

There is no better word than pragmatism to explain Mongolia's return to the Russian fold. It is in many ways Ulaanbaatar's 'look west' policy. The immediate benefits of assured energy supplies have been whetted by the possibility that Russia's European policy would open up avenues for Mongolia as well. The Shanghai Cooperation Organisation too has the potential of opening up markets in the former Central Asian Republics of the Soviet Union which, being landlocked, look forward to greater economic ties with their immediate neighbours. There is a mutuality of interest that is only just being explored.

Last visit of Mongolian Prime Minister, Sukhbaataryn Batbold to Moscow from 13 to 16 December 2010 has been hailed by several quarters as the most constructive visit in recent times that resulted in signing of nine bilateral agreements on economic and energy cooperation including those settling the Soviet-era Mongolian debts to Russia, besides agreeing to set up a joint Russian-Mongolian uranium ore mining company. Such a visit by the Mongolian Prime Minister has become a tradition particularly since 2007, when S. Bayar became the new Prime Minister and did everything possible to bring Mongolia closer to Russia in order to balance China's already strong economic presence. On its part, Russia has traditionally viewed its relations with Mongolia with much seriousness that signifies their growing ties in the 21st century. Russian policymakers are fully aware of the historical record of its geostrategic motives in the Mongolian plateau and such reminiscences are still significant while developing policy towards its Mongol neighbour.

Historical ambience

The background story of Russia-Mongolia relations reveals that throughout the 20th century, Russian and Soviet influence over Mongolia has been a predominant factor in the latter's national development. But this influence owes much to the Sino-Soviet / Russian rivalry for dominating the Mongolian borderlands. First of all it was the Tsarist Russian government that helped Mongols in their struggle against the Manchu-Chinese and then the Soviet Russia which aided Mongolian revolutionaries both diplomatically and militarily to win the battle against not only the Chinese

but also the anti-Bolshevik white Russian forces in order to achieve an independent status. In the post-Soviet period or more precisely in the Putin era, one of the main aims of Russia's Asian policy has been to make its strong presence felt in Mongolia, which was once a staunch Soviet ally and is now one of Asia's most vibrant democracies. Lately, both the political-strategic as well as trade and economic interests have enthused Russia to reemerge in Mongolia. This article highlights the recent trends in overall relationship between Russia and Mongolia, which is indicative of fast growing bilateral ties leaving behind the initial stagnation in the post-Soviet period.

For many centuries Mongolia has been a geopolitical entity, widely seen as a buffer between Russia and China. Today the country has assumed a greater level of global economic importance as it possesses strategically important raw materials like uranium. Having just a 2.9 million population, Mongolia has the distinction of becoming Asia's first communist State and the world's second after Russia following its independence from China in 1921 and the formation of a People's government in 1924 under the name of "Mongolian People's Republic." Since then Mongolia continued to be a close ally of the former Soviet Union, a status that began to change more concretely when Gorbachev's policy of *glasnost* and *perestroika* had its inevitable impact over Mongolia. The introduction of Mongolian version of *glasnost* and *perestroika* through *Iltood* and *Orchilan baigalalt* led the country into economic stagnation and demands for further social reforms were raised. Democratic movement began to grip the country and in 1990 the first multi-party

elections paved the way for Mongolia's renunciation of Communism and a centrally planned economy after almost 70 years of Communist rule. Further the Soviet collapse in 1991 and the end of the Cold War suddenly changed the geopolitical environment of Mongolia and left the country in a "great power vacuum." The southern neighbour China thus found an opportunity to fill this vacuum at least in the economic and trade field. It was more so because during the initial years of the post-Soviet period, Russia was caught in deep political and economic crises so much so that it remained busy in setting right its own problems and hence it had little time to pay attention to its old allies like Mongolia.

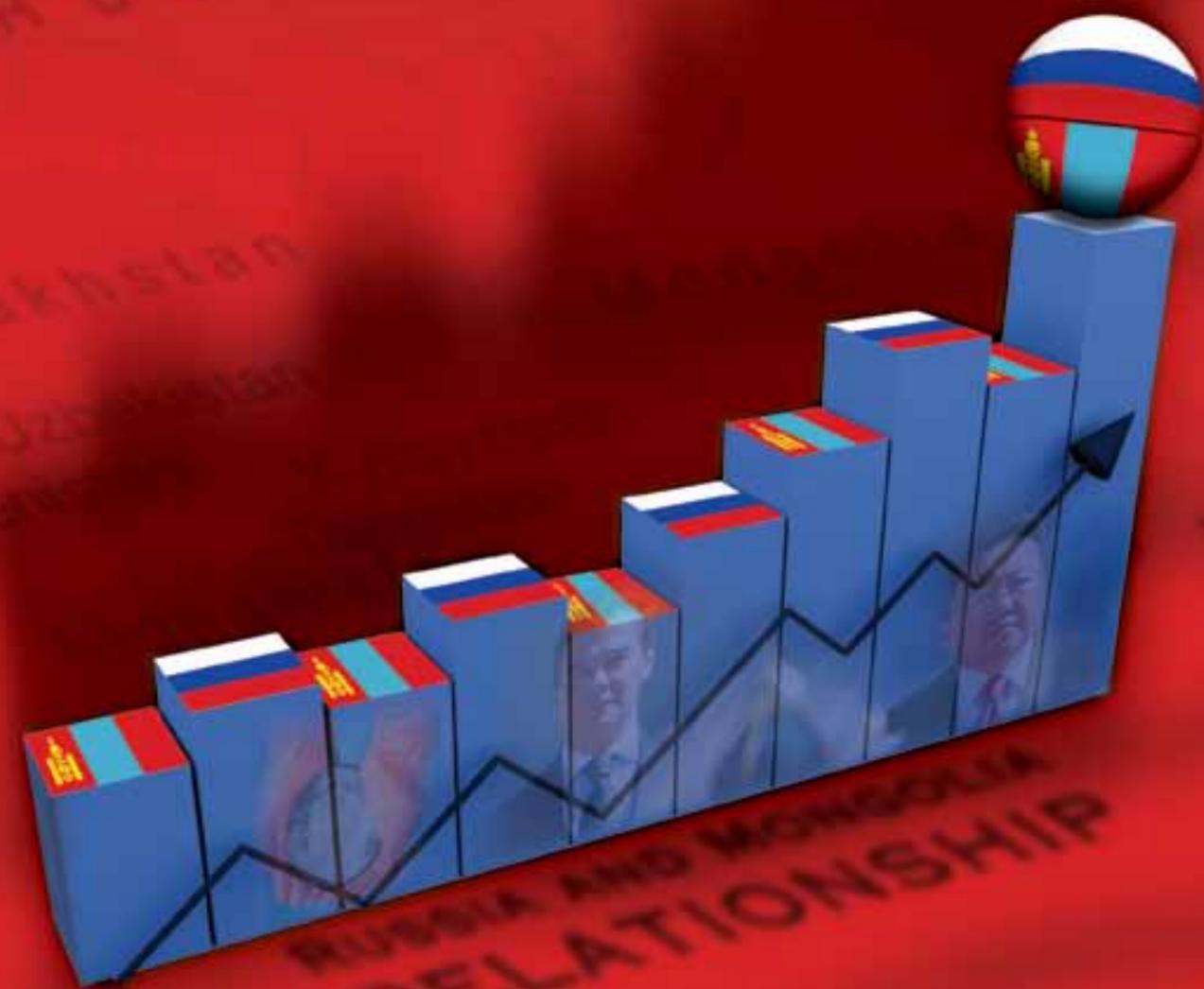
Decline in Soviet influence

In the meantime, in 1992, a major review of Mongolia's foreign and security policy took place which demonstrated a departure from traditional mooring of dependence on Russia, besides making commitments to internal changes through democratic reforms and market economy. Both Russia and Mongolia affirmed their equality as sovereign States whose new relationship would be based on bilateral cooperation in accordance with the Treaty of Friendly Relations and Good Neighbourly Cooperation signed in 1993. However, the two sides witnessed a low in their relationship largely due to the fact that they could not agree upon how Mongolia's Soviet time debt payments would be made. Russia-Mongolia relations further became stagnant, mainly for political reasons following the first ever landslide victory of the Democratic Coalition in the 1996 Mongolian elections. Various measures adopted

Russia and Mongolia: recent upsurge in ties



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by the Democratic government in Mongolia were regarded by Moscow as an anti-Russian move intended to curb Russian influence in Mongolia, especially in bilateral trade. Particular mention may be made of the

action programme that gave much importance to Mongolia's relations with the United States. Besides, over the decade of the 1990s another aspect of Russia-Mongolia relations which bothered Moscow too much was

the decreasing level of bilateral cooperation in the defence and military spheres, while at the same time there had been a surge in such cooperation of Mongolia with other countries like China, the United States, South Korea,

Japan, India and Germany. Russia also found lessening of its influence in the Mongolian market as its share there had dropped from 85 per cent in the early 1990s to nearly 25 per cent in 1999.

Putin initiative

Nevertheless, encouraging signs emerged at the turn of the 21st century when Russia and Mongolia realised that good neighbourly cooperation between them was necessary to keep away the Chinese from exercising any dominant role in Mongolia. The revival of relationship between the two sides began to take a definite shape when Russian President Vladimir Putin visited Mongolia in 2000, the first since 1974 visit of Soviet President Leonid Brezhnev. Putin's visit signified the implementation of Russia's equal and mutually beneficial foreign policies towards Asia in general and Mongolia in particular. The event culminated with adoption of a joint declaration, named as the Ulaanbaatar Declaration, which laid a legal groundwork for the restoration of bilateral ties between the two countries. Significantly in 2006, bilateral political relations entered into a phase for an all-round resumption when Moscow Declaration was issued during the state visit to Russia paid by the new Mongolian President Nambaryn Enkhbayar. In the same year, Russian Prime Minister Fradkov paid a visit to Mongolia with a large business delegation, thereby giving a boost to developing ties at the political level. In April 2008, Mongolian Prime Minister S. Bayar paid an official visit to Moscow, which opened up what has been described as "a new era for comprehensive cooperation between the two nations." The following month, i.e., in May 2008, President Enkhbayar met in Moscow with President Medvedev and discussed a range of political and strategic issues. Since Moscow now sees Mongolia as a special subject in its foreign affairs development, the year 2009 witnessed both the Russian President Dmitry Medvedev and Prime Minister Vladimir Putin visiting Mongolia. More recently in December 2010, several important agreements were concluded following negotiations between Russian Prime Minister Vladimir Putin and his Mongolian counterpart Sukhbaataryn Batbold during the latter's visit to Moscow.

Mongolian concurrence

That Russia-Mongolia political relations have ascended to a new historical stage in recent years also owes much to Tsakhia Elbegdorj, the current Mongolian President, who is considered to be a big supporter of forging closer ties with Russia despite his being a Democrat. While talking about the prospects of cooperation with Russia during an interview with the Russian information agency *Interfax*, he gave strong indications of making changes in Mongolia's external and internal policy which would be oriented more towards developing Mongolia's overall relations with Russia. The idea is that both countries could be able to use their long, friendly relationship to maintain and strengthen peace and stability and create an atmosphere of mutual trust and cooperation in the Asia Pacific region to extend cooperation and interactions in the areas of politics, economy and security. Mongolia has already joined the Conference on Interaction and Confidence Building Measures in Asia (CICA), as well as the ASEAN Regional Forum on security, besides having an observer status in the Shanghai Cooperation Organisation (SCO). There have been indications that Mongolia would now seek full membership in the SCO, so that it could get further incentives to forge closer ties with not only China, Russia and Kazakhstan but also with other Central Asian member countries of the SCO.

Energy politics

Initially in the wake of the Soviet collapse bilateral economic and trade relations were somewhat overshadowed by Mongolia's huge Soviet-era debt to Russia. But in December 2003, the Russian government wrote off 98 per cent of this debt, once valued at US\$ 11 billion. This was considered to be an apparent attempt by Russia to give bilateral ties a much-needed boost, though the move appeared to have a little help to encourage bilateral trade and investment ties. It was hydrocarbon the supplies of which from Russia then became a key factor in reviving economic relations of the two countries. When Putin visited Mongolia in 2000, an agreement was signed to build an oil pipeline from Siberia to China through Mongolia. Such a project would not only secure lucrative transit fees, but

also guarantee stable oil supplies for Mongolia. However, this project, which was delayed due to problems in negotiations among the parties involved, is expected to kick off soon as today in Russia's closer ties with Mongolia, energy supplies provide the main leverage over Mongolia. In March 2009, the two sides signed three interdepartmental documents including an agreement between the Rosatom State Nuclear Energy Corporation and the Mongolian Department of Nuclear Energy on cooperation in nuclear power generation and uranium production. More recently, on 14 December 2010, the two countries signed several key agreements including formation of a Russian-Mongolian uranium ore mining company, Dordon Uranium. The product output of this joint venture is planned at 2000 tons per year, which will be a major boost for Mongolian economy given the fact that Mongolia has uranium reserves of some 62,000 tons, placing it among the top 15 countries in terms of reserves. But it has neither a nuclear power plant nor the nuclear weapons. Russia is the first country to have signed such an agreement with Mongolia on joint uranium operations.

Economic cooperation

Both Russia and Mongolia have been doing much in recent times to enhance their economic cooperation mainly through Russia's participation in the development of Mongolian mining resources and infrastructure construction. Mongolian-Russian joint ventures built in early years have all along been the backbone firms in Mongolia and the newly-formed railway venture and Mongolia-Russia uranium production joint venture have created conditions for Russia's future involvement in tapping mineral resources and going in for infrastructure development in Mongolia. The petroleum products Mongolia badly needs have all been practically imported from Russia. It is to be noted that Russia has a 49 per cent stake in Mongolia's major copper producer, Erdenet and Mongoltsvetmet joint ventures. The two companies contribute to almost 20 per cent of Mongolian GDP, while Erdenet provides nearly 40 per cent of the Mongolian national budget. There are more than 250 smaller joint ventures in Mongolia, with combined

Russian investments totalling over US\$ 20 million. At present, the Russian interest to invest in Mongolia has become unprecedented due to the fact that unlike the Soviet period when it was a State investment, now it is mainly the interest of Russian businesses with the backing from the Russian Government.

Improvement in trade

As regards trade cooperation, the negative downward trend of the early and mid 1990s has been diminishing particularly since the year 2000 and the Russian big business has already begun to turn its eyes to Mongolia. While in 2006, bilateral trade turnover reached some US\$ 500 million or nearly 75 per cent up from 2000, it grew in 2007 to register a figure of US\$ 670 million, an increase of some 28 per cent over the previous year. The trade figure showed further growth in 2008 when it reached to US\$ 1 billion but it was an imbalanced trade because Mongolia has been heavily dependent on Russian energy and pays lot of attention to Russian investment and trade cooperation. According to statistics released by the Mongolian Ministry of External Relations, the volume of trade between the two sides increased sharply to reach at US\$ 1.6 billion in the January-May period of 2009, attaining ahead of time the US\$ 1 billion objective for the year 2010. In the first nine months of 2010, it has been revealed that the bilateral trade further grew by more than 50 per cent. The extent of recent trade turnover especially in the last five years indicates that Mongolia is currently restoring relations in the Russian orbit, largely for economic reasons. With Russia already having a share of about 20 per cent in Mongolia's overall external trade, it appears that Moscow will continue to remain one of Ulaanbaatar's most important foreign trade partners.

Security ties

Russia has shown keen interest to assist in the modernisation of the Mongolian military without binding to a pro-Russian alignment or treaty and there are ample signs that military cooperation is increasing as part of strategic partnership the two countries declared to carry out. Russia is helping Mongolian servicemen receive training in Russia and providing technological

support and assistance in modernising their weapons. It was during Putin's 2000 visit to Mongolia that a military pact was endorsed committing to a peaceful future between the two sides.

Earlier, defence cooperation between Mongolia and Russia was initiated by concluding two agreements in 1993, i.e., "Agreement on military cooperation between the Ministry of Defence of Mongolia and the Ministry of Defence of the Russian Federation" and "Agreement on military and technical cooperation between the Governments of the Russian Federation and Mongolia." These two agreements serve as the legal basis for defence relations and cooperation between the two sides. Another agreement on defence cooperation was concluded when the Defence Minister of Mongolia visited Russia in 1997.

The 2008 visits of Russian Defence Minister and the new chief of general staff to Mongolia is further evidence of growing security ties between the two sides. Besides, various agreements concluded between the two sides show that military-technological cooperation is on the rise. After 20 years during which Russia-Mongolia military cooperation was broken off, there have been joint military manoeuvres for the first time since 2008. A joint Russian-Mongolian military training called "Darkhan-I" also took place in the same year to teach Mongolian military experts to repair and restore military equipment in field conditions. Further a training programme to prepare Mongolian soldiers for international peace-keeping duties and upgrading weapons has also been planned. Of late, in December 2010, both sides pledged for regular military exercises besides discussing the ways for modernising the Mongolian armed forces including training of Mongolian students at Russian military schools as well as delivery of Russian air defence systems to Mongolia. Such cooperation in the security field is considered by the Mongolians as their geostrategic needs of balancing relations with the two



neighbours.

To sum up, following the Soviet collapse economic crisis in Russia weakened its financial and resource supply to Mongolia, which led to rapid deterioration in Mongolia's socio-economic status. However, in times of relatively stable economy, both countries have shifted their focus to mutually beneficial cooperation without compromising national interests. In the past decade, especially since 2000, developing comprehensive cooperation with Russia has become a natural choice for Mongolia in pursuing its national interests in the political, economic and security fields. The three key aspects that motivate Mongolia to come closer to Russia despite China being the former's largest trade and investment partner include, (a) geopolitical relationship with Russia that has always been an important element of Mongolia's security; (b) Mongolia needs Russia for the supply of energy and many other daily commodities, such as sugar and edible oil; and (c) Russia's forceful role in Eurasia is of great significance to Mongolia as it seeks to be connected to Europe. On the other hand, Russia prefers to see Mongolia as a special subject in its Asian policy, particularly to counter Chinese and US influences. Whatever the motives of the two sides, recent trends suggest that pragmatism would continue to be a key factor in growing relationship between Russia and Mongolia. 

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