. Investment scenarios for each corridor should take into account such components as inclusive development and poverty reduction, small-and medium-sized enterprises, and entrepreneurship, the issue of labor migration, investment potential, energy export potential, traded goods, and existing economic zones. Each economic corridor should focus on one or two major components, depending on its characteristics and comparative advantages. Moreover, as identified in the workshop discussion paper, given low economic density of the region, the hub-and-spoke development and investment scenarios should be elaborated and implemented. Furthermore, according to regional economic characteristics, urban areas are the dominant centers of regional economic activity. The degree of economic activity in big cities is disproportionately higher than in rural areas. Investment projects have to be focused on the major urban zones, which should serve as major gravitation points for developing CAREC economic corridors. To make CAREC transport corridors successful economic corridors, inclusive growth and the growth of hubs with high economic potential should go hand in hand.²⁴

The Russian researcher M.S.Balandina stated current structure of Russia's integration into the world economy and its integration with China and Mongolia in particular, consists in the export of raw materials and it does not correspond to the model of scientific-technical integration, which is the most significant in the context of globalization. At the same time

²⁴ Asian Development Bank: Economic Corridor Development for Inclusive Asian Regional Integration Modeling Approach to Economic Corridors ISBN 978-92-9254-339-6 (Print), 978-92-9254-340-2 <https://www.adb.org/sites/default/files/publication/31150/economic-corridor-development.pdf> (PDF) Roman Vakulchuk, Norwegian Institute of International Affairs and Farrukh Irnazarov, Central Asian Development Institute

Russia has potential for development in the sphere of technological innovation as it has highly qualified research workforce and opportunities for training of such personnel.²⁵(M.S.Balandina, 2017)

Chinese researchers Yang, Chenhua, Yang Qinyu: stated “China-Russia-Mongolia economic corridor” provides opportunities to fully develop all advantages of each country in a better way. To build and share the opportunities brought by “One Belt and One Road” needs joint efforts of all countries along the line, and a bunch of strategic links and a couple of practical actions between countries.

“Starting with the perspective of market mechanism; then promoting the industrial harmony and cultivation, which driven by business. Finally realize the mutual benefit or win-win for both sides.”²⁶ (YangChenhua, 2015)

III: REGIONAL COOPERATION AND THE CHINA-RUSSIA-MONGOLIA ECONOMIC CORRIDOR

Mongolian Researchers (J.Gulguu, 2017) (B.Indra, 2017) stated the corridors are a mechanism to integrate neighboring three economies and, if they are able to use them, Mongolia's economy will create a favorable economy for the economy. Of course, there is a caution that the two neighbors will be subject to pressure, but it is doubtful that their main interests in major seats are always consistent.

China and Russia have started their strategic initiative to expand their economic space to Eurasia. This attempt to expand its influence in the region does not deny competition in some areas, but it also shows that its collective interests are superior. A program can be seen as the expression of acceptance and acceptance of two new states in Mongolia's foreign policy. it is

²⁵ M.S.Balandina: International trade as a channel of influence of globalization on the economic development of participant countries of the belt and road initiative Graduate School of Economics and Management, Ural Federal University named after the first President of Russia B.N.Yeltsin, (Ekaterinburg, Russia;) doi10.15826/recon.2017.3.3.025 UDC 332.1 R-Economy Vol. 3, Issue 4, 2017 http://elar.urfu.ru/bitstream/10995/57349/1/r-economy_2017_v3_4_05.pdf

²⁶ Jointly Building China-Russia-Mongolia Economic Corridor: New Development Opportunity Sharing Yang, Chenhua: Director, Development Research Center of Inner Mongolia. Yang, Qinyu: Intern, PICC Life Insurance Co., Ltd., Internal Document for Silk Road Forum 2015

possible to accelerate the development of the economy by strengthening its ties with its neighbors. World economic gravity center is gradually moving to Eurasia. The opportunity to use this geographical location in this historic time is now open to Mongolia.²⁷

Chinese researches (X.Zhang, 2017) (S.Zhang, 2017) stated Mongolia's environmental problems have become increasingly prominent due to global warming: 70% of the country's land faces various degrees of desertification, and there is a growing trend. The latest statistics showed that Mongolia has three large lakes, and rivers, streams 6646, among which 551 are drying or already dry. Among the 3613 medium and small-sized lakes and marshes, 483 of which run dry. Thus, the country's rivers and lakes are in a serious condition, water resources are coming increasingly scarce, and the wetland area has reduced sharply. 90% of the homeland is facing the challenges of desertification and soil degradation. Grassland animal husbandry is the basic industry of Mongolia, accounting for 20% of the total national production. The traditional production mode has been long connected to its ecological fragility. The accelerating pace of economic growth, increase of grassland and rangeland use intensity, especially the increase of goat breeding, all accelerate the grassland degradation, leading to grassland desertification and soil erosion. Mongolia national mining industry has developed rapidly, and has become a pillar industry of the country, but the process of development also caused great damage to the environment, the mining area of the natural restoration work is not satisfactory. The diminishing of the role of ecological barrier, air pollution, water pollution, soil pollution and environmental problems have become increasingly prominent, caused great harm on residents' health and the habitat, seriously restricted the sustainable development of agriculture and animal husbandry, industry and mining industry, and will pose potential threat to the ecological economic security. Under the dual effects of natural factors and human activities, the grassland ecology in Mongolia is deteriorating.²⁸

²⁷ J.Gulguu, B.Indra: Russia and China built interest Mongolia–Russia-China economic corridor <https://www.mongoliajol.info/index.php/JIS/article/view/993>

²⁸ China-Mongolia-Russia economic corridor and environmental protection cooperation

X.Zhang, Institute of Northeast Asian Studies, Heilongjiang Provincial Academy of Social Sciences (Harbin, China) Sichen Zhang: Institute of Northeast Asian Studies, Heilongjiang Provincial Academy of Social Sciences

1.4 Research Methodologies

Qualitative research is a scientific method of observation to gather non-numerical data. (Babbie, 2014). This type of research "refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and description of things" and not to their "counts or measures". This research answers why and how a certain phenomenon may occur rather than how often. (Berg, & Lune., 2012). This thesis used historic analysis and literary analysis.

Historical analysis is a method of the examination of evidence in coming to an understanding of the past. It is particularly applied to evidence contained in documents, although it can be applied to all artifacts. The historian is, first, seeking to gain some certainty as to the facts of the past.

Literary Analysis Definition a literary analysis carefully examines a text, or one element of a text, such as character, setting, plot or theme of a story. Literary elements separately: structure (plot), symbolism, point-of-view, setting, theme, general, though, it's often wise to combine these elements in an analytical thesis.

Researcher to the best achieve the goal, this research uses the following methods: analysis of official documents, Governments action plans, ("Action plan on the Belt and Road Initiative", "Program of the establishment of the China-Russia–Mongolia Economic Corridor", "Memorandum of understanding between the Russian Federation, the People's Republic of China and Mongolia on development of the program of the establishment of the economic corridor Russia-China-Mongolia" 32 projects); evaluation of countries economic profiles and future perspectives for development, Governments official reports, media reports, and critical articles, Google scholar searching results, newspaper news and article are written in Russian, Mongolian and English sources.

All Data has been extensively searched from some renowned databases and Google scholar, a web of science, Wikipedia, researches study, science direct, and Springer link website using important keywords like “Mongolia-China–Russia economic corridor, China–Russia–Mongolia economic corridor, Russia–China–Mongolia economic corridor, One Belt

(Harbin, China) doi10.15826/recon.2017.3.3.018

UDC 332.1 <https://journals.urfu.ru/index.php/r-economy/article/view/2972>

One Road, economic corridor, maritime silk road, OBOR, economic development, Belt and Road, China–Russia–Mongolia economic cooperation policy, strategy, regional development, global economic development, challenges, opportunities, security, geopolitics, Asia, Europe” for securing authentic information. The data collection and analysis for this study has been done during December 2019. Literature reviews are a significant part of the development of a field. It offers the opportunity to synthesize and reflect on previous research, and thus providing secure grounding for the advancement of knowledge.

A conceptual framework is developed for implication of China–Russia–Mongolia economic corridor and OBOR initiative for future global, Asia, and Europe development through an extensive review of the literature. The research is descriptive some indicators of China-Russia-Mongolia economic corridor development. The study mainly focuses on context of origin, strategy, opportunities and challenges of China Russia, Mongolia, economic corridor, OBOR related initiatives on the basis of business, economic, political, social, risks and aspects.

1.5 Thesis Scope

Thesis research scopes cover the geographic area which CRM economic corridor and the OBOR located. The countries are mainly concerning China, Russia and Mongolia. And the time frame is set Jan 2013 to Dec 2019.

1.6 Thesis Structure

This thesis consists of five chapters.

First Chapter Introduction it is chapter included 1.1 Research Background and Research Motivation, 1.2 Research Questions and Hypothesis, 1.3 Literature Review, 1.4 Research Methodologies, 1.5 Subject and Research scope, 1.6 The Arrangement of chapters structure.

Chapter Two is Regional Cooperation and The China-Russia-Mongolia Economic Corridor it is chapter included 2.1 Regional Cooperation, 2.1.1 Concept of regional cooperation and a cross-border economic corridor, 2.1.2 How a cross-border economic corridor works, 2.2 OBOR and the China-Russia-Mongolia economic corridor, 2.2.1 Background of OBOR, 2.2.2 Content OBOR, 2.2.3 Ideas, content and potential benefits of the China -Russia-Mongolia economic corridor, 2.3 China -Russia- Mongolia Economic Corridor .

Chapter Three China-Russia-Mongolia Economic Corridor and Its Development, it is chapter included 3.1 China-Russia-Mongolia Economic Corridor, 3.2 Interests and Perspectives of Mongolia, 3.2.1 China 3.2.2 Russia.

Chapter Four Implications of The China-Russia-Mongolia Economic Corridor for Mongolia it is chapter included 4.1 Political Aspects, 4.2 Economic Aspects 4.3 Strategic Aspects 4.4 Challenges.

Chapter Five Conclusions it is chapter included 5.1 Research findings, 5.2 Recommendation for future studies, there are included our thesis.

CHAPTER TWO: REGIONAL COOPERATION AND THE CHINA-RUSSIA-MONGOLIA ECONOMIC CORRIDOR

Countries are interconnected by many things in common. In many respects, they are different from the economy, society, culture and the customs. However, one of the forms of cooperation that has become standard in international relations is the common interest of all countries in the matter of diplomatic relations or the development of foreign cooperation, export, import or trade-economic cooperation. This is the simplest and most basic principle of sharing what is missing.

2.1 Regional Cooperation

Cooperation is important because it allows people and groups to work together to achieve a common goal or derive mutual benefits. Cooperation exists at many levels and takes place between individuals and organizations as well as between states and countries. Cooperation allows participants to exchange valuable information that helps both sides improve their knowledge bases and work in a time- and resource-efficient manner.

Progress has been made in the field of cooperation of the three countries. In particular the program for establishing the “China-Mongolia-Russia” economic corridor for the third meeting of the Presidents of Mongolia, China and Russia at the Shanghai Cooperation Organization Summit in Tashkent on 22-23 June 2016 signed.²⁹

On August 29, 2017 in Moscow, Russia, it was agreed to conclude a Memorandum on the establishment of a joint mechanism by the second meeting of three state experts.

In May 2018, an online video conference was held at the level of three expert teams.³⁰

During the Eastern Economic Forum in Vladivostok, Russia, in September 2018, the Ministry of Foreign Affairs of the Ministry of Foreign Affairs of the Russian Federation, the

²⁹ China, Russia, Mongolia Sign Long-Awaited Economic Partnership Agreement
<https://thediplomat.com/2016/06/china-russia-mongolia-sign-long-awaited-economic-partnership-agreement/>

³⁰ China, Russia, Mongolia Conference call meeting, Ministry of Foreign Affairs Mongolia, Press release
<http://www.mfa.gov.mn/?p=45154>

Ministry of Economic Development of Russia, and the parties have signed the Memorandum of Understanding between the China Development and Innovation Committee.³¹

On December 10, 2018, the fourth Regular Working Group Expert Group Meeting on Program Implementation in Ulaanbaatar, Mongolia was successfully completed.³²

The meeting reached a consensus on the outcome of the program.

In the framework of regional cooperation, the Government of Mongolia has agreed to upgrade the Central Railway Corridor, construct a dual track and electrify the economics of feasibility study, and begin feasibility study, as well as the First and Second International Belt and Road International of the President of the People's Republic of China. The meetings were attended by the President and the Prime Minister of Mongolia.

The Government of Mongolia provided official information on the necessity, importance, and preparation for the preparation of the Economic Corridor and the Transit Corridor, which was submitted to the Parliament of Mongolia on January 25, 2019. This is due to the measures being taken to establish the corridor. These figures can be interpreted as the position of Mongolia working to implement the economic corridor.³³

The Government of Mongolia is implementing the economic corridor program:

One: Needs, requirements

For a landlocked country, Mongolia with vast territory, taking advantage of the shortest geographic location connecting Asia and Europe continent, expanding its integrated international trade, transport, and logistics network, and developing transit transportation will be an important role to participate an active part in global trade and economic networks, to improve the economic situation in the development of the road and transport sector.

The Government of Mongolia is working with special attention to the establishment of mutually beneficial bilateral and trilateral long-term trade agreements with neighboring

³¹ President of Mongolia: The Sides Have Signed a Memorandum of Understanding on Establishing a Joint Mechanism to Advance the Trilateral Economic Corridor, Office of the President of Mongolia, Press release and Report, <https://president.mn/en/2018/09/14/president-the-sides-have-signed-a-memorandum-of-understanding-on-establishing-a-joint-mechanism-to-advance-the-trilateral-economic-corridor/>

³² the fourth Regular Working Group Expert Group Meeting on Program Implementation in Ulaanbaatar, Mongolia was successfully completed, A tripartite expert-level panel session on the implementation of the "Mongolia-Russia-China Economic Corridor Program" was held in Ulaanbaatar on December 10-11, 2018. Ministry of Foreign Affairs Mongolia, Press release, <http://www.mfa.gov.mn/?p=49264>

³³ Government of Mongolia, official information, planning, and implementation Economic Corridor <http://www.parliament.mn/files/45266>

countries, to promote export products to the world market, to coordinate optimizable transportation to the seaport, and to increase the transit transportation through its own territory.

Two: Purpose and significance

The purpose of the Economic Corridor Establishment Program is to provide conditions for the expansion and development of trilateral cooperation implementation of joint-project to improve trade turnover, to ensure competitiveness of goods, to ease cross-border transportation and develop infrastructure between Mongolia, Russia and China.

The Government of Mongolia believes that the development of transit transportation will open the following opportunities.

Such as:

- 1:** Increase the competitiveness of the road and transport sector; it will be main pillar of provider to other sector development and will be increased economic growth;
- 2:** Mongolia will gradually develop an international transportation and logistics corridor connecting Asia and Europe, and will establish a reliable, cheap and efficient transport united network, which will improve its competitiveness in international trade, transport and logistics markets.

Three: About the program

At the third meeting of the State Leaders of Mongolia, Russia and China, which took place during the Summit of the Shanghai Cooperation Organization member states on June 23-24, 2016 in Tashkent, Uzbekistan, the parties agreed/signed on “Economic Corridor Establishment Program of China-Russia-Mongolia”.³⁴

The program consists of the main and the Appendix, which outlines the goals of the program, directions and principles of the cooperation, funding and implementation mechanisms of the projects in the main part.

And, in the Appendix part, the three parties will jointly implement infrastructure, development of the roads and rail corridors, transit transport, industrial cooperation, facilitation of borders and inspections, and intensification of energy, tourism, environment, and customs cooperation, and which includes 32 projects in the fields of education, science,

³⁴ China, Russia, Mongolia Sign Long-Awaited Economic Partnership Agreement
<https://thediplomat.com/2016/06/china-russia-mongolia-sign-long-awaited-economic-partnership-agreement/>

technology, agriculture, humanitarian and health cooperation, and from these, there are 13 projects on the development of transport infrastructure.

Four: Implementing activities

Within the framework of the Economic Corridor Program:

Mongolia has been organizing related activities in stages since its signing. Agreed to conclude a Memorandum on the Establishment of a Joint Mechanism for the Second Expert Panel Meeting of the Joint Program Implementation Group, held on August 29, 2017 in Moscow, and then held a trilateral expert level video conference in May 2018. As a result, during the Eastern Economic Forum, which was held in Vladivostok, Russia, in September of the same year, the Ministry of Foreign Affairs of Mongolia, Ministry of Economic Development of Russia and the Committee for Development and Reform of the People's Republic of China approved and signed on the "Memorandum of Mutual Understanding" regarding of Establishment Mechanism to expedite together Economic Corridor of Mongolia-Russia-China.

In Ulaanbaatar, the fourth round of the Joint Working Group Expert level Meeting ended successfully on December 10, 2018. The meeting summarized the current situation of cooperation within the Program and agreed on further measures.

In particular, they agreed about the establishment of a joint working group to study the technical and economic feasibility of the phased upgrade of the "Central" Railway corridor, to activate the implementation of the Agreement between the three Governments on the implementation of international road transportation via the Asian Road network, and to intensify establishment of a center of the trilateral Investment Drawing Project in Ulaanbaatar.

The sides also exchanged views on the implementation of the Erdenet-Ovoot project on the "North" corridor, increasing the capacity of the Asian road network AH-3 and the possibility of implementing a joint energy project. The parties will focus on implementing the agreement reached and will discuss the results at a meeting of the chairmen of the trilateral Joint Working Group on organizing the first half of 2019.

Following the consultation, a protocol was drawn up and signed with the following provisions:

1. The Parties agree that it is necessary to increase the throughput capacity of the "Central " railway corridor in accordance with the current and perspective growth of the transport

volume, and to establish a joint working group to prepare and organize the feasibility study for the gradual development of this corridor;

2. The Parties shall study the possibility of increasing the throughput of the route AH-3 of the Asian road network in the territory of Mongolia;

3. The Parties have been agreed, in cooperation with the competent authorities of the States, to advance the implementation of the Intergovernmental Agreement on International Road Transport via the Asian Road Network.

The parties also emphasized the successful implementation of infrastructure projects and programs for economic corridor establishment within the cooperation. As part of the implementation of the provisions of the Protocol, it is planned to cooperate with the Ministry of Transport of Russia and the People's Republic of China and other authorized bodies in the first quarter of 2019.

In the field of railway transport development:

The "Central" Railway Corridor is designed to be modernized, to study the economics of building a dual road and to electrify and to redundant.

In recent years, Apart from Mining sector is developing rapidly in Mongolia, favorable conditions for increasing foreign trade volumes between Russia and China and Europe-China for increasing transit traffic have created increasing requirements for rail transport and a part capacity. Rail transportation, despite its low cost, earns a lot of revenue, being the most profitable type of rail transportation, so our country can take advantage of its geographical location and generate great foreign exchange revenue by developing transit transportation.

In 2017, the "Central " corridor transported a total of 3.1 million tons of cargo by rail: Sukhbaatar-Ulaanbaatar-Zam-Uud, which is 30.8% more than in 2016. In particular, the volume of container express trains from China to Europe and the opposite direction through the territory of Mongolia is increasing dramatically, from 167 in 2016 to 556 container express trains in 2017, while in the first 11 months of 2018, 778 express trains have passed through/transit it.

Transit transportation accounts for 13.6% of total freight in "Ulaanbaatar railway" Community of Contributors, but accounts for 30.3% of revenue of transport. At present, the

total length of the main railways connecting Russia and China is 1110 km, with a base capacity of 22-25 million tons of cargo per year.

Further freight of rail transport is expected to increase and in “Ulaanbaatar railway” Community of Contributors had orders to transport 29 million tons of cargo in 2018, despite the risks of difficulties for the technical demand, based on its own resources, major overhaul/big repair and rolling stock the park/movable component park has being implemented.

As part of the implementation of these projects, the aim is to align the Ulaanbaatar Railway Renewal/Restoration Project with the Erdenet-Ovoot North Railway, the “New Railway” Tavantolgoi-Sainshand-Khuut-Choibalsan and the Zuunbayan-Khangai Railway projects. The "East" rail corridor enables to compete with the Zabaiklisk-Manjuur corridor which is the busiest/overload corridor connecting Asia-Europe, to take so certain percentage of freight flow, to connect the northeastern China region with Russia and Europe by about 300 km, and Mongolia using the northeastern China seaport to provide access to the sea by short routes.

By establishing the “North” Rail Corridor and connecting with the line of “Ulaanbaatar railway” Community of Contributors, it will be possible to transport large volumes of coal not only from Ovoot coal mines, but also large volumes of coal from the Tuva region will be traded and traded through tertiary markets, which will increase the freight transport in the Central corridor and increase economic efficiency.

The technical and economic feasibility for providing the International Bank and Financial Institution of the Erdenet-Ovoot Railway Project being implemented under the “Drawing Project-Build-Operate-Transfer ” type concession has been fully developed and received in October 2018.

There is an urgent need to develop the Zuunbayan-Khangai route to reduce the load on the “Central” railway corridor and facilitate a certain part of the flow of the Zam-Uud-Ereen rail border.

In the field of development of railway transit transportations:

During the “Mongolia-Russia Initiative-2018” event in Ulaanbaatar on June 2018 in Ulaanbaatar, the Minister of Road and Transport Development of Mongolia and the Minister of Transport of Russia was signed on the “Agreement of Government of the Russian

Federation and the Government of Mongolia for Conditions Freight transport pass through railways/ to transit".

Within the framework of this agreement:

Implementation of flexible tariff policy for freight/cargo transportation through the railways of the two countries;

Provide long-term competitive tariff conditions in respect of rail freight transport;

Creating conditions to facilitate the movement of goods by rail across the state;

Promote the growth of rail freight transportation between the two countries;

Ensuring the growth and coherence of the growth rates of freight and the basic structure of the railway transportation;

The Mongolian Exporters have provided important provisions for the development of strategic partnership between the two countries, including the creation of barrier-free environment for the sea.

Within this agreement, the discount on the railway tariffs for 25 years will be provided for the export of our goods and products to the third markets through the territory of the Russian Federation.

Within the framework of China's "Belt and Road" Initiative, which has been developing ground transportation corridors and pursuing a policy to accelerate/ push goods turnover, there is a gradual transfer of goods from China to Europe from sea to container transportation, with a total of 3,600 express train trains traveling in Europe last year. By 2020, it is set to deliver 5,000 express trains. Mongolia has taken 556 express trains through Mongolia, reducing the transit tariffs and transfer tariffs, facilitating border crossings and reducing technological time falls, which is a threefold increase from 2016.

In 2014, during a state visit to Mongolia, President Xi Jinping signed "The Agreement between the Government of Mongolia and the Government of the People's Republic of China on Rail Transit Cooperation." in accordance with the recently concluded "Agreement between the Government of Mongolia and the Government of the People's Republic of China on seaborne, return and transit traffic through the territory of the People's Republic of China"; in the north and northeastern regions of China access was officially opened using seven seaports, including Tianjin and Dandun, Dalian, Qinghandao, Huanghu, Jinzhou and Incou etc.

In April 2017, the International Conference on “Transit Mongolia-2017” in Beijing, China and in April 2018 in Moscow, Russia on the Transit Mongolia-2018 International Conference was held to increase rail transit. The participants of the conference are the state bodies of China, Russia, Lithuania, Poland and Germany, the policy on increasing the rail transportation of Mongolia by rail, large consignors and consignees, the flexible transit tariff policy and the transfer process describes the measures taken to reduce the operational price.

In the field of development of the road transport sector:

Government of Mongolia, Russia and China at the Ministerial Conference on Transport of the Asia-Pacific Economic and Social Commission (APESC) of the United Nations, which was held on December 8-9, 2016 in Moscow, Russia. During the conference, the representative of the governments of Mongolia, Russia, and China signed the Agreement on International Road Transport of Asian Road Networks and was ratified by the State Great Khural (Mongolia) on April 12, 2018.

As part of the preparation for this agreement, the three countries have successfully held/carried their freight transport on the Asian Road Network AH-3 Tianjin-Ulaanbaatar-Ulaan-Ude on August 13-26, 2016.

The agreement is the first document to be signed within the framework of the Program and is especially important for the development of transit transportation through the territory of Mongolia.

As part of preparation for the "Agreement on International Road Transport via Asian Road Network", improvement of road conditions, facilitation of border and customs inspection, development of the infrastructure of Zamiin-Uud, Bulgan, Tsagaannuur and Altanbulag ports, as well as timetable changes. The work plan is being worked out because it needs to be provided.

In Ulaanbaatar, on November 28, 2018, a Working Group meeting was held to support the implementation of the agreement, with the support of the APESC. The meeting was attended by representatives of the APESC authorities, Mongolia, Russia and China, and the following documents were identified as a result of the meeting:

To validate / Effective the agreement on September 21, 2018;

Discuss the take effort to establish a Joint Committee to ensure the Implementation of the Agreement under the APESC

The parties exchange information on the preliminary number of road permits required in 2019; The Mongolian and Russian side will inform the diplomatic channel of the proposal by China to lead the Joint Committee as Deputy Ministers of Transport etc.

In Budapest, Hungary on November 20-21, 2018, during the sixth Regular Session of the Mongolian-Hungarian Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation, signed on "Mongolia on International Freight and Passenger Transport by Road, Hungarian Intergovernmental Agreement"

It is also working to rebuild an intergovernmental agreement on road transport with European countries such as Poland, Czech Republic, Germany, Slovakia and Italy to develop transit transportation.

In the field of road sector development:

It sets goal purpose for using actively of the AH-4 rout of the Asian road network passing through the western region of Mongolia or the Novosibirsk-Barnaul-Gorno-Altaysk-Tashanta-Ulaanbashin-Khovd-Yarant-Takeshen-Urumq-Kashi-Honkiraf highway.

The road network of this route runs through 756 km of roads in Mongolia. The Government of Mongolia has phased out the 506.3 km or about 70% of the total road network with phased construction of the state budget, Asian Development Bank loan and assistance, and EKSIM Bank of China concessional loan. The remaining 60 km of the road are being financed by the Development Bank, 189.7 km by the Asian Development Bank, and will be completed in 2019.

It is planned to implement phased construction of roadside sidewalks (signs, markings, collection points, service complexes) along the road network.

It sets purpose for using actively of the Asian road network AH-3 or the Ulan-Uud-Khiagt-Altanbulag-Darkhan-Ulaanbaatar-Sainshand-Zam-Uud-Ereen-Beejing-Tianjin road transport. The route runs about 990 km across Mongolia.

Despite the fact that the entire road network is connected by pavement, there is a need for expansion and modernization to ensure efficient transit transportation.

Regardless of which transport corridor is in the country, it is necessary to have a reliable and efficient road infrastructure which is of good quality without any risks.

Considering the use of the road network which is part of the economic corridor of the two neighboring countries, the Chinese road network as a whole is classified as Asian road

network, the Russian road network is the second class according to the Asian road network, our road corridors fall into the 3rd category, and in some places maybe lower than it.

The Asian road AN-3, road A01 with international and national quality, Ulaanbaatar-Choir-Sainshand-Zamiin-Uud route, 661.9-km-long pavement road, the road A0101, Ulaanbaatar-Choir route, 224.5 km lone pavement road were constructed in 2003-2005. Although daily maintenance was performed every year, the condition of the roads was severely deteriorated due to poor maintenance and regular repairs.

However, the 221.4 km paved road of Choir-Sainshand A0102 was built between 2006 and 2013, and since then maintenance has been carried out year after year, and the condition of the road is normal. 216 km of Sainshand-Zamiin-Uud road A0103 was built between 2003-2013 and since then maintenance has been carried out yearly; however, the heavy road in the direction of the carriageway 60 km away from Zamiin-Uud has a lot of problems due to the cars and needs to repair. It is working on agreement reached with the project contractor and consultant on the decision to extend and upgrade the 20.9 km road from the Gachuurt junction to the Nalaikh-Choir junction with Chinese concessional loans.

For the Left Road Corridor, it will be implemented step by step to make periodic surveys of the Borzja-Solovchevsk-Erentsav-Choibalsan-Baruun-Urt-Bichigt-Zuunkhatavch-Si-Udjimchin-Qi-Ulaankhad / Shilinhote-Chaoyan / Chengdu-Ginjou / Panzzin / Tianjin.

The network will cross the 700-km road in Mongolia. The corridor 272 km of the Baruun-urt-Bichigt route was covered by the Asian Highway AN35 Undur-Khan-Baruun-urt-Bichigt - Jinzhou in 2017. The Asian Road Network AN35 is an important corridor for Mongolia to trade turnover with China, as well as to increase sea crossings.

The network has been designed for 272 km of the Baruun-urt-Bichigt route, which is part of the economic corridor of the three countries, and it is urgent to begin relevant research on the development of the road network in other parts of the corridor.

In the field of dry port development:

Mongolia signed the Intergovernmental Agreement on Dry Port in November 2013 and ratified it by the State Great Khural on February 5, 2016. The agreement also provides for the possibility of a dry port of Altanbulag, Ulaanbaatar, Sainshand and Zamiin-Uud, as well as a dry port of Choibalsan.

Within the framework, 104th Regulation of the Prime Minister in 2018, it is working to establish/set up a Working group on legal basis for the establishment of an international dry port in Mongolia, to study investment proposals and to obtain the support of foreign countries and international organizations, and to ensure public-private partnership.

Five: Challenges

According to the Agreement on International Road Transport through Asian Roads Agreement, which Mongolia, Russia and China have joined together, there is a need for safety, reliable, comfortable and road infrastructure with quality requirements to begin transportation.

Our roads corridors are of the 3rd grade, in some parts not even the 3rd grade, and the severity of the damage is detrimental to efficient transportation. Therefore, Mongolia needs to focus on upgrading the road network and benchmarking it.

The road network of Ereentsav-Choibalsan-Baruun-Urt-Bichigt corridor "East" has a total length of 697 km, the design of the road 272 km of the Baruun-urt-Bichigt route has been developed and it is stated in the form of public-private partnership . There is a need to carry out related research and design in the remaining sections of the road network.

Conduct feasibility studies for the "Central Corridor", "East" and "North" sections of the Railway Construction Program, and for the Zuunbayan-Khangai railway projects, and develop the feasibility study and start the construction process. The need for funding is one of the key issues.

The required Funding:

- Program for Modernization of “Ulaanbaatar railway” Community of Contributors in the “Central” Rail Corridor (195 km major overhaul and 24 new locomotives) - \$ 275.3 million;
- Erdenet-Ovoot Railway Project on the North Rail Corridor - \$ 2.2 billion (Technical and Economic Feasibility);
- Ovoot-Artssuuri Railway Project on the "North" Rail Corridor - \$ 735 million;
- Khuut-Bichigt Railway Project on the "East" Corridor - \$ 1.25 billion;
- Choibalsan-KhuutRailway Project on the "East" Rail Corridor - \$ 900 million;
- Zuunbayan-Khangai Railway Project - \$ 1.1 billion.

Due to the lack of regulation to organize and control transit in the domestic legal framework of Mongolia, the Government of Mongolia needs to work for establishment and improvement of the legal environment.³⁵

2.1.1 The Concept of regional a cross-border economic zone

During the establishment of economic corridors of the three countries, trade facilitation, modernization and facilitation of free economic zones and increased trade turnover are provided.

The Economic Corridor of China-Russia-Mongolia will definitely have an impact on reducing the differences between China-Russia and China-Mongolia Economic Cooperation.

Today, According to the United Nations Industrial Development Organization (UNIDO), currently 120 countries around the world open about 3,000 free economic zones. Export products amount ranges in about 600 billion USD and up to 50 million people are employed. Thus, the calculation of the products export per worker in the zone is about 12,000 USD annually (Zdanov, Y.N 2011).³⁶ From these, China is the leading country in terms of its successful implementation. With regards to the economic free zone, Mongolia has been preparing for the construction and commissioning of an economic free zone with the budget and concessional loans of Mongolia for the last ten years at the side of “Zamiin Uud” border point/port, Sainshand city of the Dornogovi province. Now, it is ready to be utilized. At 900 square hectares of this center's territory is built a particular fence with currently fifty-seven (57) enterprises that are provided with land, for which the three hundred (300) square hectares have already done infrastructure, and through \$58.8 million of total investment concessional loan agreement between the Government of Mongolia and China was made four (4) work sets of infrastructures. Within the framework of this work, roads, communications, water supply, sewerage, power supply and thermal infrastructure works were performed in the third and fourth parts of the “Zamiin Uud” free zone. In the free zone, works of 13.5 km of first tier roads, sidewalks, lighting and signaling channels were completed. In “Zamiin Uud” sum, a thermal power station was built with a capacity of 90 mgW, five (5) heat transfer centers in free zone and seven (7) heat transfer centers in “Zamiin Uud” sum with associated

³⁵ Government of Mongolia official information <http://www.parliament.mn/files/45266>

³⁶ Zdanov Y.N. (2011). Interview of Chief of Federal Agency of Special economic zones direction. Retrieved from: www.rosuez.ru (date of access:19.05.2018)

network/power grid. Pure water supply and Water purification plant for the “Zamiin Uud” sum and free zone, the Pure Water lift station in “Zamiin Uud” sum and water treatment plant with capacity of 3040 m³ / day were constructed along with related network. Substation of “Zamiin Uud” sum substation was expanded and relay stations with 2 × 16 megawatt capacity, sixteen (16) relay stations with 10/04 kV and two (2) distribution facilities with 10 kV were installed in the free zone. We are also working to resolve the issue of connecting the branch line of the rails in the free zone through investments of public and private and partners. The Joint Working Group of the Ministry of Roads, “Zamiin Uud” Railway and “Zamiin Uud” Free Zone who are working in a free zone, is concluding that a railway branch line is possible, and relevant studies/research has been ongoing until now.³⁷

Upon research, introduction of these activities of the Free Trade Zone of Border Citizens and the Free Economic Zone in Mongolia was completed in August 2019 in one of the cities of China.

2.1.2 How a cross-border economic corridor works

In the field of border point

Negotiations with China on implementation of the Government Action Program of Mongolia, provision for growth of export goods and provision of conditions for prompt entry, no hindrance of passengers and vehicles across the state border, border points of Khavirgarkhashat, Bayankhoshuu-Uvdug, Sumber-Rashaan and Burgastai-Laoemyao of Mongolia and China are open during the schedule-off, has increased the export of our country and improved the movements of cross-border vehicles. Positive results were shown by the opening of the Burgastai port on the border between Mongolia and China during off-season only, it has added government taxes a total of MNT 9.3 billion as of October 2018.

In 2014, the establishment of a railway port in some of the state border ports was conducted as agreed by the State leaders of Mongolia and the People's Republic of China. The “Agreement of border points and their regimes in the 2004” between the Governments of the two countries gave an opportunity to amend it. In other words, the addition of the type of railway port to the ports of Shiveenhuren-Sehe, Gashuunsuhait-Gantsmod and Bichigit-Zuunkhatavch of the border of Mongolia and China is a real step for provision of a stable

³⁷ “Zamyn-Uud” free zone of Mongolia was established in 2004, in accordance to the Resolution issued by the State Great Khural of Mongolia /Parliament/ with the territory of 9600 hectares. <http://zfz.gov.mn/w/en>

economic growth of our country and eventually open new opportunities for them through these ports.

2.2 OBOR and the China-Russia-Mongolia economic corridor

China's OBOR Initiative is a clean economy and geostrategic initiative. In short, it is encouraging countries around the world to cooperation together through economic leverage. OBOR is a mega project which covers two-thirds of the global population and three -fourth of the energy resources. Though some researchers thought that OBOR is an initiative to promote their meltdown economy by creating smooth global markets, it is portrayed to reshape the political and economic order of Asia by developing a network of cultural, political and trading corporation.

The Belt and Road Initiative aims to promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries. The connectivity projects of the Initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity.³⁸

The China-Russia-Mongolia Economic Corridor

China, Mongolia and Russia have long established various economic ties and co-operation by way of frontier trade and cross-border co-operation. In September 2014, when the three country's heads of state met for the first time at the Shanghai Co-operation Organization (SCO) Dushanbe Summit, agreement was reached on forging tripartite co-operation on the basis of China-Russia, China-Mongolia and Russia-Mongolia bilateral ties. At the same meeting, the principles, directions and key areas of trilateral co-operation were defined. The three heads of state also agreed to bring together the building of China's Silk

³⁸ Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road
https://en.ndrc.gov.cn/newsrelease_8232/201503/t20150330_1193900.html

Road Economic Belt, the renovation of Russia's Eurasia Land Bridge and the proposed development of Mongolia's Development Road. This commitment will strengthen rail and highway connectivity and construction, advance customs clearance and transport facilitation, promote cross-national co-operation in transportation, and help establish the China-Russia-Mongolia Economic Corridor. In July 2015, the three leaders held a second meeting in the Russian city of Ufa. This second summit saw the official adoption of the Mid-term Roadmap for Development of Trilateral Co-operation between China, Russia and Mongolia. ((HKTDC), 2018) (Sai Ramani Garimella, May 16, 2018)

2.2.1 Background of OBOR

The One Belt One Road (OBOR) initiative

The One Belt One Road (OBOR) initiative was proposed by Chinese President Xi Jinping in 2013. It is a historical initiative of China to connect the people all over the world. Recently it is known as Belt and Road Initiative. It comprises two major programs entitled to Silk Road Economic Belt and 21st Century Maritime Silk Road. The Silk Road Economic Belt connects three major routes like China to Europe, the Persian Gulf, the Mediterranean and the Indian Ocean, while the 21st Century Maritime Silk Road is based on waterways among member countries of OBOR initiative.

It comprises about 65 countries and 900 projects with an investment volume of 850 billion dollars. The Asian Infrastructure Investment Bank (AIIB) was launched with its startup capital of 100 billion dollars in the context of OBOR. The One Belt denotes to the "Silk Road Economic Belt", a revival of the old land based Silk Road which connected China to central Asia, the Middle East and Europe. So, it is also known as Modern Silk Road. The One Road denotes to the "21st Century Maritime Silk Road" which planned to connect Asia, Africa, the Middle East and Europe. This is also known as Maritime Silk Road.

The aim of the OBOR is to connect Asia, Europe and Africa through strengthening partnerships among the countries. China's imperial envoy Zhang Qian initiated the old Silk Road 2000 years ago which has been facilitated as a trade route to Arab and central Asia. Since silk was one of the top most exports item of china at that time so this route is known as Silk Road. In 2013, president Xi Jinping declared to establish and revitalize the old Silk Road by establishing a connection among China, all parts of Asia, Europe and Africa through infrastructure development like railways and roads. It is the largest economic platform of the

world which will promote global economic growth through strengthening economic cooperation. OBOR is working in two ways viz. Silk Road Economic Belt and 21st Century Maritime Silk Road. The Silk Road Economic Belt consists of three routes connecting China to Europe, the Persian Gulf, the Mediterranean and the Indian Ocean. On the other hand, the 21st Century Maritime Silk Road is based on water ways among OBOR member countries. OBOR is a mega project which covers two-thirds of the global population and three-fourth of the energy resources. Though some researchers thought that OBOR is an initiative to promote their meltdown economy by creating smooth global markets, it is portrayed to reshape the political and economic order of Asia by developing a network of cultural, political and trading corporation. The OBOR already got 65 countries as member under its initiative. The importance of OBOR initiative cannot be ignored due to its active role on mutual peace and economic development. It connects Asian countries like Bangladesh, Brunei, Singapore, Sri Lanka, Cambodia, Myanmar, Maldives, Nepal, India, Sudan and Pakistan through seaports, oil and gas pipelines and economic corridors. It also finances for free trade economic zones and energy development projects in its member countries. Though China considered it as propaganda against OBOR's peaceful journey, the benefit of the OBOR will be available for all the people of the world due to its peaceful natures like mutual cooperation, integration and interdependence. A multi-polar world will be established by proper implementation of OBOR through trends of harmony and peace. ((HKTDC), 2018)

2.2.2 Content OBOR

The Belt and Road Initiative

The Belt and Road Initiative refers to the Silk Road Economic Belt and 21st Century Maritime Silk Road, a significant development strategy launched by the Chinese government with the intention of promoting economic co-operation among countries along the proposed Belt and Road routes. The Initiative has been designed to enhance the orderly free-flow of economic factors and the efficient allocation of resources. It is also intended to further market integration and create a regional economic co-operation framework of benefit to all.

The National Development and Reform Commission (NDRC)³⁹ issued its Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road on 28 March 2015. This outlined the framework, key areas of co-operation and co-operation mechanisms with regard to the Belt and Road Initiative.

Conceptual Framework

The Belt and Road Initiative aims to connect Asia, Europe and Africa along five routes. The Silk Road Economic Belt focuses on: (1) linking China to Europe through Central Asia and Russia; (2) connecting China with the Middle East through Central Asia; and (3) bringing together China and Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road, meanwhile, focuses on using Chinese coastal ports to: (4) link China with Europe through the South China Sea and Indian Ocean; and (5) connect China with the South Pacific Ocean through the South China Sea.

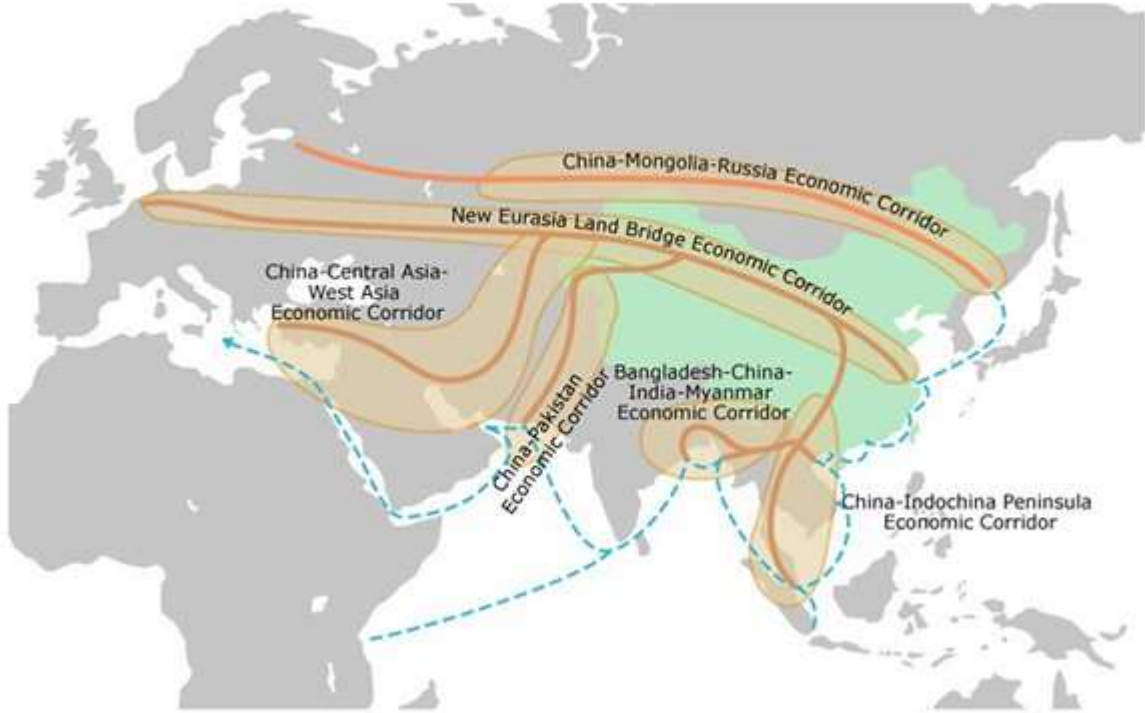
Focusing on the above five routes, the Belt and Road will take advantage of international transport routes as well as core cities and key ports to further strengthen collaboration and build six international economic co-operation corridors. These have been identified as the New Eurasia Land Bridge, China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan, and Bangladesh-China-India-Myanmar.⁴⁰

³⁹ National Development and Reform Commission (NDRC) People's Republic of China
https://en.ndrc.gov.cn/newsrelease_8232/201503/t20150330_1193900.html

⁴⁰ Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road
https://en.ndrc.gov.cn/newsrelease_8232/201503/t20150330_1193900.html

Figure 2 the Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Source: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>

(1) The New Eurasia Land Bridge Economic Corridor

The New Eurasia Land Bridge, also known as the Second Eurasia Land Bridge, is an international railway line running from Lianyungang in China’s Jiangsu province through Alashankou in Xinjiang to Rotterdam in Holland. The China section of the line comprises the Lanzhou-Lianyungang Railway and the Lanzhou-Xinjiang Railway and stretches through eastern, central and western China. After exiting Chinese territory, the new land bridge passes through Kazakhstan, Russia, Belarus and Poland, reaching a number of coastal ports in Europe. Capitalizing on the New Eurasia Land Bridge, China has opened an international freight rail route linking Chongqing to Duisburg (Germany); a direct freight train running between Wuhan and Mělník and Pardubice (Czech Republic); a freight rail route from Chengdu to Lodz (Poland); and a freight rail route from Zhengzhou to Hamburg (Germany). All these new rail routes offer rail-to-rail freight transport, as well as the convenience of “one

declaration, one inspection, one cargo release” for any cargo transported. (Garimella, May 16, 2018)

(2) The China-Mongolia-Russia Economic Corridor

Linked by land, China, Mongolia and Russia have long established various economic ties and co-operation by way of frontier trade and cross-border co-operation. In September 2014, when the three country’s heads of state met for the first time at the Shanghai Co-operation Organization (SCO) Dushanbe Summit, agreement was reached on forging tripartite co-operation on the basis of China-Russia, China-Mongolia and Russia-Mongolia bilateral ties. At the same meeting, the principles, directions and key areas of trilateral co-operation were defined. The three heads of state also agreed to bring together the building of China’s Silk Road Economic Belt, the renovation of Russia’s Eurasia Land Bridge and the proposed development of Mongolia’s Steppe Road. This commitment will strengthen rail and highway connectivity and construction, advance customs clearance and transport facilitation, promote cross-national co-operation in transportation, and help establish the China-Russia-Mongolia Economic Corridor. In July 2015, the three leaders held a second meeting in the Russian city of Ufa. This second summit saw the official adoption of the Mid-term Roadmap for Development of Trilateral Co-operation between China, Russia and Mongolia. (Garimella, May 16, 2018)

(3) China-Central Asia-West Asia Economic Corridor

The China-Central Asia-West Asia Economic Corridor runs from Xinjiang in China and exits the country via Alashankou to join the railway networks of Central Asia and West Asia before reaching the Mediterranean coast and the Arabian Peninsula. The corridor mainly covers five countries in Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan) as well as Iran and Turkey in West Asia.

At the third China-Central Asia Co-operation Forum, held in Shandong in June 2015, a commitment to “jointly building the Silk Road Economic Belt” was incorporated into a joint declaration signed by China and the five Central Asian countries. Prior to that, China had signed bilateral agreements on the building of the Silk Road Economic Belt with Tajikistan, Kazakhstan and Kyrgyzstan. China had also concluded a co-operation document with Uzbekistan on the building of the Silk Road Economic Belt. This was aimed at further deepening and expanding mutually beneficial co-operation in such areas as trade, investment,

finance, transport and communication. The national development strategies of the five Central Asian countries – including Kazakhstan’s “Road to Brightness”, Tajikistan’s “Energy, Transport and Food” (a three-pronged strategy aimed at revitalizing the country), and Turkmenistan’s “Strong and Happy Era” – all share common ground with the establishment of the Silk Road Economic Belt. (Garimella, May 16, 2018)

(4) China-Indochina Peninsula Economic Corridor⁴¹

During the Fifth Leaders Meeting on Greater Mekong Sub-regional Economic Co-operation, held in Bangkok in December 2014, Chinese Premier Li Keqiang put forward three suggestions with regard to deepening the relations between China and the five countries in the Indochina Peninsula. The suggestions included: (1) to jointly planning and building an extensive transportation network, as well as number of industrial co-operation projects; (2) creating a new mode of co-operation for fundraising; and (3) promoting sustainable and coordinated socio-economic development. Currently, the countries along the Greater Mekong River are engaged in building nine cross-national highways, connecting east and west and linking north to south. A number of these construction projects have already been completed. Guangxi, for example, has already finished work on an expressway leading to the Friendship Gate and the port of Dongxing at the China-Vietnam border. The province has also opened an international rail line, running from Nanning to Hanoi, as well as introducing air routes to several major Southeast Asian cities. (Garimella, May 16, 2018)

(5) China-Pakistan Economic Corridor⁴²

The concept of the China-Pakistan Economic Corridor was first raised by Premier Li Keqiang during his visit to Pakistan in May 2013. At the time, the objective was to build an economic corridor running from Kashgar, Xinjiang, in the north, to Pakistan’s Gwadar Port in the south. At present, the two governments have mapped out a provisional long-term plan for building highways, railways, oil and natural gas pipelines and optic fibre networks stretching from Kashgar to Gwadar Port. According to a joint declaration issued by China and Pakistan in Islamabad in April 2015, the two countries will proactively advance key co-operation projects, including Phase II of the upgrade and renovation of the Karakoram Highway (the Thakot-Havelian section), an expressway at the east bay of Gwadar Port, a new international airport,

⁴¹ Xinhua Insight: New momentum over China-Singapore economic corridor
Source: XINHUA | Sep 17, 2014 https://archive.shine.cn/article/article_xinhua.aspx?id=241473

⁴² The China-Pakistan Economic Corridor https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2997650

an expressway from Karachi to Lahore (the Multan-Sukkur section), the Lahore rail transport orange line, the Haier-Ruba economic zone, and the China-Pakistan cross-national optic fibre network. (Chohan, 2017) (Garimella, May 16, 2018)

(6) Bangladesh-China-India-Myanmar Economic Corridor⁴³

In a series of meetings during Premier Li Keqiang's visit to India in May 2013, China and India jointly proposed the building of the Bangladesh-China-India-Myanmar Economic Corridor. In December 2013, the Bangladesh-China-India-Myanmar Economic Corridor Joint Working Group convened its first meeting in Kunming. Official representatives from the four countries conducted in-depth discussions with regard to the development prospects, priority areas of co-operation and co-operation mechanisms for the economic corridor. They also reached extensive consensus on co-operation in such areas as transportation infrastructure, investment and commercial circulation, and people-to-people connectivity. The four parties signed meeting minutes and agreed the Bangladesh-China-India-Myanmar Economic Corridor joint study program establishing a mechanism for promoting co-operation among the four governments. (Chohan, 2017) (Garimella, May 16, 2018)

Key Areas of Co-operation

The five major goals of the Belt and Road Initiative are: policy co-ordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds.

In terms of specifics, policy co-ordination means that countries along the belt and road will, via consultation on an equal footing, jointly formulate development plans and measures for advancing cross-national or regional co-operation; resolve problems arising from co-operation through consultation; and jointly provide policy support to practical co-operation and large-scale project implementation.

Facilities connectivity refers to prioritizing areas of construction as part of the Belt and Road strategy. Efforts will be made to give priority to removing barriers in the missing sections and bottleneck areas of core international transportation passages, advancing the construction of port infrastructure facilities, and clearing land-water intermodal transport passages. The connectivity of infrastructure facilities, including railways, highways, air routes,

⁴³ The Bangladesh–China–India–Myanmar Forum for Regional Cooperation (BCIM), The 2,800-km BCIM corridor proposes to link Kunming with Kolkata, via Mandalay and Dhaka. By Dipanjan Roy Chaudhury Jun 24, 2019, 08.43 AM IST <https://economictimes.indiatimes.com/news/politics-and-nation/kunming-meet-revives-bcim-link-plan/articleshow/69921135.cms>

telecommunications, oil and natural gas pipelines and ports, will also be promoted. This will form part of a move to establish an infrastructure network connecting various Asian sub-regions with other parts of Asia, Europe and Africa.

In order to facilitate unimpeded trade, steps will be taken to resolve investment and trade facilitation issues reduce investment and trade barriers, lower trade and investment costs, as well as to promote regional economic integration. Efforts will also be made to broaden the scope of trade, propel trade development through investment, and strengthen co-operation in the industry chain with all related countries.

With regard to financial integration, action will be taken to enhance co-ordination in monetary policy, expand the scope of local currency settlement and currency exchange in trade and investment between countries along the route, deepen multilateral and bilateral financial co-operation, set up regional development financial institutions, strengthen co-operation in monitoring financial risks, and enhance the ability of managing financial risks through regional arrangements.

In terms of people-to-people bonds, efforts will be made to promote exchanges and dialogues between different cultures, strengthen friendly interactions between the people of various countries, and heighten mutual understanding and traditional friendships. This will all form the basis for the advancement of regional co-operation.

Co-operation Mechanisms

The Belt and Road Initiative upholds the principles of jointly developing the program through consultation with all interested parties. Existing bilateral and multilateral co-operation mechanisms will be utilized to promote the integration of the development strategies of the countries along the route. Steps will be taken to advance the signing of co-operation memorandums of understanding or co-operation plans for the establishment of a number of bilateral co-operation demonstration projects. Efforts will also be made to set up a sound bilateral joint work mechanism, and to devise an implementation plan and action roadmap for advancing the Belt and Road strategy.⁴⁴

The Silk Road Fund⁴⁵

⁴⁴ Vision and actions on jointly building Belt and Road (3) 14:42, April 10, 2017 (Xinhua)

<http://www.beltandroadforum.org/english/n100/2017/0410/c22-45-3.html>

⁴⁵ The Silk Road Fund <http://www.silkroadfund.com.cn/enweb/23773/index.html>

The US\$40 billion Silk Road Fund has been established to finance the Belt and Road Initiative. It will invest mainly in infrastructure and resources, as well as in industrial and financial co-operation. The Fund was set up as a limited liability company in December 2014 with its founding shareholders including China's State Administration of Foreign Exchange, the China Investment Corp, the Export-Import Bank of China and the China Development Bank. The Fund will comply with market rules and the international order of finance, and welcome participation from domestic and overseas investors, such as the China-Africa Development Fund and the Asian Infrastructure Investment Bank.

The first capital installation of the Fund amounts to US\$10 billion. On 14 May 2017, President Xi Jinping delivered a keynote speech at the opening ceremony of the "Belt and Road Forum for International Co-operation", and announced that China would contribute an additional 100 billion Yuan to the Silk Road Fund.

The Asian Infrastructure Investment Bank⁴⁶

The Asian Infrastructure Investment Bank (AIIB) is a new multilateral financial institution founded to bring countries together to address the huge infrastructure needs across Asia and beyond. AIIB offers sovereign and non-sovereign financing for sound and sustainable projects in energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, and urban development and logistics.

As of December 2015, all of the 57 Prospective Founding Members of AIIB had signed the Articles of Agreement. The initial signatories were Australia, Austria, Azerbaijan, Bangladesh, Brazil, Brunei Darussalam, Cambodia, China, Denmark, Egypt, Finland, France, Georgia, Germany, Iceland, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Republic of Korea, Kyrgyz Republic, Kuwait, Lao PDR, Luxembourg, Malaysia, Maldives, Malta, Mongolia, Myanmar, Nepal, Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Poland, Portugal, Qatar, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tajikistan, Thailand, Turkey, the United Arab Emirates, the United Kingdom, Uzbekistan, and Vietnam. As of 21 March 2018, AIIB had 86 approved members/prospective members in total (including Hong Kong).

⁴⁶ The Asian Infrastructure Investment Bank (AIIB) <https://www.aiib.org/en/about-aiib/index.html>

The AIIB Articles of Agreement entered into force on 25 December 2015. On 16 January 2016, the Board of Governors held its inaugural meeting, declaring the Bank open for business and electing Mr. Jin Liqun as President for an initial five-year term.⁴⁷

2.2.3 Ideas, content and potential benefits of the China-Russia-Mongolia economic corridor

The impact of the three countries' economic corridors is simple and clear - a project that is completely economic. That is why each country is making an effort to get involved. The impact of the three countries' economic corridors is simple and clear - a project that is completely economic. That is why each country is making an effort to get involved. The purpose of the Economic Corridor Program is to increase trade turnover between Mongolia, Russia and China. The purpose is to provide conditions for the expansion and development of tripartite cooperation through the provision of competitiveness of goods, facilitation of cross-border transportation and implementation of joint projects aimed at developing infrastructure. The Government of Mongolia believes that the development of transit transportation will allow the Government of Mongolia to: These include:

1. Increase the competitiveness of the road and transport sectors, accelerate the growth of the main pillar and economic growth of other sectors;
2. Mongolia will gradually develop an international transportation and logistics corridor connecting Asia and Europe, and will establish an integrated network of reliable, cheap and efficient transportation, and improve its competitiveness in international trade, transport and logistics market.

⁴⁷ The belt and road initiative <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>

CHAPTER THREE: CHINA-RUSSIA-MONGOLIA ECONOMIC CORRIDOR AND ITS DEVELOPMENT

3.1 China-Russia-Mongolia Economic Corridor

Mongolia is in the process of developing bilateral, tripartite and multilateral cooperation in the "Belt and Road" initiative. We have established a Memorandum of Understanding on coordination with the "Belt and Road" initiative of Mongolia on the "Development Road" Program. This Memorandum covers the broad range of cooperation, such as strategic policy cooperation, trade promotion, infrastructure development, financial cooperation and inter-citizen exchange.

As well as the two-way Memorandum of Understanding, as well as the implementation of the "Mongolia-Russia-China Economic Corridors Program" program aimed at implementing 32 projects focused on logistics and road transport. Within these projects, to upgrade the Mongolian railway and to build a highway to connect Russia, China, and Asia and Europe through Mongolia, There will be three major projects in the near future, including the construction of a power transmission line connecting Russia and China. The establishment of these three economic corridors is expected to contribute greatly to the development and progress of the Eurasian region.

Mongolia was initially set up in 2014 as part of the "Steppe road" project, after changed name "Development road" which was aimed at connecting Russia and China through Mongolia via railways, highways, oil and gas pipelines, and high-voltage power lines. At the meeting of leaders of Mongolia, People's Republic of China and Russia, in Ufa, this initiative was supported by the development of the "Road Map" to develop tripartite cooperation. In this context The Memorandum of Understanding was signed on 9 July, 2015 to develop the "Economic Corridor Development Program between Mongolia-Russia-China". The Program Agreement developed under this Memorandum was signed by the three-way summit during the SCO regular meeting held in Tashkent, on 23-24 June 2016.⁴⁸ In 2016, the Government of

⁴⁸ The agreement consists of 32 proposed projects, and outlines the creation of a joint investment center to assess the financial requirements and feasibility of each by the end of 2016. <https://thediplomat.com/2016/06/china-russia-mongolia-sign-long-awaited-economic-partnership-agreement/>

Mongolia initially changed the initiative of the “Steppe Road” initiative to the "Development Road", not just for infrastructure and to cover more sectors.



Figure 3 President of Russia Vladimir Putin, President of China Xi Jinping and President of Mongolia Ts. Elbegdorj sealed the agreement on June 23 and 24, 2016 in Tashkent, Uzbekistan, Source: <http://en.kremlin.ru/events/president/news/52211>

Mongolia is participating interest the Economic Corridor

The interest of Mongolia to establish economic corridors is to link the two neighboring road infrastructure and to tightly align the economies of the neighboring countries, which will address the following factors:

Those are:

1. The ability of the Northeast Asia economy to grow rapidly and to maximize the demand for increasing energy demand can be one of the pillars of Mongolia's development and Corridors infrastructure will play an important role.
2. The cooperation between Russia and China is the most favorable moment for the two countries to become the leading influence on Eurasia as well as on global geopolitical

and economic policies. On the basis of the studied our two neighbors create infrastructure around the Mongolian border, right and east. This infrastructure was built to supply Russia from China to the Siberian gas pipeline. Therefore, we need to actively advance economic corridors to avoid leaving our neighbors' traffic network. Trade turnover and investment in regions other than two neighbors are not substantially increased. Thus, the economic corridors have been created to make Mongolia move into the region and change trade barriers.

3. More than 80 percent of Mongolia's exports are raw and semi-manufactured mineral products, and they are heavy in great demand because of the fact that third-country markets are in the market and in today's conditions, they are unable to compete with transportation costs. It means that you can sell your mineral products to ready-to-market markets until you are ready to process them as ready or semi-finished products. This applies to mining and agriculture.

The current economic opportunities of Mongolia and the regional orientation of the region have created a realistic need for closer economic integration with neighboring countries.

Economic corridor's Impact in Mongolia

Established three economic corridors of China- Russia-Mongolia,

A: Mongolia is one of the fastest growing economies. Both neighbors have the capacity to import the necessary equipment, technology, consumer goods and foodstuffs.

B: The start of the corridor will result in significant revenues from Mongolia as a transit payment.

Transit transport is 10.9% of the total freight within /Ulaanbaatar Railway Road Joint Company/ UBTZ, but it constitutes 22.8% of total freight transportation. By 2018, UBTZ could carry 34 million tons of freight, carry a freight load of 10 million tons, and freight capacity of 48 million tons in 2020 and 76 million tons in 2030.

C: Other non-economic benefits. It should also take into account the indirect economic benefits derived from the use of rail and road maintenance, technical services, fuel charges, hotel and catering services.

D: Competitiveness improves. According to the 2019 World Competitiveness Report, Mongolia ranked 3.1 out of 141 countries by total infrastructure, with 119th place, including 59 for the railway and 112th for the road.⁴⁹

Due to the corridor, transport capacity and speed in Mongolia will increase meat, milk, wool, and cashmere products, such as crops, potatoes and vegetables.

Challenges to Mongolia's economic interests

1. Economic impacts of the two neighboring Mongolian economies will increase significantly due to economic corridors. The high competitive advantage of the Mongolian economy will be dominated by the Mongolian market. However, on the other things, Mongolia's export goods must also be favorable environment. The final outcome of the dependence can be a healthy international labor schedule.
2. There is a risk that the goods senders and recipients will be both neighbors because of their common interests. However, the Mongolian side will be the main criterion for direct revenue and incomes from the increase of transit transportation between two neighbors.

The corridor can serve as a tri-partite interest, so one of the two neighbors is a good idea to play a role in balancing the position and positioning of other parties, to create a Corridor preventive action.

Mechanisms for economic corridor

Structures and mechanisms for organizing the implementation of the program are slowly developing. The Mongolian regulatory body is the Ministry of Foreign Affairs,

⁴⁹ Klaus Schwab, World Economic Forum: Insight Report The Global Competitiveness Report 2019, Page(410-414), http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Ministry of Economic Development of Russia, The parties agreed to work on the China National Development and Reform Commission. Also included are the consultative mechanisms of the Deputy Foreign Minister. (J.Gulguu, 2017)

The three-member expert-level meeting was held in Beijing in March 2017 in order to negotiate the necessary measures for the implementation and analysis of project implementation. In August, in Moscow, The Mongolian side organized in Ulaanbaatar in March 2019. In other words, meeting three times per year will be an urgent matter and quick development. The Association of Three Think Tanks, established in 2015, has been convened three times for the purpose of listening to the opinions of scientists and discussions. In addition, the investment design center, which is designed to develop feasibility studies and projects, has been set up in Ulaanbaatar after the initial implementation of the first three projects. Mongolia has established a National Working Group to co-ordinate economic corridors internally. The working group is headed by Vice Minister of Foreign Affairs, comprising about 20 representatives from major ministries, including the Ministry of Roads, Transportation, Ministry of Energy and National Development Agency in Mongolia. The three-step mechanism to build the economic corridors, as well as the emergence of a structured project that integrates domestic operations, is an important milestone.

Leading economic corridors project

There are 32 projects in three economic corridors. Three parties have agreed on the importance of the three priority projects to be implemented first. The delay of the east-west route from the three east-west destinations on the territory of Mongolia, which is aimed at improving the railways, roads, and power lines along the center.



Figure 4 “Central Railway corridor” (Ulaan ud-Naushki-Sukhbaatar-Ulaanbaatar-Zamiin Uud -Erenhot-Ulaantsav-Zhangchahuu-Beijing-Tianjin) Source: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>

Railway Road: currently the railway network of Mongolia is 1932.1 km long, which is owned by the Mongolian-Russian joint venture "Ulaanbaatar Railway" which is 1815 km from the central railway corridor. "**Central Railway corridor** (Ulaan ude–Naushki–Sukhbaatar-Ulaanbaatar-Zamiin Uud-Erlian-Ulaantsav-Zhangchahuu-Beijing-Tianjin)- to study the economic feasibility of the comprehensive development, construction, and electrification of". The first tasks to be addressed under the project are to electrify the railways, to partial dual roads, to build new roads, to improve traffic management dispatching, and to improve economic and legal environment.



Figure 5 Railway transit corridors, Source: www.mfa.gov.mn

Auto Road: As of 2016, there is 49250 km of roads in Mongolia, 28.2 percent or 13891 km of paved roads.

Our two road routes (AH-3 and AH-4) are included in the network of the Asian Highway (Great Asian Highway). The center passes through the corridor, the AH3, and the length of the road is 1041km. The Asian Road Network AH3 is a economic corridor development program related. (/Ulaan uud- Khiagt/-/Altanbulag-Darkhan–Ulaanbaatar-Sainshand-Zamiin uud/Erliaan-Beijing-Tianjin/) to actively use the transit routes and to study the economic feasibility of the road.

At the same time, the "Intergovernmental Agreement between Mongolia, the Russian Federation and the People's Republic of China on the International Auto Road Network was signed in December 2016 and the agreement was enacted and the arrangements aimed at improving the coordination of transnational transport in 3 countries the implementation of the construction will create a technical opportunity to increase trade turnover. Additionally, it is a good environment for importing and importing auto-export vehicles to third countries.

Energy: Implementing a 500kW line transect of three countries will ultimately assume an advantage over our country. Our country imports from Russia importing 85 percent of its energy needs. This import is also unsuitable for suppliers to meet the overloaded load. If the project is implemented, it would be a good idea for such imports to be "regime".

During the final intergovernmental commission's session, Russian energy companies expressed their interest in establishing a Mongolian joint venture, implementing new projects and renewing Mongolian power plants. This interest is most likely to be connected to the hydroelectric power station in the northern hemisphere. When the joint venture is used, it can be supplied to three trans-boundary power lines. (B.Otgonsuren, 2015)

The findings of Mongolian researchers on economic corridors

The creation of economic corridors of Mongolia, China and Russia will enable Mongolia to participate in regional economic integration and enhance the mining industry based economy. There has been a successful negotiation at the top three countries for the construction of this corridor. The implementation stage is intensifying. In this regard, mechanisms to ensure the coordination of the three-way work form at the stage; It is ready to go into the research phase for the economic evaluation of the projects, The international financial mechanisms are in place for China's initiatives and efforts, and the Coalition-related projects have begun funding.

The biggest advantage of Mongolia's participation in economic corridors is that there is no major risk to the geographical proximity, as well as major risks in the direction of Central Asia and West Asia, such as terrorism and instability. What Mongolia can offer is safety and stable long-term condition. A Consultative Meeting on the Implementation of the "China-Russia-Mongolia Economic Corridor Establishment Program" was organized. An Expert-level Consultative meeting of trilateral working group on the implementation of the "Mongolia-Russia-China Economic Corridor Establishment Program" was held in Ulaanbaatar on December 10-11, 2018. The meeting was attended by Enkhbold.V, Director of the Foreign Trade and Economic Cooperation Office of the Ministry of Foreign Affairs, representative from Russian side, by Zelenev.A.V, Deputy Director of Asia, Africa and Latin American Office of the Ministry of Economic Development of Russia, and from the Chinese

side led by Zhang Min, Deputy Director for Western Development Office of the Innovation Committee of the People's Republic of China, and representatives of relevant organizations and enterprises from the three countries.

The meeting has summarized the current situation of cooperation within the framework of the "Economic Corridor Establishment Program" implementation and agreed on further measures. The following were particularly agreed upon:

1) The establishment of a joint working group to study the technical and economic feasibility to innovate and develop the central railway corridor stage by stage;

2) To intensify the implementation of the agreement between the three Governments on the implementation of international road transportation through the Asian road network;

3) To establish a trilateral Investment Drawing Project Center in Ulaanbaatar.

The sides also exchanged views on the implementation of the Erdenet-Ovoot project on the northern railway corridor, increasing the joint project implementation of cross-border capacity of the Asian road network in energy branch.

The parties worked for the implementation of the agreement and agreed to discuss the results of the meeting during the first half of 2019 with the Head of the trilateral Joint Working Group. Through the decision of consultative meeting, a protocol was drawn up and signed. On December 11, representatives from the three participating countries met regarding the activities of the Contributors Community of the "Ulaanbaatar Railway". A solution to the problem was discussed at the top-level summits of the three states' leaders by direction of implementing the economic corridor, that the management of the team responsible for this program of the three countries has a mutual understanding.⁵⁰

Mongolia chose and signed 32 projects which are priorities to be implemented on the economic corridor establishment with mutual agreement with its two neighbors. These projects include the following branches: Transportation, infrastructure, industry, Border checkpoint reform, trade, customs, specialized inspection, and quarantine, environmental protection and ecology, agriculture, and medical science. The successful implementation of the economic corridor within these areas will inevitably lead to direct and indirect effects,

⁵⁰ Ministry of Foreign affairs Mongolia <http://www.mfa.gov.mn/?p=49264>

including upgrading of international motorways and railways, increasing transit speeds, reducing commodity costs and saving time.

The Economic Corridor is a geostrategic development with a clear economic sense. This will be a huge boost to the economy of Mongolia as well as increasing the competitiveness of the economy and the benefits of increasing the assortment, quality, and revenue of standard goods. Therefore, investing in it will definitely stimulate the non-mining economy and increase its export-oriented products and industries, which will reduce unemployment and poverty in the society and upgrade the quality of life in urban and remote areas. In this context, Mongolia has secured stable long-term agreements on preferential transportation between China and the regions of Russia, and successfully negotiated deliveries of historical goods and supplies to seaports through the territories of two neighbors. This is one of the biggest opportunities for Mongolia in establishing economic corridor programs.

China wants to set up a giant network with a transcontinental infrastructure park and an economic corridor connecting seaports, oil, and gas pipelines, roads, and railways in more than 65 countries. It is characterized by the pursuit of a long-term policy of gentle communication with all nations on a grand scale. Mongolia is not the only economic corridor involved with this, and it is being implemented in conjunction with Russia, which can be regarded as reducing the risk of adverse economic consequences due to the geopolitical effects of great power. Despite the government of Mongolia taking measures to expand the economy by trading long-term bonds in international markets, the loans include Chinese investments, concessional lending, and money swap agreements, which can lead to debt and financial difficulties in implementing these projects. The probability of causing it is high. As much as possible, Mongolia should not invest in the economic corridor construction by attracting international economic support and investment from China as it has a positive effect on the future and limits the interest of the Chinese side in terms of economic investment.

However, Mongolia has a positive effect in the future, as long as it does not involve the investment required by China in the construction of economic corridors by attracting international economic support and has a small effect on Mongolia's investment in limiting the interest of the Chinese side. It will be very useful for future development and development step for Mongolia.

Once a project internationally launched, it can attract international investment, financial and investment funds, and properly illustrate projects with China and Russia in terms of economic benefits and a powerful global economy.

Mongolia is focusing on the following 32 projects within the framework of the economic corridor, the list of which is agreed by the parties:

A list of 32 projects China–Russia–Mongolia economic corridor program⁵¹

Transportation infrastructure:

1. Conduct a feasibility study for comprehensively redeveloping the main railway links of the economic corridor (UlaanUde -Naushki-Sukhbaatar-Ulaanbaatar-Zamiin Uud-Erenhot-Ulaan Tsav-Zhangjiakou-Beijing-Tianjin), constructing a double-track railway, and distributing electricity to it.
2. Conduct studies on northern railway links of the economic corridor (Kurangino-Kyzyl-Tsagaan Tolgoi-Arts Suuri-Ovoot-Erdenet-Salkhit- Zamiin Uud-Erenhot-Ulaan Tsav-Zhangjiakou-Beijing- Tianjin). In the case of a positive feasibility study result, the construction work will start immediately.
3. Conduct studies on western railway links of the economic corridor (Kurangino-Kyzyl-Tsagaan Tolgoi-Arts Suuri-Khovd-Takashiken-Haxi Prefecture-Urumqi). In the case of a positive feasibility study result, the construction work will start immediately.
4. Conduct studies on eastern railway links of the economic corridor (Borzya-Solovevsk-Ereen Tsav-Choibalsan-Khuut-Bichigt-Zuun Khatavch-Ulaan Khad-Chifeng-Jinzhou). In the case of a positive feasibility study result, the construction work will start immediately.
5. Conduct studies on Tumen River Transportation Corridor project, also referred as “Coast-2” corridor, (Choibalsan –Sumber –Rashaan –Ulanhot –Changchun –Yanji -Zarubino). In the case of a positive feasibility study result, the construction work will start immediately.
6. Conduct studies on “Coast-1” railway corridor (Choibalsan-Sumber-Rashaan-Manchuria-Qiqihar-Harbin-Mudanjiang-Suifenhe-Vladivostok-Nakhodka). In the case of a positive feasibility study result, the construction work will start immediately.

⁵¹ Ministry of Foreign Affairs of Mongolia: List of 32 projects China –Russia –Mongolia economic corridor program <http://www.mfa.gov.mn/?p=35087>

7. Study opportunities to connect Mongolia with the superhighway between Moscow and Beijing.
8. Organize a joint discussion session on establish a trilateral logistics company.
9. Actively use Asian Highway Networks AH-3 (Ulaan Ude-Kyakhta, Altanbulag-Darkhan-Ulaanbaatar -Sainshand-Zamiin Uud, and Erenhot-Beijing-Tianjin) for transportation, and conduct feasibility study for building a highway joining Mongolia to AH-3.
10. Construct AH-3 routes Novosibirsk-Barnaul- Gorno-Altaysk –Tashanta, Ulaan Baishint-Khovd-Yarantai, and route Takashiken-Urumqi-Kashi-Honqiraf.s
11. Conduct a study on East Highway Corridor (Borzya Borzya-Solovevsk-Ereen Tsav-Choibalsan-Baruun Urt-Bichigt-Zuun Khatavch-Xi Ujimqin-Ulaan had; routes between Zuun Khatavch and Chaoyang, between Chengde and Jinzhou) and begin construction if feasibility study shows positive result.
12. Establish an Intergovernmental Agreement on the Asian Highway Network between governments of Mongolia, Russia and China.
13. Ramp up construction of communications infrastructure, manage technological operations and ensure safety of transportation corridors running from Ulaan Ude to Kyakhta, as well as on routes Altanbulag-Darkhan-Ulaan-baatar-Sainshand-Zamiin Uud and Erenhot-Ulaan Tsav-Beijing-Tianjin.

Industry:

14. Boost construction of the main part of the Mongolia-Russia-China economic corridor and study opportunities for establishing an industrial cooperation agreement between the three nations.
15. Conduct a feasibility study on building an economic cooperation zone between Heilongjiang Province in China, Inner Mongolia Autonomous Region of China, Mongolia and Russia.

Border checkpoint reform:

16. Repair Russian border checkpoints in Zabaikalsk, Pogranichny, Kraskino and Mondi, Chinese border checkpoints in Manchuria, Suifenhe, Hunchun and Erenhot, as well as Mongolian border checkpoints.
- Energy:
17. Research cooperation opportunities with Chinese companies on renewing Mongolian and Russian electricity distribution network.

Trade, customs, specialized inspection, and quarantine:

18. Carry out the Framework Agreement on Cooperation in Development of Ports of Entry and Framework Agreement on Cooperation in Creating Favorable Conditions to Facilitate Trade Development among China, Russia and Mongolia, established on July 9, 2015.

19. Approve and support the implementation of agreements between Russia's Federal Customs Service, China's General Administration of Customs, and Mongolia's General Taxation and Customs Administration, which calls for mutual recognition of the result of custom control inspections of certain goods.

20. Implement the joint declaration of Mongolia, Russia and China on food security cooperation, made on October 3, 2015, and strengthen cross-border trade control on food products, and improve trade conditions.

21. Provide support for the agreement signed between customs authorities of Mongolia, Russia and China on June 23, 2016 through cooperation on bolstering customs control inspections of products of animal and plant origin, preventing spread of animal and plant diseases and harmful biological outbreaks, as well as ensure trade security controls on products of animal and plant origin.

Environmental protection and ecology:

22. Boost practical cooperation on special protection areas that are beneficial to all sides, and strengthen relevant communication. Mongolia, Russia and China will organize consultative meetings and improve mutually beneficial cooperation within the scope of Mongolia's Strictly Protected Area measures.

23. Strengthen tripartite cooperation on protection of wild animals, plants and immigration birds, and on scientific exploration and inspection related to wild plants, animals and bodies of water.

24. Study opportunities for creating information exchange system between authorities, and collaboration on environmental protection and ecology sectors. Scientific and technological cooperation:

25. Science and technological parks and innovative companies of Mongolia, Russia and China will boost cooperation in transportation, environmental protection, rational use of natural resources, science and technology for sustainable livelihood, information and communication

technology, nano technology, energy, energy conservation and waste reduction, agricultural science, new industrial technologies, and natural and technological disasters.

26. All sides will expand scientific and technological development of information exchange and promote exchange and training of academics.

27. Expand the scope of international student exchange and advance educational exchanges for young people based on resources of educational organizations. Humanitarian cooperation:

28. Develop cross-border tourism destinations, including Mongolia's Khuvsgul Lake, Russia's Baikal Lake, and China's Hulun buir Grassland. The three sides will co-establish a tourism circle across Mongolia, Russia and China.

29. Produce "Great Tea Road" brand for Mongolia-Russia-China tourism.

30. Enhance film trade and exchanges among the three nations and develop a joint film industry.

Agriculture:

31. Carry out the protocol signed on September 12, 2015 between Mongolia's Department of Veterinary and Animal Breeding, Russia's Federal Service for Veterinary and Python sanitary Supervision, and China's Veterinary Bureau of the Ministry of Agriculture.

Medical science:

32. The three sides will co-organize international seminars on medical science and health, and cooperate in the public health sector.⁵²

⁵² Ministry of Foreign Affairs of Mongolia: List of 32 projects China –Russia –Mongolia economic corridor program <http://www.mfa.gov.mn/?p=35087>



Ministry of Foreign Affairs of Mongolia

Railway Transit through China



Figure 6 Railway transit through China, Source: www.mfa.gov.mn



Ministry of Foreign Affairs of Mongolia

Railway Transit through Russia



Figure 7 Railway transit through Russia, Source: www.mfa.gov.mn



Figure 8 Road transit corridors Source: www.mfa.gov.mn

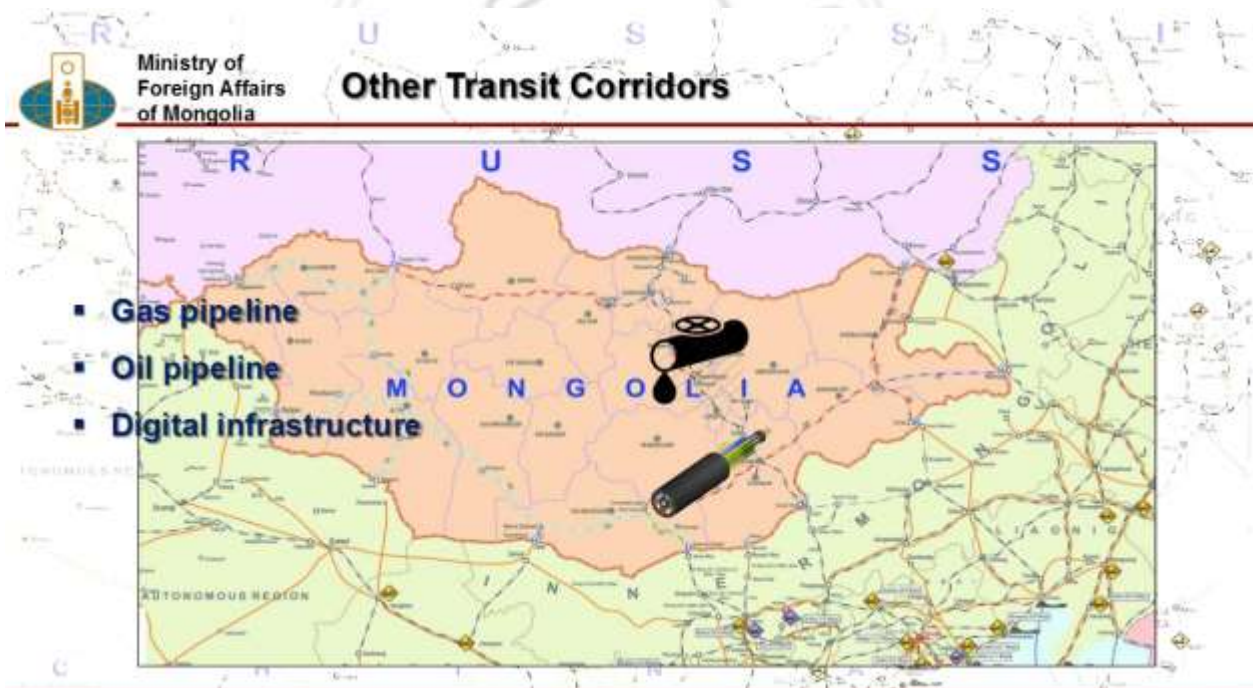


Figure 9 Other transit corridors Source: www.mfa.gov.mn

3.2 Interests and Perspectives of Mongolia

A combination of the two concepts namely "Silk Road" economic zone and the "Silk Road of Sea," resulted in the Chinese term "One Belt One Road." This was intended to incorporate ideas that are mutually beneficial to connect principles of joint discussion, joint-creation, and accession to be discussed by nations around the world.

The initiative to jointly build the Belt and Road, embracing the trend towards a multi polar world, economic globalization, cultural diversity and greater IT application, is designed to uphold the global free trade regime and the open world economy in the spirit of open regional cooperation. It is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all. Jointly building the Belt and Road is in the interests of the world community. Reflecting the common ideals and pursuit of human societies, it is a positive endeavor to seek new models of international cooperation and global governance, and will inject new positive energy into world peace and development.

The Belt and Road Initiative aims to promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries. The connectivity projects of the Initiative will help align and coordinate the development strategies of the countries along the Belt and Road, tap market potential in this region, promote investment and consumption, create demands and job opportunities, enhance people-to-people and cultural exchanges, and mutual learning among the peoples of the relevant countries, and enable them to understand, trust and respect each other and live in harmony, peace and prosperity.

With the successful implementation of the economic corridor, speed of the transit transport through Mongolia will increase by at least thirty percent (30%), which will have direct and indirect positive effects to the economy of our society. Jobs will increase and enterprises developing export-oriented products and services will increase exports to the North-East, and their productivity will also increase in accordance with the requirements of international quality standards. Progress in foreign affairs will also accelerate the non-mining sector and the Mongolia-dependent foreign trade situation. With the diversification of the economic structure and transition to a rainbow economy, prices of commodities will increase and provide a basis for the development of final products and mass production. According to researchers, the trade turnover between China and Russia is projected to reach \$200 billion by 2020. This figure is a huge investment in the economy that is passing very closely to our country. Therefore, we need to be active participants in the idea of co-gaining and co-winning, taking into account the potential risks that we can bear on the projects, in order to stay up to speed and keep up with the moment. Such a fast-growing region cannot be left without sharing the potential for development between its two neighbors. Whoever does not take the risk will be left behind without gain or loss. So Mongolia needs to take the risk and join in this economic intervention.

There are no border disputes between Mongolia and China even with about 4700 borderlands, and about 1,000 km when extending to the eastern border of Ulaanbaatar, and about 1,600 km when stretching to the western border. Residents of remote areas will also benefit from this program. Therefore, the development of other sub-roads according to the approved roadmap, which is not only important in the central corridor, is in the common good of Mongolia. Sustainable development of other sub-roads according to approved roadmaps is regarded as equally important by the central corridor, which is in highly beneficial to Mongolia. Mongolia is steadily developing this relationship by establishing 2014 comprehensive strategic partnership with China, and there are no any territorial or political disputes between the two States. In recent years, the summits between the leaders of the three countries have increased in number and frequency from September 2014, July 2015, June 2016, June 2018, and June 2019, respectively.

Based on the universal principles of the “Belt and Road” Initiative by the Chinese side, the five principles of peaceful friendship are equally applicable to other nations of United Nations, mutual respect for each other's independence, territorial integrity, non-aggression, and non-aggression. This is followed by the general principle of non-interference in internal affairs, of mutual benefit and of coexistence with peace, as every major country participating in this program understands this principle. Integration of active access points of view is considered to bring the importance of multi-national for Mongolia.

In the context of foreign policy, Mongolia has developed diplomatic relations with more than 180 countries over the last thirty (30) years. With the addition of diplomatic relations, there is a great opportunity to develop economic relations, which has a great potential for foreign trade.

On December 06, 2019, the Prime Minister of Mongolia, Khurelsukh.U, made an official visit to Russia through the invitation of the Prime Minister of the Russian Federation, and agreed to cross the gas pipeline from Russia to China through the territory of Mongolia, in relation to energy issues regarding the Economic Corridor,.

The Prime Minister of Mongolia, U. Khurelsukh, visited the President of the Russian Federation, V.V.Putin, in Sochi on December 05, 2019. This is the second time they met within the last three months. During the meeting, they agreed to start a gas pipeline project across Mongolia. Prime Minister U.Khurelsukh noted that "the gas pipeline project implemented within the economic corridor will make a significant contribution to the social and economic development of Mongolia, Russia and China." Russian President Vladimir Putin emphasized that "there are no political obstacles to the implementation of the project." For quite a while, they were just envisioning about gas pipeline across the territory of Mongolia, and now they deem it is time to implement and two sides can start. So, the two sides signed a memorandum.

Within the framework of this memorandum, Research Working Groups of two sides will now commence work on establishing economic benefits and developing a technical and economic feasibility. This project will allow Mongolia to realistically participate in the energy integration of the region.

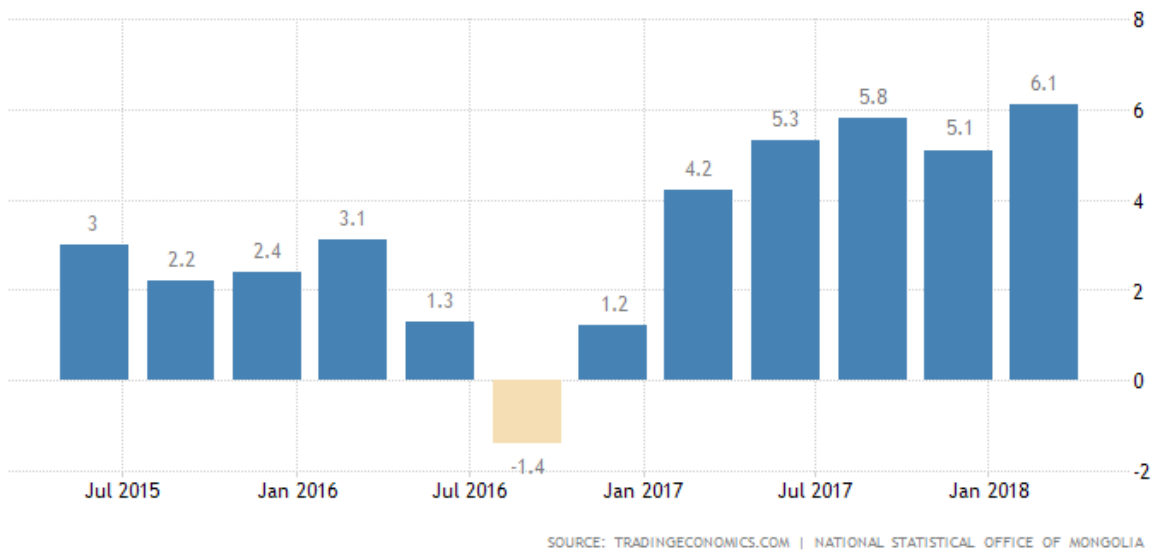


Figure 10 Mongolia GDP Growth Rate, The Gross Domestic Product (GDP) in Mongolia expanded 6.10 percent in the first quarter of 2018 over the previous quarter. GDP Growth Rate in Mongolia averaged 5.45 percent from 1991 until 2018, reaching an all time high of 17.50 percent in the fourth quarter of 2011 and a record low of -9.30 percent in the fourth quarter of 1992.

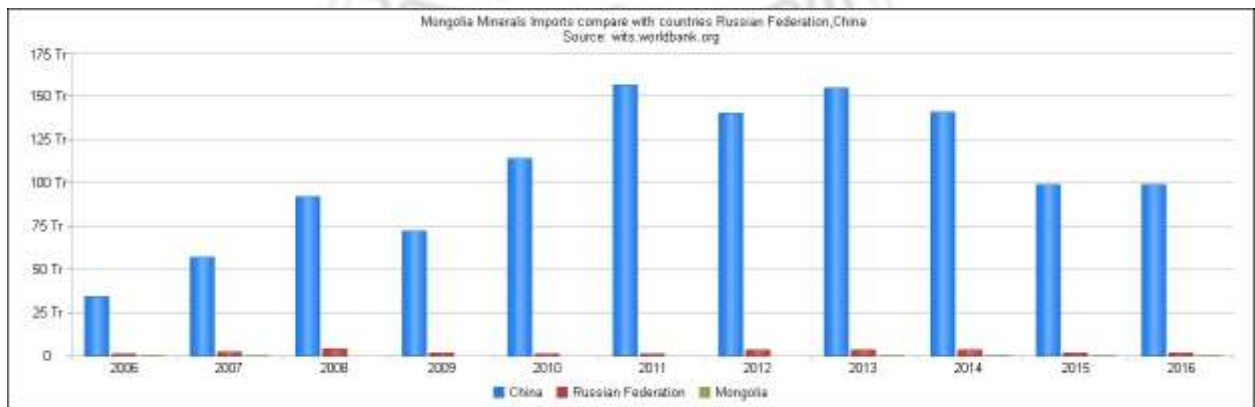


Figure 11 Mongolia Minerals Import compare with countries Russian Federation, China Source:wits.worldbank.org

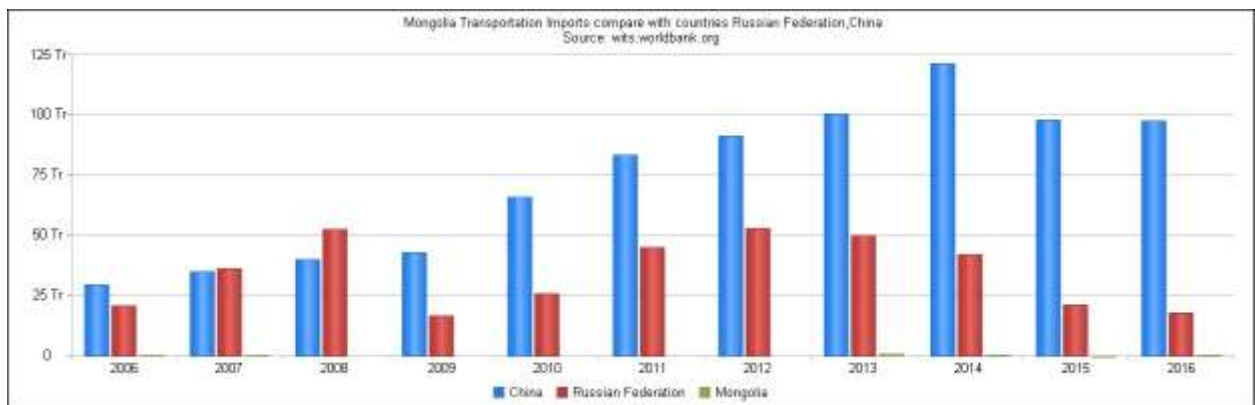


Figure 12 Mongolia Transportation Imports compare with countries Russian Federation, China

Source: wits.worldbank.org

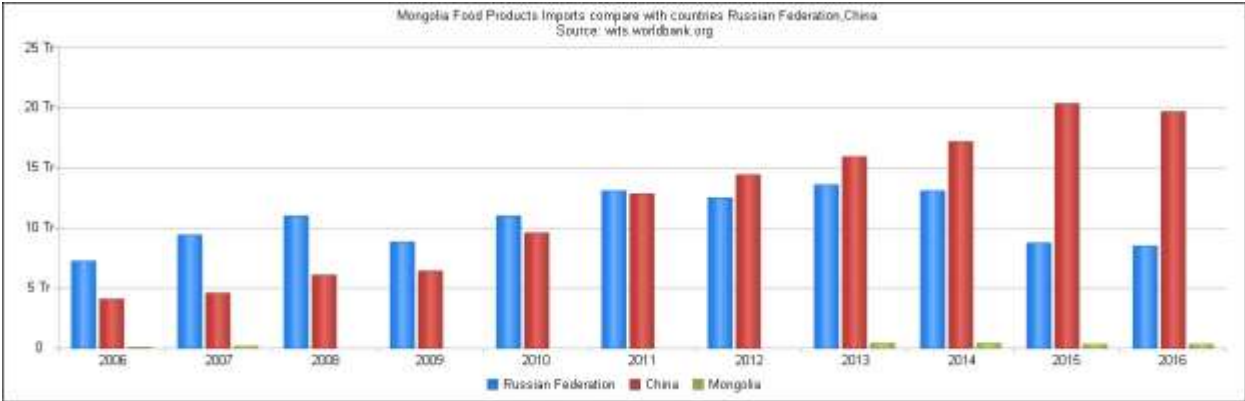


Figure 13 Mongolia Food Product Imports compare with countries Russian Federation, China

Source: wits.worldbank.org

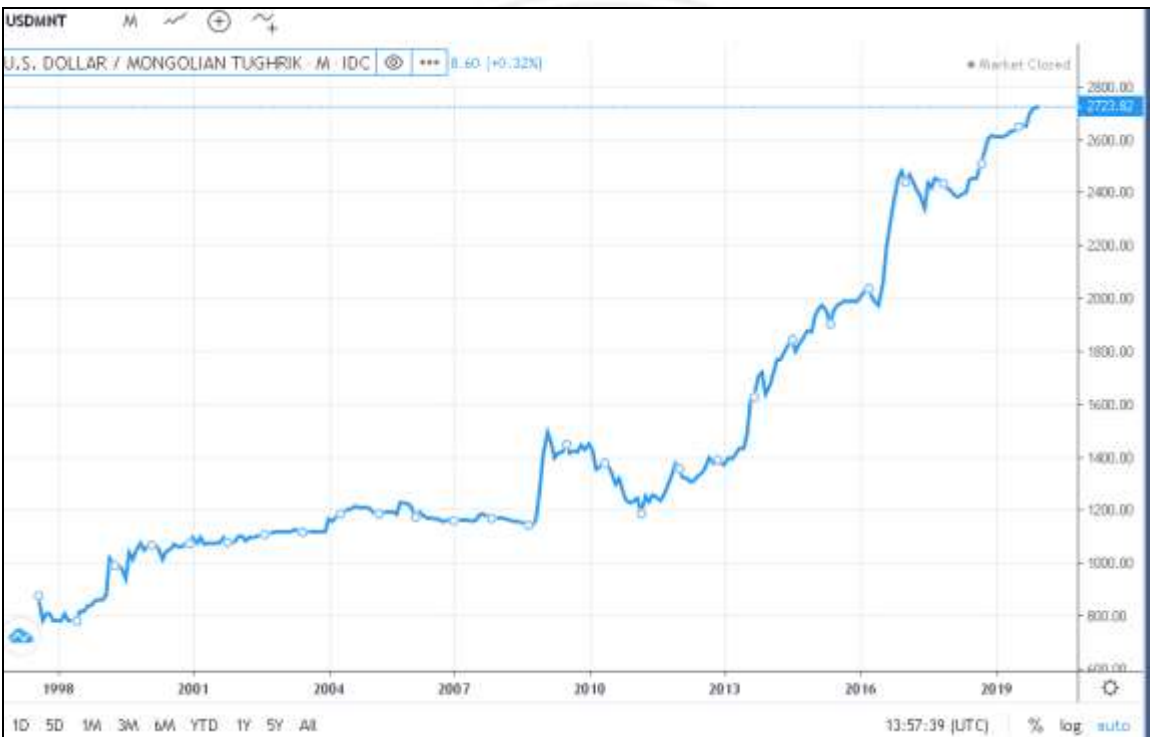


Figure 14 Currency USD to MNT Mongolian tugrug 1USD=2723MNT, 2019-12-22

Source: <https://tradingeconomics.com/mongolia/currency>

3.2.1 China

From the Chinese side, it not only attaches great importance to this economic corridor, but also seeks to take the lead role in any work in the economy of the three states. One of the most important nodes of economic interest in reaching Europe is the economic corridors of China-Russia-Mongolia. The road is the shortest and tested way from northeast Asia to

Europe. Also, the economic center of China is close to the northwestern border with Mongolia's southern railway junctions, which is strategically located and is even more relevant to Russia's interest in transporting Mongolia through Mongolia and further into the European markets. Since 2020, China has been aiming to reduce air pollution by implementing a science-based green production policy that has changed industrial thinking, and Mongolia will continue to be a support for cheaper energy sources.

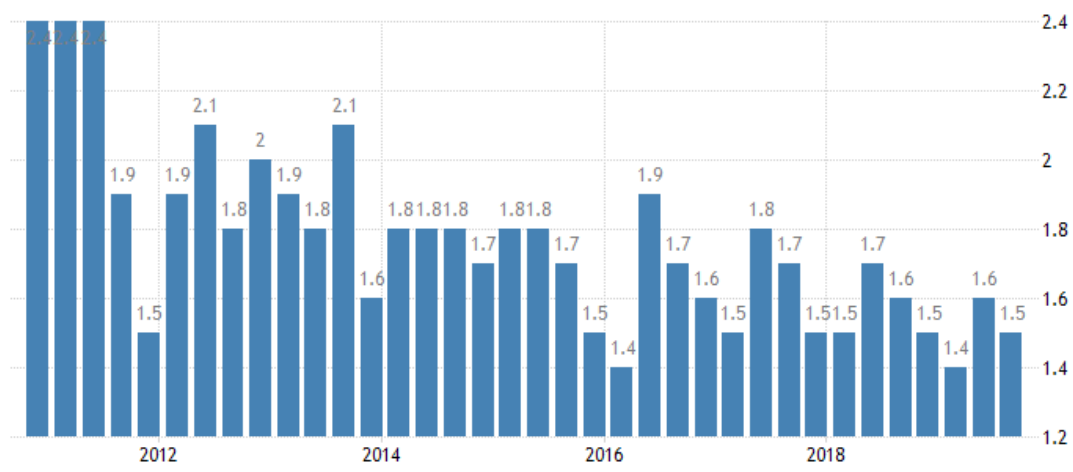
The advantage of importing raw materials and mining products into the economy is the increase in the economic cooperation of the border regions with policy first. Also, this corridor is very small in number of transit countries as compared to other corridors in the country, and the length of its passage is significant. It also has the potential for China to stimulate production and economic reform.

Thus, the Chinese side's desire to establish this corridor is evident in many fields, with the three states always seeking to develop from a leading position.



Figure 1: China's Belt and Road Initiative

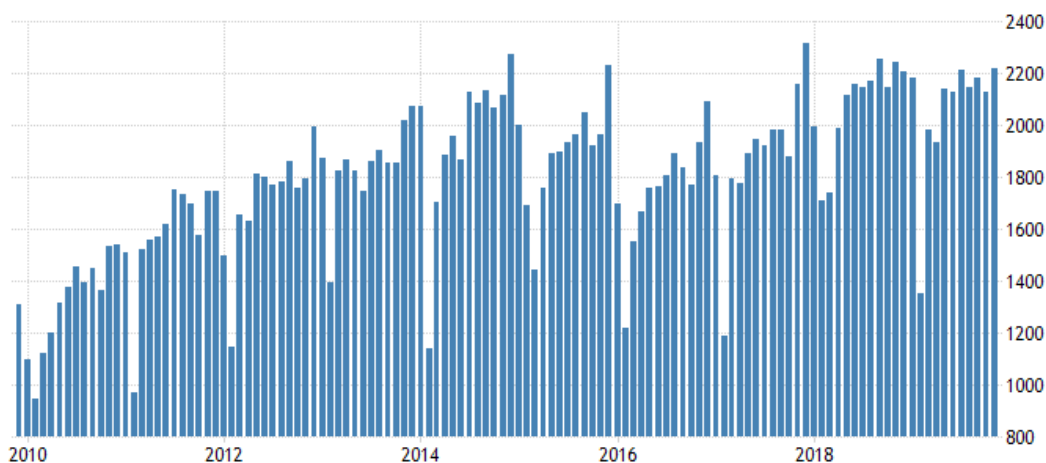
Figure 15 China's Vision: Belt and Road Initiative Source: Worldbank.org 2019



SOURCE: TRADINGECONOMICS.COM | NATIONAL BUREAU OF STATISTICS OF CHINA

Figure 16 GDP Growth Rate in China is expected to be 1.40 percent by the end of this quarter, according to Trading Economics global macro models and analysts expectations. Looking forward, we estimate GDP Growth Rate in China to stand at 1.30 in 12 month's time. In the long-term, the China GDP Growth Rate is projected to trend around 1.30 percent in 2020, according to our econometric models. Source: <https://tradingeconomics.com/china/gdp-growth>

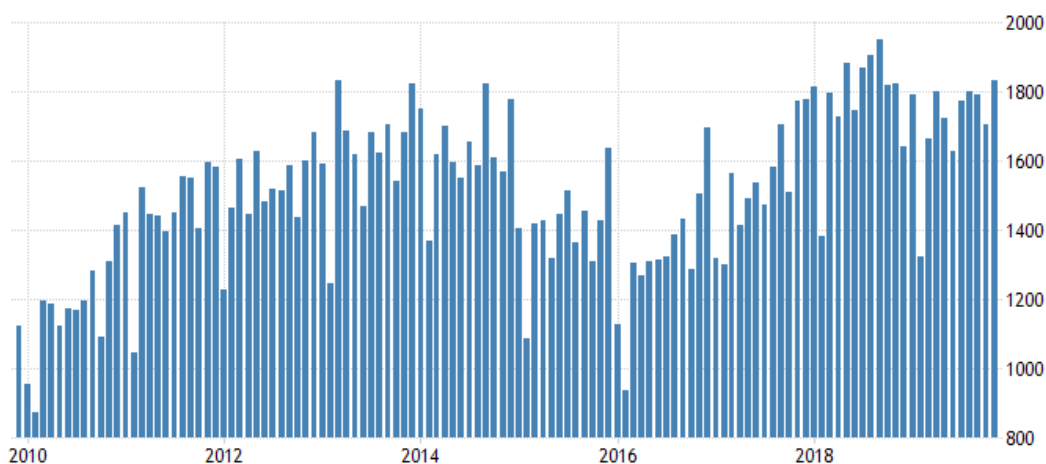




SOURCE: TRADINGECONOMICS.COM | GENERAL ADMINISTRATION OF CUSTOMS

Figure 17 Exports from China dropped by 1.1 percent year-on-year to USD 221.74 billion in November 2019, missing market expectations of 1 percent growth and following a revised 0.8 percent drop in the previous month. This was the fourth straight month of yearly decline in overseas sales, amid weakening global demand and ongoing trade tensions with the US. Sales declined for crude oil (-79.4 percent), unwrought aluminum and products (-15.7 percent), coke & semi-coke (-63.1 percent), steel products (-13.6 percent), and rice (-47.4 percent). In contrast, overseas sales grew for both refined products (63.6 percent), and coal (14.9 percent). Among major trade partners, exports fell to the US (-23.0 percent), the EU (-3.8 percent), Japan (-7.8 percent) and Australia (-0.1 percent); but rose to ASEAN (18.0 percent), Taiwan (6.5 percent) and South Korea (0.5 percent). Exports in China averaged 652.96 USD HML from 1981 until 2019, reaching an all time high of 2315.23 USD HML in December of 2017 and a record low of 12.50 USD HML in February of 1983. Source: General Administration of Customs

Source: <https://tradingeconomics.com/china/imports>



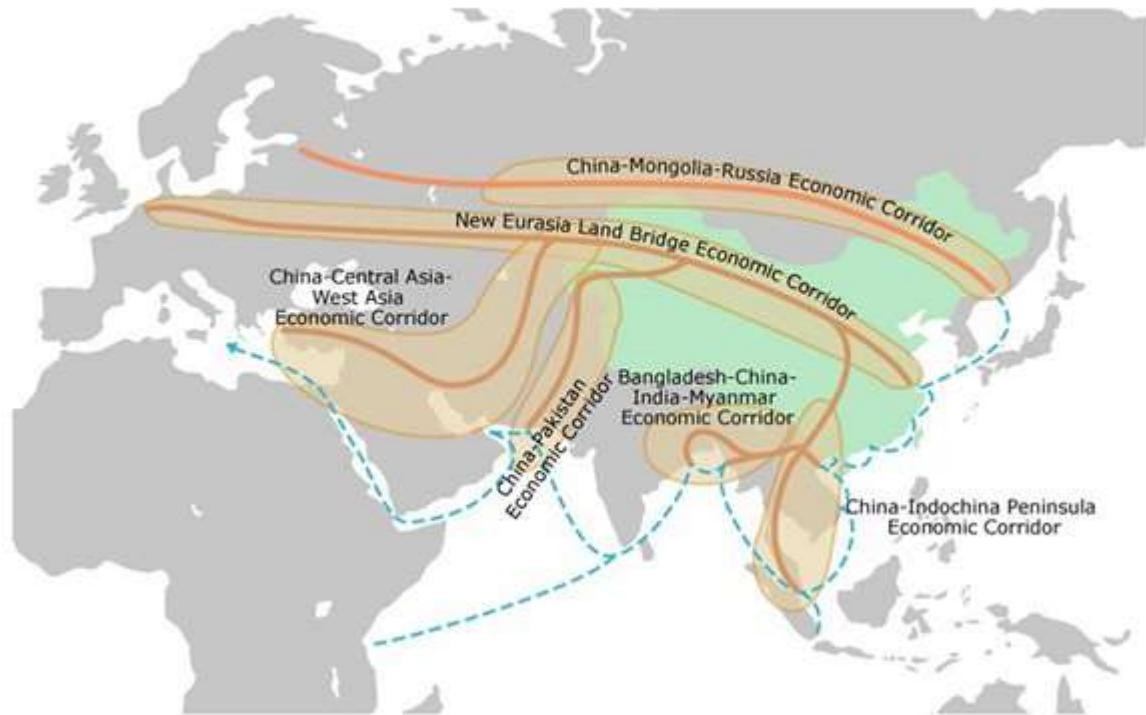
SOURCE: TRADINGECONOMICS.COM | GENERAL ADMINISTRATION OF CUSTOMS

Figure 18 Imports to China declined 5.6 percent year-on-year to USD 176.5 billion in July, less than an expected 8.3 percent fall and easing from a 7.3 percent fall in June. That was the third consecutive month of decrease in imports, suggesting domestic demand remained sluggish and could lead Beijing to add more stimulus. Purchases of unwrought copper were down 7.1 percent, while imports of crude oil climbed 14 percent and those of iron ore increased 1.2 percent. In addition, soybeans imports rose 8 percent to the highest level in nearly a year. Imports of copper concentrate were up 12.4 percent to an all-time high and total natural gas imports were the highest since January. Imports dropped from the US (-19.1 percent), the EU (-3.3 percent), Japan (-13 percent), South Korea (-20.1 percent) and Taiwan (-6.8 percent), but were higher from Australia (18.7 percent) and ASEAN (0.4 percent).

Source: <https://tradingeconomics.com/china/imports>

Figure 19 the Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Source: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>

3.2.2 Russia

Firstly, from China to the European market via Mongolia, the Trans-Siberian Railway is 6,000 km through the Yellow Sea coast to Yekaterinburg, 6700 through Manjuur and 6500 km through Kazakhstan. Transit through Mongolia is beneficial in all aspects of the route and the timing, economic benefits, stops and stops.

Secondly, to be included in a rectangle 2400 km wide and 1260 km high between the two neighbors, who has regional significance for the development of remote areas for the two states to surround Mongolia in the east, and any roads and pipelines facing the Altai Mountains to the west. And the cost of laying the line is time-consuming. Consequently, the transit route between Asia and Europe across the Mongolian Straight Plateau side will be the shortest and easiest.

However, the two neighbors have started to initiate a gas pipeline project around Mongolia. The point is, Russia has had a history of buying a pipeline after only one country

had a risk, depending on the country of purchase. It is alleged, therefore, to see the economic benefits of selling to Asian countries and, finally, China, to supply the easternmost border of their country with cheaper energy and not to deliver them to one country. During the visit of the Prime Minister of Mongolia to the Russian Federation in 2019, the President of Russia said that there was no political limitation on the issue of a gas pipeline through the territory of Mongolia. The parties have agreed to initiate further economic and feasibility studies for further implementation. This is likely driven by economic sanctions from western countries.

Any economic corridor has the dual purpose of increasing its influence in its region, creating a single political and economic space and preventing it from being monitored by other countries. The implementation of the Russia and China project, of course, has the dual purpose of limiting the influence and interests of other countries in the territory of Mongolia, as well as preventing the extremists, terrorist acts, fugitives escaping from the drug network, and the flow of refugees from the corridor. Therefore, the most advantageous feature of the China-Russia-Mongolia Corridor under the One Belt and One Road Initiative is that once the rail and road network is established, the amount of capital to be added is relatively small.

The Russian side highlights special importance to the economic corridor of Russia and Mongolia that expresses increasing economic growth. This will help Russia open the global energy market to include Asia.

The President of the Russian Federation Vladimir Putin addressed the participants at the second “Belt and Road” International Cooperation Conference forum in Beijing, China, which took place on April 25-27, 2019, expressing his interest in the Russian side: It is obvious that the implementation of this ambitious project, Belt and Road, promoted by our Chinese colleagues, is aimed at strengthening the constructive cooperation of the Eurasian states.

That the Great Eurasian Partnership and Belt and Road concepts are both rooted in the principles and values that everyone understands: the natural aspiration of nations to live in peace and harmony, benefit from free access to the latest scientific achievements and innovative development, while preserving their culture and unique spiritual identity. In other words, we are united by our strategic, long-term interests.

Russia strongly believes that the comprehensive approach that underpins both concepts will help us further enhance economic cooperation within the continent, develop shared transport and energy infrastructure and promote digital technology. This way, integration will serve the interests of our peoples and all Eurasian nations to the fullest extent.

Russia express that Russia is interested in the closest cooperation withal Eurasian partners on the basis of unshakable principles of respect for the sovereignty, rights and legitimate interests of each state. In addition, they have built the Eurasian Economic Union, with the following countries – Armenia, Belarus, Kazakhstan, and Kyrgyzstan. Over this period, a common market has been created, and conditions are being created to ensure the free movement of goods, services, capital, and labor. Common markets have been formed, as well as a common digital space. Russia agrees with China’s following confirmation which is linking their initiatives with similar one sand with other associations that are forming in our vast space. And Russia noted that it absolutely fits into Russia plans. In summary, they conclude that Russia has taken all possible steps to establish this economic corridor.⁵³

⁵³Vladimir Putin attended the second Belt and Road Forum for International Cooperation
<http://en.kremlin.ru/events/president/news/60378>

CHAPTER FOUR: IMPLICATIONS OF THE CHINA-RUSSIA-MONGOLIA ECONOMIC CORRIDOR FOR MONGOLIA

4.1 Political Aspects

The end of the Cold War provided an opportunity for Mongolia to experience a complete change in the international order. The collapse of the former Soviet Union has provided Mongolia an opportunity to come out of Soviet influence and become a part of the new international order. Since then, Mongolia has opted for an open foreign policy, free from past ideological constraints. In 1994, Mongolia came up with the “Multi-Pillared” foreign policy, which was with two basic aims, to retain Mongolia’s sovereignty and economic independence. China, Russia and Mongolia are neighbor countries that have good neighborly relations. The most important point is to uphold friendly relations with Russia and China. Mongolia also pursues a policy of non-intervention in its neighbors’ affairs, unless its own interests are jeopardized.⁵⁴

Faced with challenging realities of landlocked, Mongolian officials recognize that rail and road infrastructure of the CRM economic corridor remain key to Mongolia’s sustained growth and development. Therefore Mongolia is very active to be a vocal BRI partner, while simultaneously pursuing a self-promotion drive. However, Mongolia is wary of economic over-reliance on China and the asymmetric implications that may come with CMREC. Already, around 80% of Mongolia’s export volume goes to China (primarily copper, coal and gold). This explains why Mongolia is seeking additional international investment partners and political allies, including agreeing to expand a comprehensive partnership with the both Russia and other developed countries. In general, the overall trend for Mongolia’s economic engagement with China remains positive. The Mongolian side likewise appears willing and invested in CMREC and stakeholders can safely assume this attitude will persist.

⁵⁴Vaishali Krishna “Mongolian Foreign Policy Implications for Russia and China” *Journal of International Affairs*, 2014 <https://www.mongoliajol.info/index.php/MJIA/article/view/406/427>

The following are meetings of the leaders of three countries initiated by the President of Mongolia:

The first meeting took place on September 11, 2014 in Dushanbe, Tajikistan, at the 14th meeting of the Council of Leaders of the countries of the SCO Member States,

The second meeting was held on July 9, 2015 in Ufa, Russia,

The third meeting took place on June 23, 2016 in Tashkent, Uzbekistan.

The Fourth Meeting was conducted on June 9, 2018 in Qingdao, China,

The fifth meeting took place on June 14, 2019 in Bishkek.

During these meetings, the leaders of the countries have conducted all kinds of talks, including transit corridors, the implementation of the economic corridor, and natural gas through gas pipelines. This is a clear demonstration of the friendly political relations of the three countries.

Within this framework, the Prime Minister of Mongolia Khurelsukh.U⁵⁵ also visited the President of the Russian Federation Putin.V in Sochi on December 05, 2019, the second time in three months. During the meeting, it was agreed that they would start a gas pipeline project across Mongolia. Prime Minister Khurelsukh.U noted that "the gas pipeline project implemented within the economic corridor will make a significant contribution to the social and economic development of Mongolia, Russia and China." Russian President Vladimir Putin has stated that "there is no political obstacle to the implementation of the project." For a long time, there was no talk of attacking the gas pipeline across the territory of Mongolia, so the two sides signed a memorandum.

Within the framework of this memorandum, the Research Working Groups of two countries will now commence work on establishing economic benefits and developing a technical, economic feasibility. This project will allow Mongolia to realistically participate in the energy integration of the region.

4.2 Economic Aspects

The economic aspect are goods, customers, orders, etc.; business, bank, etc.; budgets, deadlines, etc.; markets, commons, the economy, money; activities like administering, storing, distributing, conserving, recycling; properties like sustainable, valuable, rare, careful, sparing;

⁵⁵ New Cabinet headed by U.Khurelsukh, the 30th Prime Minister of Mongolia, is formed
<http://www.parliament.mn/n/mbfo>

and their opposites. Most devoted to the economy of thought, logic, language, aesthetics, and law rather than 'the economy'.

After transferring to the free economy, Mongolia needed to trade worldwide. But it was not always easy. Because Mongolia only has two neighbors. So in order to do international trade successfully, Mongolia not only keeps the politic good relationship but also was needed consistent economic cooperation. Above those factors are influenced to discuss OBOR. OBOR not only provides trilateral economic benefit but also gives chance to Mongolia to transfer their products to third countries through China and Russia territories.

Adam Smith, “Economics is an enquiry into the nature and causes of wealth of nations”. J.B. Say, “Economics is the science which treats Wealth”. Walker, “Economics is the body of knowledge which relates to wealth”. Senior, “The subject Treated by political economics is not happiness but wealth”. J.S. Mill, “Economics is the practical science of production and distribution of wealth”.⁵⁶

From the economic point of view, in order to calculate the benefits of this project, we will compile and analyze the economic situation of Mongolia for all indicators of 2018 as of 2019, and see how it will have an impact on the economy if the full economic corridor is implemented.

Foreign trade in Mongolia as of 2018⁵⁷

Mongolia traded in 159 countries worldwide in 2018, with total foreign trade turnover reaching \$12.9 billion. This is an increase of USD 2.35 billion or 22.3% year-on-year. Exports amounted to \$7 billion, imports reached \$5.9 billion, and the foreign trade balance reached \$ 1.1 billion. Foreign trade turnover reached \$12.9 billion.

⁵⁶ Aspects of Economics <https://www.ukessays.com/essays/economics/different-aspects-of-economics-economics-essay.php>

⁵⁷ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

Export⁵⁸

Mongolia exported to 77 countries of the world, which accounted for 92.8% for China, 2.5% for UK, 2.5% for Russia, and 96.5% of total exports. Exports increased by foreign trade goods category, export of mineral products by USD 1136.6 million (23.0%), export of textile materials and textile goods by USD 74.3 million (22.2%) and export of finished food products by USD 68.4 million, export of animal products increased by USD 34.7 million or 51.5%, respectively.

Mining products⁵⁹

Coal exports of coal have increased by \$ 2.8 million, with a value of \$529.5 million and an average border price of \$9.5 million and have exported 35.75 million tons of \$2.78 billion in 2018. Copper concentrate exports decreased by 10.5 thousand tons, but the median border value increased by \$285.9 million, to \$ 399.1 million, respectively, and in 2018 exported 1.43 million tons of copper concentrate of \$ 2 billion. In addition, iron ore exports reached 7.4 million tons (\$ 342.1 million), crude oil reached 6189.8 thousand barrels or \$ 392 million, respectively.

Non-mining products⁶⁰

High percentages at 98.6% of textile materials and textiles exports are accounted for by the export of animal wool, rugs, knitwear and textiles. At the same time, export of combed cashmere increased by 49.1 tons, and exports of goat cashmere decreased by 123.0 tons. Exports of knitwear increased by \$2.7 million and exports of knitwear by 2.1 million compared to the previous year.

⁵⁸ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

⁵⁹ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

⁶⁰ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

In 2018, Mongolia exported 70,318 tons of meat and meat products worth \$162.8 million, which is 2.5 times more than in 2017. Of these, 48 enterprises exported 41,096 tons of raw meat (horses 32,202 tons, cattle - 1120 tons, sheep - 4602 tons, goats - 1512 tons, by-products - 1660 tons). 11,041 tons of meat were processed and exported as canned meat products. Export meat to Azerbaijan, Qatar and the United Arab Emirates by plane via the Buyan-Uhaa port, to Vietnam, Iran, Kazakhstan, Kyrgyzstan, China, by car to Zam-Uud, Altanbulag, Tsagaannuur, Borshoo, Artssuuri by car, to Malaysia, to Malaysia, From Zamiin-Uud and Selenge ports by rail. However, 18181.1 tons of sheep and goats were heat-treated, and 17 enterprises were exported to China only through the ports of Zamiin-Uud, Khavirga, Bulgan and Shiveehuren.

Foreign investment⁶¹

Mongolia receives \$2.47 billion in foreign direct investments in 2018, an increase of \$382.9 million, or 18% year-on-year. Foreign direct investments were driven by Canada's direct investment, which doubled to \$1.52 billion in 2018, and Japan's investment more than doubled to \$235.8 million. Investments from China, Luxembourg, Hongkong, Singapore and Germany are relatively low compared to 2017.

The volume of foreign direct investments in 2018 was \$1.75 billion (70.9%) in the mining sector, \$272.7 million (11%) in the financial and insurance sectors, and 132 in the wholesale and retail sectors. \$8 million (5.4%), \$ 76.6 million (3.1%) in other services, \$46.2 million in real estate (1.9%), and manufacturing \$40.87 million (1.7%) and \$27.6 million in construction (1.1%).

Import⁶²

Mongolia imported goods from 157 countries of the world in 2018, which accounted for 29.1% from Russia, 33.5% from China, 3.6% from the United States, 9.5% from Japan, 4.5% from Korea, and 2.9% from Germany.

⁶¹ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

⁶² Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

The total number of imported goods is machinery and equipment, electrical appliances and spare parts: \$ 1,285.9 million (21.9%), mineral products: \$1,325.7 million (22.6%), including oil products: \$1112.3 million, or 83.9%, Animal and plant products and foodstuffs: 673.5 million or 11.5%, auto and air vehicles and their parts \$896.8 million or 15.3%, plastics and plastic goods, rubber and rubber products \$226.8 million, or 3.9%, basic metals and metal products, \$540.3 million, or 9.2%, products of chemical and related industries, \$372.2 million, or 6.3%, which is 90.7% of the total.

Trade and Economic Cooperation Policies and Activities:

The policy documents of the Government of Mongolia for action plan 2016-2020⁶³, as well as the program for the economy of foreign trade of Mongolia, expand trade and economic relations with major trade partners, expand the foreign markets of Mongolian export goods, facilitate trade, free trade, and set the goal of concluding an economic partnership agreement. In order to diversify the economy and reduce dependency on the mining sector, they developed a program “Mongolian Export”⁶⁴, which is embedded in the 2016-2020 Program of Action of the Government of Mongolia, approved at a Cabinet meeting on September 5, 2018 and are working to make a detailed plan of work for the program. It has been decided to establish a 'National Export Promotion Council' to provide a unified administration and coordination between the sectors of export policy and regulation. Mongolian state have supported in research and marketing of priority export commodities in foreign markets, as well as in the implementation of the “Mongolian Export” program, in particular, increasing the opportunities for small and medium-sized businesses to expand their business, It was decided to open a Mongolian Trade Representative Office in Beijing, Vladivostok and Tokyo, which are the main partner countries of trade.

In the field of border ports:

Negotiations with China include the implementation of the Government Action Program of Mongolia, provision of growth of export goods and provision of conditions for prompt and prompt entry of passengers and vehicles across the state border, to work on

⁶³ Resolution Parliament of Mongolia, Number: 45, 2016-09-09, 2016-2020 Action plan of the Government of Mongolia, <https://www.legalinfo.mn/annex/details/7409?lawid=12120>

⁶⁴ Resolution Parliament of Mongolia, Number: 45, 2016-09-09, 2016-2020 Action plan of the Government of Mongolia, Page 34, Chapter 5 Part 6.8 <https://www.legalinfo.mn/annex/details/7409?lawid=12120>

Khavirga-Arkhashaat, Bayankhosuu-Uvdug, Sumber-Rashaan, Burgastai-Laoemyao according to schedule, increase the export of our country and improve the mobility of cross-border vehicles. Positive results were shown by the opening of the Burgastai port on the border between Mongolia and China during off-season only, with total MNT 9.3 billion as of October 2018.

In 2014, the Leaders of Mongolia and the People's Republic of China agreed to the establishment of a railway port in some of the state border ports. In addition, an opportunity to amend the 2004 Agreement between the Governments of the two countries on the issues regarding the Border Ports and their Regimes. In other words, the addition of the type of railway port to the ports Shiveehuren-Sehe, Gashuunsuhait-Gantsmod and Bichigt-Zuunkhataavch on the border of Mongolia and China has become a real step forward for our country to provide stable economic growth and in the near future open new opportunities for them through these ports.

Trade and economic cooperation between Mongolia and Russia⁶⁵

Trade and economic cooperation between Mongolia and Russia have expanded, and trade turnover has grown for the last three (3) consecutive years. For example, in 2018, Mongolia exported \$85.9 million to Russia, an increase of 27% compared to 2017. However, our country imported \$1,710.3 million from Russia, an increase of 40% compared to the same period of the previous year, with a total trade turnover of \$1,796 million. The trade turnover between the two countries increased by 39.8% compared to the same period of 2017. Despite the growing trade turnover between our two countries, bilateral trade in our country is still deficit.

Trade and economic cooperation between Mongolia and China⁶⁶

The two parties held in China the 15th Session of the Mongolian-Chinese Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation in Beijing in September 2018 to summarize the current state of cooperation between the two countries, and to identify perspective trends, joint plan for the revision and implementation of

⁶⁵ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

⁶⁶ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

the Medium-term Economic Cooperation Program, and the Roadmap for Development and the Memorandum regarding the “Belt and Road” Initiative. From 2018-2020, the governments agreed to work together to help each Plan be granted aids for projects in Mongolia.

Total trade turnover between Mongolia and China⁶⁷

At the end of 2018, trading reached \$8.4 billion, with our exports \$6.5 billion and imports \$ 1.9 billion, with total trade reaching \$1.8 billion, or 21% increase compares to the previous year. Trade with China accounts for 65.2% of the total foreign trade of our country.

Three-Party Cooperation

At the 18th meeting of the Council of Leaders of the countries of the SCO Member States in Qingdao, China in June 2018, the fourth tripartite meeting of the Presidents of Mongolia, Russia and China was held regarding the Economic Corridor Establishment Program”. Within this framework, the Parties shall establish a Memorandum of Understanding between the Ministry of Foreign Affairs of Mongolia, the Ministry of Economic Development of the Russian Federation, and the Development and Reform Committee of the People's Republic of China, on the establishment of a mechanism for the joint promotion of the China-Mongolia-Russian Economic Corridor, and based on this, the tripartite work on the implementation of the said program. A panel expert meeting was held in Ulaanbaatar in December to discuss the three-way priority projects.

The meeting summarized the current state of cooperation under the "Economic Corridor Establishment Program" and exchanged views on further steps that could be taken to accelerate the economic corridor. The above measures are steps taken by Mongolia to establish an economic corridor, which will have a positive effect on the macroeconomic and microeconomic aspects on Mongolia such as increasing exports, increasing transit speeds and increasing jobs. One of the indicators is the quantitative indicators of freight forwarding, as emphasized by the President of Mongolia, Battulga.Kh, during the fifth meeting of the Presidents of the three countries on June 14, 2019 in Bishkek.

The high-level and stable development of bilateral cooperation between our three nations is creating a favorable environment for advancing trilateral cooperation.

⁶⁷ Ministry of Foreign Affairs of Mongolia: Mongolia's foreign policy blue book 2018 (Published year 2019) page 99. <http://www.mfa.gov.mn/wp-content/uploads/2019/07/blue-book-2018.pdf> Source: National Statistics Office of Mongolia.

As a result of mutual efforts, the trilateral cooperation mechanism has been set up, the legal foundation was solidified, spheres of cooperation were expanded, and progress was observed in some sectors in recent years. Special progress was made in the sphere of transit transport, and the fact that the number of freight trains passing through Mongolia from China in the directions of Russia and Europe increased by 500 percent between 2016 and 2018 is a shining example of the benefits that can be gained from improved trilateral coordination.⁶⁸

4.3 Strategic Aspects

As mentioned above, the economic corridors of the three states have economic, strategic and geopolitical significance. (Linji, 2017) The imbalance in the trade structure between the three countries will play a lead role in the strategic policy of the parties as soon as they become involved.

China has been Mongolia's largest trading partner for many years and has been a source of investment, accounting for more than 80% of Mongolia's export raw materials. That's why Mongolia is pursuing a strategy for diversifying overseas economies for Mongolia.

For Russia, the Asian market, including the Chinese, is one of the strategic priorities for Russia's future in terms of exporting goods, gas, fuel and energy. The transport problem of Russian and Chinese interests include passing through the territory of Mongolia. The center of Mongolia's failure to fully meet the burden is a challenge for the two countries to implement the economic corridor, which has a significant influence on the economic development strategy of the two neighbors.

4.4 Challenges

The researcher may face the following challenges as China, Russia and Mongolia economic corridor is implemented.

From the Chinese side, the “Belt and Road” Initiative, which involves more than 65 countries in the world with more than 65 countries around the world, affecting the economic environment of 4.5% of the world's 4.5 billion people, currently has 8,115 agreements

⁶⁸Address by President Khaltmaagiin Battulga At The Tripartite Meeting Of The Heads Of State Of Mongolia, Russia, And China <https://president.mn/en/2019/06/14/address-by-president-khaltmaagiin-battulga-at-the-tripartite-meeting-of-the-heads-of-state-of-mongolia-russia-and-china/>

concluded with 61 countries. Implementing about 30-40% of GDP, over 70 international organizations, projects, banking and investment organizations, 6 economic corridors connected. Depending on the projects and programs implemented in China, Russia, Mongolia, the economic corridor will have too many participating countries and may be delayed in time due to mutual economic risks unlike domestic politics, society and economics. Under this project, over 1,000 projects in 46 countries have been funded and started. (Chua, July 6, 2017) ⁶⁹ From the Mongolian side, the internal situation of each country's political environment and Mongolia's existing foreign policy position are in common, however, it will be a regular parliamentary election in June 2020, with the last election forecast over the last 30 years since 1990's transition to Democracy. The people, from the ruling Mongolian People's Party, the Democratic Party, and other ruling parties, strive for new generations and leaders of the new generation, trying not to make errors in their choices, if any. If elected new generation leaders come before a questionable work undertaken and approved, the contractors will have to keep things as they may be affected depending on the internal political situation if Mongolia falls negative in the three economic corridors collective public policy change.

In Mongolia, due to the open democratic system, there is a high probability that the government will be replaced by elections. Due to this, the policies implemented by the previous government stand still and the next government direction is appropriate. But due to the inconsistencies of the policy by proposing new policies in another way, there is an error in the implementation process which could be a challenge for the economic corridor. Also, the weak capacity of Mongolia's rail and road crossings could affect the speed of transit.

From Russia's side, U.S.-led Western sanctions on the Crimean Peninsula in 2014 could put Russia at risk of reducing this large export market. Despite increasing political risks, Ukraine's political pipeline has increased despite the fact that it has transported Ukraine through a 1240 km pipeline and 142 billion cubic meters of gas a year. To replace this route, the Baltic Sea to Germany and other European countries, with a gas flow of 55 billion cubic meters (North Stream-2) a year, will be opened in the middle of next year, but there are still international sanctions. President Zelensky.V ⁷⁰ has recently announced that the western

⁶⁹ One Belt One Road and Opportunities Alvin C. Chua Senior Advisor – Center for Financial Stability http://www.centerforfinancialstability.org/research/Chua_OneBeltOneRoad_7_6_17.pdf

⁷⁰ On April 21, 2019, Mr. Zelensky won the regular election with 73.22% of the vote and on May 20, 2019, was sworn-in as the President of Ukraine. <https://www.president.gov.ua/en/president/biografiya>

nations have promised to continue their embargo against Russia until they return to their Ukrainian territory. With the ongoing economic sanctions, there is a risk that there may be timed expectations in the process of establishing the three economic corridors.

There are also three countries customs duties, export and import policies, border control and regulation system, customs clearance, trans boundary transit transportation, integrated logistics system, quarantine, professional inspection and necessary documents systems non-standard differences and technical barriers further. The lack of coherence is likely to be a challenge for cooperation as follows.



CHAPTER FIVE: CONCLUSIONS

The observers believe that focusing on development to open new opportunities to international cooperation in the frame of Republic China “Belt and Road” Initiative will be a positive effect on the global economic restoration.

The concept of expanding global trade and economic relations of the Silk Road and the phrase "Belt and Road" makes attractive many countries' attraction, and the dialogue between countries is intensifying and progressing to play a key role in the Silk Road economic zone.

In the further, it sees that “Belt and Road” Initiative and its ongoing cooperation will be expected positive effect appropriately on trade turnover and investment. Relationship and Cooperation between China and Russia, which is the closest neighbor of Mongolia, is developing and deepening, especially trilateral cooperation is developing normally, Mongolia is strengthening construction of road, transport, energy/power, mining, industry and infrastructure, it is viewed to satisfy Mongolian interest in enhancing approach, speed, communication and dependent more to cooperate and communication /mutual understanding/ through-and-through Mongolia, China and Russia, and to establish economic corridors for Mongolia, Russia and China; and cooperating with each other, for the purpose of connection with neighbor countries through infrastructure, facilitating trade and reducing the transport cost. In this research, it aims to identify the following features by comparing the similarities and differences in the policies of the three states within the framework of establishing the three-nation economic corridor. China-Mongolia-Russia economic corridor is equal big risk, big opportunity.

5.1 Research Findings

As a result of this study, we sought to find answers to the four questions asked by beginners in the study:

1. What is the content of China’s OBOR?
2. What is the CRM economic corridor and interests Mongolia?
3. What are the risks and opportunities for Mongolia for joining in the CRM economic corridor?

First: The joint economic corridor of the three countries is a mutually beneficial corridor that will have an effect on the expansion of pure economy. Established by three states, this corridor is the acceleration of economic development in each of the three countries, and the risks have been taken many years ago to connect from Asia to Europe and from Europe to Asia as part of the 6 “Belt and Road” programs proposed by China under the Development Question. As the most important economic corridor that outweighs the impacts, the study has become more pronounced as follows: China's Three Belt Road Initiative - China's “One Belt One Road”, Russia's Two Roads, and Russia's Great Road to Eurasia - A Real Plan That Has Been Supported and Adopted at Three-Level. The cooperation of this corridor is a project that is in the best economic interests of the three countries.

Another advantage of this economic corridor is the fact that the countries in which this economic corridor is involved are not only the three states, but that the distance from one point of freight to another is very long.

Providing real-world impetus to the economy, improving alignment in the road and infrastructure sectors, increasing jobs in the adjacent regions, and increasing investment in construction, it can have a direct impact on the three countries. It will also have a beneficial effect on regional economic integration, and a powerful Asian economic corridor will be the experience of other countries.

Second: The economic corridors of three countries of China, Russia and Mongolia have two overlapping interests in terms of protecting and ensuring geopolitical security. Consequently, for each of the three states, the risks and opportunities in each case will be borne out of a double risk, if the common interests of the three countries are misunderstood. In Mongolia, some citizens still dislike the Chinese side and feel it at times. This may be due to some of the good and bad memories that have been left in the past years. In the implementation of the economic corridor, Mongolian citizens may be confronted by the lack of public understanding. risk of a misunderstanding.

Latest case study in Ulaanbaatar city Mongolia, Anti-money laundering operation implemented by the general intelligence agency in accordance with FATF recommendations

During the FATF plenary meeting held on October 13-18 in Paris as part of its ongoing review of compliance with the AML/CFT standards Mongolia has been added to the list of jurisdictions whose implementation of FATF compliance is to be closely monitored due

to its deficiencies AML/CFT structure. As a result Mongolia has to improve its AML/CFT structure to comply with international standards and regulations.

One of the FATF recommended action plans is “demonstrating increased investigations and prosecutions of different types of ML activity in line with identified risks”. In compliance with this recommendation, Mongolian law enforcement agencies are taking required measures in accordance with their functions. One of the operations was the special joint operation conducted by the GIA and NPA on October 29, 2019.

As a result of this special operations we have apprehended around 800 Chinese citizens who have entered Mongolia under false pretenses (on a tourist visa) to commit cyber and money-laundering activity in Mongolia and seized around 1000 high-end computers, smart phones, 10,000 cellular sim cards, a large amount of currency, and luxury vehicles. The Chinese citizens started entering Mongolia in small group starting from August 2019; by October 29, 2019 the number of these citizens reached 800. The General Intelligence Agency monitored their activities throughout the entire process.

Analysis from their activities and scrutiny of the seized asset suggests that the Chinese citizens brought a large amount of liquid and non-liquid currency into Mongolia to finance, pay the salary, rent rooms in hotels (to supply their living quarters) in order to operate an 800 men cyber team which conducts cybercrimes in a certain jurisdiction with the proceeds being stored in Mongolia to further widen the scope of its illicit activities and commit money laundering.

Chinese citizens have widely been involved this sort of criminal activity in South East Asia and in 2017 Cambodia, Indonesia, Thailand, Spain had reported similar criminal activity on their territory and made multiple arrests in connection to this.

The investigation is still ongoing, the Chinese citizens involved in the operation have deported. However, criminal charges have been filed and investigations are underway for the persons who are responsible for organizing the teams and its activities.⁷¹

Global economic growth is not as modest as in China. In 2020, China is aiming to keep its growth only to the extent that it had in the previous years and aims to implement the "Belt and Road" program covering about 65 countries worldwide. Another risk to consider

⁷¹The General Intelligence Agency of Mongolia, report <https://gia.gov.mn/en/12/item/574> and <https://ikon.mn/n/1pss>

other than the planned delay in investment, cooperation, acceptance by other states and governments, and socioeconomic status.

Russia is currently the world's largest gas exporter, accounting for 20 percent of the world's natural gas reserves and 17.3 percent of its natural gas reserves. Russia supplies about one fifth of Europe's gas imports via pipelines. Oil and gas comprise 63 percent of Russia's export revenue and half of its federal budget revenue.

In 2014, U.S.-led western sanctions on the Crimean Peninsula threatened Russia to reduce its large export market. Despite increasing political risks, Ukraine's political pipeline has increased despite the fact that it has transported Ukraine through a 1240 km pipeline and 142 billion cubic meters of gas a year. To replace this route, the Baltic Sea to Germany and other European countries, with a gas flow of 55 billion cubic meters (North Stream-2) a year, will be opened in the middle of next year, but there are still international sanctions. President of Ukraine Zelensky.V has recently announced that the West has promised its sanctions against Russia until its return to Ukrainian territory. In the light of the foregoing economic sanctions, the establishment of the three-way economic corridors can be viewed as a risk that will occur in the future.

Third Russia and China have the following main reasons for their connection to the economic corridor, such as to accelerate the economic cycle between the two countries, to import liquefied gas from Russia to provide China with its rapidly growing energy market, and to export their products to the Russian market and to the European markets, fast delivery on credit with flexible transport conditions, increase of commodity circulation, Russia is targeting the Russian Federation to export its products to the fast-growing Asian market, including the Chinese. At the moment when the relations between the two countries are at their best, they are interested in furthering economic cooperation.

5.2 Recommendations for Future Studies

As a researcher, there are a number of suggestions for Mongolia to consider in implementing this program. So leave it for the next explorer to do wisely.

1) Due to the long discussion of the issues through the efforts of the three countries governments, top administrative management, foreign affairs ministries and economic

corridor organizations, the high level of opinion and conclusions of the three statehoods are reached with high mutual understanding. In the light of this, citizens have come to the public and the economic corridors implemented by three countries lack positive understanding of its importance and its impact on the economy and society. The focus and sample interviewing experience were not sufficiently high during the interview, as a researcher noted that there was a high risk that the problem would presently pose significant obstacles.

Since 2007, there have been widespread disputes between the citizens of Mongolia on the width of the railroad width, currently 1524mm in use in Russia, and the narrow 1435mm in use in China. The State Rail Transport Policy was approved by the Government on July 24, 2010. The State Great Khural (Parliament of Mongolia) discussed the final decision on expanding the 1524mm wide network. The public's impression at this time is that, although narrow railroading is beneficial to the economy, the future of the country is more likely to be affected by the Chinese economy, geopolitics, geostrategic, and military forces, as well as for Mongolia's national security, independence, and sovereignty. The hypothesis that this would adversely affect it is still being shut down, suggesting that there may be a high degree of public protests from the passage of the economic corridor through Mongolia.

2) To deepen the cooperation in the cultural and artistic spheres of the three countries, to increase the frequency of implementation of joint cultural and sports events, to increase the trust of the people and communities of the three countries, to improve the relations between the citizens, and to arrange this as part of their economic corridor are predicted to have a positive effect on accelerating the economic corridor.

3) To deepen the cooperation of the three countries' media organizations, to increase the frequency of implementation of targeted joint media and media programs, to increase the trust of citizens and the public of the three countries, to promote interpersonal relations, and to increase the accessibility of information to all kinds of fields, to support the process of expanding operations, and organize the economic corridor as part of its implementation, and positive impacts. For example, to make a joint media team of three countries preparing a series of targeted content and integrated marketing in each of the three languages.

4) Increase the frequency of implementation of a joint program to increase tourism and trade between the three border regions and the border area, increase the frequency of communication between the citizens of the three states and the residents of the border regions,

and improve the relations between the citizens, supporting the expansion of cooperation between economic and business entities, and organizing it as part of its economic corridor. It is expected to come from the positive impact of the hasten stimulus economic corridor.

5) Increase the frequency of implementation of a joint program with three specialized trade unions, non-governmental organizations, investors, stakeholders, etc. within the framework of the Economic Corridor, to increase cooperation and expand external relations between the three professional organizations. Progress has been made in the relationship between increasing trust in economics and in support of the expansion process. It is hypothetical that the corridor is organized as part of its implementation and has a positive effect on the acceleration of the economic corridor.

6) Implementing a joint youth outreach program aimed at deepening youth c-operation in the three countries, making progress in increasing the confidence of the young people in the new generation of the three countries, promoting progress in cooperation and organizing it as part of their economic corridor, is predicted to have a positive effect on accelerating the economic corridor.

7) Foreign veterans of the three states, through joint targeted programs to deepen the cooperation between scholars, historians and generations of state social activists, increase the frequency by making advancements in the relationship between the older generation of three states and the confidence of social activists for supporting the process, and organizing it as part of an economic corridor, such as an economic corridor implementation is expected to contribute will be a positive influence.

8) The achievement of the challenges and of each country within the framework of the primary purpose of establishing an economic corridor only in Mongolia, located in a convenient state of the three, increase the frequency of meetings of the heads of state of the three states, promptly implementing the decisions made by previous meetings to facilitate acceleration of the economic corridor by organizing and convening a round table consultation positive effect.

9) Increasing the frequency of meetings of the heads of state of the three states, projects implemented by decision-makers in this direction of the government and foreign affairs departments, prompt joint implementation of decisions with previous meetings, as well as for those responsible for work in a country located in or in the middle country of the three

states. Roundtable meetings were conducted on the achievements and challenges of each country for the primary purpose of establishing economic corridors only. It is predicted that organizing and delivering on the concepts will have a positive effect on the acceleration of the economic corridor.

10) The lack of qualified staff who has previously worked in Mongolia in this area suggests that there is a risk that the human resource direction will be complicated during the implementation of this program. Therefore, economize with politicians, policy makers, strategic planners, foreign affairs professionals, qualified professionals in all areas of road, rail, transport, logistics, communications, energy, and military defense in all areas of this program, and associate them with state policies. The countries to urgently train Russia, the People's Republic of China and other countries which have successfully implemented the economic corridor; PAS educating future Bases, can be considered truly large, and small risks, challenges and opportunities that may occur in Mongolia will have an urgency to increase. This will have a positive effect on the implementation of the economic corridor quickly.

11) What the researcher has observed during his acquaintance with other domestic and foreign researchers was the fear that Mongolia might become a superpower in the process of geopolitical, geostrategic expansion, and shrinkage of two overseas neighbors. It's also a question of how to deal with it, as history has a tradition that goes away from the unforgettable history that has ruled us for centuries.

Also, the competition and the conflict of interests among the more economically powerful nations, leave behind their ancestors their virgin nature and the desire to use rich natural resources. In addition, Mongolia lacks the strong economic performance of its two neighbors such as the shortage of human capital for investment and development in a short period of time, and the legal constraints that may arise within the legal framework, such as in the case of both state and administrative authorities. The disadvantages we have are the differences between the vertical management system and the democratic and parliamentary system of Mongolia. Therefore, we believe that the proper administration of this work in a more coherent and cleverly organized state of the private sector and the community is in the best interests of Mongolia.

12) The “Belt and Road” Initiative, not being considered as an economic corridor of only three states, but also considered in all the projects implemented under the Belt and Road

program, and how we can cooperate economically with more than 70 countries participating in this program. Research shows that increase in the investment in Mongolia's economy will specifically be an important key to increase circulation.

13) The “Belt and Road” program included 5 free economic zones, special zones, industrial parks, science and technology parks and special zones of activity developed by the countries concerned in the short term. As of 2010, 69 Industrial Parks, 54 Science Parks, 15 Free Trade Zones, Taiwan Free Trade Zones, Hsinchu Science and Technology Center of South Taiwan, and South Taiwan Science and Technology Center, these numbers grow more and more as their achievements and wealth are necessary to study economic development, consistent correlation models, accounting details figures

14) The economic corridor of the three states begins; the economic benefits of the countries will increase. The number of export, import and transit traffic will increase; the development of communications and infrastructure will also increase. Also, the jobs in the adjacent regions along the road, investment is likely to have a direct impact on the three countries. It is assumed that due to economic inability of Mongolia, its lack of transport and logistics and lack of investment in construction, there will be difficulties in building quickly. Citizens have also suggested that the threat to the PRC could be economically threatened by national security or territorial integrity.

15) Russia will be able to stimulate the Asian and Chinese markets by connecting gas pipelines to the energy sector as part of this economic corridor, but will have a positive effect on its economy in the short term, but investment in project implementation due to western economic sanctions, I guess it may be delayed. The China “Belt and Road” program, which is currently implementing step-by-step work on foreign affairs, economics, trade and investment cooperation, and investment with more than 70 countries. Therefore, some projects are expected depending on the internal and external factors of the related countries. One of them is China-Russia-Mongolia economic corridor.

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http://www.centerforfinancialstability.org/research/Chua_OneBeltOneRoad_7_6_17.pdf