

Chinese President Xi Jinping's Visit to Mongolia

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Mongolia recently hosted Chinese President, Xi Jinping on August 21-22, at a state visit. In the past six months, since he assumed office, Xi Jinping has visited countries across the world from Russia to the Southeast Asian nations and from African states to the Latin American countries. However, in 2013, President Xi preferred to give countries of the East Asian region a miss. He visited Seoul only in July 2014 and other east Asian capitals are yet to witness President Xi's arrival as a State guest.

President Xi's Mongolia visit happened at a time when China and Mongolia have successfully completed sixty years of their bilateral relations. It was the first trip to Mongolia by any Chinese top leader in the past decade. The signing of the *Treaty of Friendship and Cooperation* by the Chinese President Li Peng in 1994 and the establishment of a strategic partnership in 2011 were defining moments in China-Mongolia relations. Though the main focus of the visit was on boosting economic ties; given that, for China, clout in Mongolia has been looming large, the visit was indicative of the fact that amidst China's maritime dispute with Japan, China is reinforcing its position in its neighbourhood.

The two sides inked as many as 20 cooperative agreements to facilitate cooperation on issues of mutual interest, such as mineral extraction, infrastructure building and finance. China is increasingly becoming an important player in Mongolia's infrastructure building sector. During the visit, several MoUs were inked including the ones pertaining to medical care, education, railroad and housing. Importantly, in the finance sector, President Xi and his counterpart

Tsakhia Elbegdorj signed an agreement to establish an economic cooperation zone. A deal on currency swap was also signed to enhance regional economic cooperation.

This visit proved that Mongolia holds considerable importance in Chinese economic Co-operation in this region. China has deep interest in Mongolia's unexploited mineral reserves. Additionally, Mongolia is an important part of the Silk Road Economic Belt, which was first proposed by President Xi in September 2013. China is important for Mongolia for the simple reason that cordial relations with China are vital for boosting Mongolia's economic growth. With a number of mining projects still in limbo, Mongolia is increasingly turning towards China to give a fillip to its waning economy.

Currently, China is Mongolia's largest trading partner and also its largest investor. China-Mongolia bilateral trade crossed the US\$ 6 billion mark in 2013. The latter's bilateral trade with China constitutes more than half of its total foreign trade. During President Xi's Mongolia visit, the two countries pledged to take steps so as to realise the US\$ 10 billion mark in bilateral trade by 2020. Mongolia's landlocked status is a bane for the country, which is sandwiched between China and Russia. Therefore, Mongolia is looking for trade routes to export mineral resources to the countries beyond its immediate neighbourhood. In that regards, Mongolia perceives China as its access point to the South, Southeast and Central Asian regions. During the visit, President Xi agreed to allow Mongolia to use China's northern and northeastern ports for trade purposes. China also pledged to help Mongolia get APEC membership- a move that is bound to have long-term implications on the bilateral relationship.

However, emerging bonhomie between China and Mongolia has its own set of challenges for Mongolia. First, the leadership in Mongolia is concerned of getting over-dependent on China for ensuring its economic growth. While this has been noticed with caution in Ulan Bator, it will take considerable time before Mongolia diversifies its economic Co-operation in the region. Second, there has been a surge in protests in the country due to China's increased involvement

in Mongolia's mineral sector. Notably, China is the largest market for Mongolia's huge coal and copper reserves.

For China, the visit was well-timed and crucial as Russian President Vladimir Putin is scheduled to visit Ulan Bator next month. One may argue that China is working towards monopolistic control over Mongolia's untapped mineral resources. Clearly, China seeks to outsmart Russia and Japan in terms of inching closer to Mongolia for the benefits of engagement without any competition from Russia and Japan.

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