The economic corridor "China-Mongolia-Russia": problems and development prospects

Z Dondokov
Buryat Scientific Centre, Siberian Branch of the Russian Academy of Sciences, Ulan-Ude, Russia

E-mail: dzorikto@mail.ru

Abstract. The article describes the problems of creating the economic corridor China-Mongolia-Russia. The issues of interaction between the three countries on joining the Chinese initiative of the economic belt of the Silk Road, the Mongolian concept of the "Steppe Way" and the Russian idea of building the Eurasian Economic Union are studied. The problems of implementation of the "Program of creation of economic corridor China – Mongolia – Russia" are revealed. The necessity of specification of the list of investment projects and determination of the membership of the participants is substantiated. The expediency of the creation of a permanent tripartite intergovernmental Commission for the implementation of the Program of creation of the China – Mongolia – Russia economic corridor, headed by high officials of each country, is justified. The commission is proposed to allocate several subcommissions in various areas, including transport infrastructure, trade, energy, industry, humanitarian cooperation and other areas of activity. The necessity of the establishment in each of the three countries of the state commissions for the implementation of the Program, the activities of which should be aimed at the preparation of specific projects, the appointment of stakeholders, the involvement of specialists and experts is substantiated. The expediency of placing the state commissions of Russia and China in the administrative centers of the regions, most connected with the economic corridor is shown in Ulan-Ude (the Russian Federation) and Hohhot (China) is pointed out.

1. Introduction
In the context of globalization, the creation of economic corridors as instruments of international cooperation in transport, logistics, trade and other spheres of activity is an important area of development of neighboring countries [1].

Several corridors are being promoted through regional cooperation initiatives in sub-Saharan Africa [2]. In the Asia-Pacific region, regional corridors are being developed with the support of the Asian development Bank [3]. The creation of economic corridors with neighboring countries in the framework of the development of Eurasian cooperation is an urgent task for Russia [4]. In this context, the initiative to create an international economic corridor China-Mongolia-Russia, approved by the leaders of the three countries, is very important. It fits in with the plans of trilateral cooperation, allows to "dovetailing" regional development strategy: the Chinese initiative of the economic belt of the Silk Road, the Mongolian concept of "Steppe way" and the Russian idea of building the Eurasian economic Union [5]. The creation of a trilateral economic corridor can become a strong impetus for the
development of the adjacent Siberian regions [6]. The increase in freight traffic will increase the efficiency of the use of the Trans-Siberian Railway, highways and other infrastructure.

2. Models and Methods
The author analyzes the factors influencing the efficiency of the economic corridor China-Mongolia-Russia.

The terrestrial nature of the corridor reduces its competitiveness in comparison with sea communications: the delivery of cargo for long distances by water transport is much cheaper. Thus, the opening of the Suez Canal made the transportation of tea to Central Russia by sea more profitable than by the Great tea route [7]. In general, relatively high transport tariffs on the land route reduce its attractiveness for interested parties (trade companies, buyers, etc.).

The competitive advantages of the China-Mongolia-Russia economic corridor are the security of the transport route running through conflict-free areas, as well as the high speed of cargo delivery [8]. It is necessary to study the market for possible transport by type of transport, distance, volumes and types of cargo, as well as comparative analysis with alternative transport routes taking into account safety, speed of delivery and insurance costs [9].

A significant part of the economic corridor passes through Mongolia and Siberian regions of Russia, characterized by low population density and low economic potential. Therefore, the activities carried out within the framework of the tripartite corridor have little impact on the development of the respective territories. On the contrary, in the densely populated regions, the creation of transport communications (railroads and highways, bridges, ports, etc.), aimed at increasing transit traffic, is a powerful impetus for the development of the local economy. The relatively low potential for economic activity in the territories adjacent to the economic corridor China-Mongolia-Russia reduces the attractiveness of relevant investment projects for potential investors, including the Asian Bank for Infrastructure Investments, the Asian Development Bank.

Due to the high cost of investment projects to create new transport infrastructure, including railway and road sections, it is advisable to concentrate on the main transport corridors. By rail, this route is Erlian-Ulan-Bator-Naushki-Ulan-Ude [10].

By road, the main route is Erlian-Ulan-Bator-Kyakhta-Ulan-Ude. The Eastern and Western corridors, including the Trans-Baikal territory and, accordingly, the Republic of Tuva, are complementary and can be developed in the implementation of relevant investment projects.

The effectiveness of the economic corridor depends to a large extent on institutional factors, including the existence of a stakeholder engagement mechanism.

In 2016, the heads of the three States signed the "Program for the creation of the China – Mongolia – Russia economic corridor" (hereinafter – the Program), which aims to provide conditions for the development and expansion of trilateral cooperation [11].

The Program provides for the implementation of joint projects aimed at increasing trade, ensuring the competitiveness of products, facilitating cross-border transport and infrastructure development.

The projects cover the construction of a cross-border highway and railway, the development of transit transport, the expansion of cooperation in the industrial, energy, tourism, educational and scientific and technical sectors, in the field of agriculture, environment, health and humanitarian exchanges.

In accordance with the Program, from each country, the authorized executive bodies responsible for its implementation are established - the Ministry of Economic Development of the Russian Federation, the Ministry of Foreign Affairs of Mongolia, the State Committee for Development and Reform of the People's Republic of China. The Program contains a general provision on the mechanism of its implementation: the authorized bodies should meet at least once a year to monitor the implementation of the Program and projects, as well as to agree on the necessary measures for their further implementation.
At the same time, at present the Program is a framework document specifying the goals, directions and principles of interaction. Most of the declared projects are not, in fact, projects. It is necessary to specify them, to allocate investment projects and to define the list of participants.

The author identifies the main organizational problems of the implementation of the China-Mongolia-Russia Economic Corridor Program. First, there are significant difficulties in interaction organizing between stakeholders. It is not always possible to establish cooperation between the state, business structures, public and expert organizations within one country. It is much more difficult to do this at the international level. Moreover, all three participating countries - Russia, Mongolia and China, vary greatly in economic potential, state structure, development goals and priorities. Difficulties in interstate communications are significant, as the state languages belong to different language groups. Secondly, the Program is multidisciplinary and covers issues of interaction in various fields of activity - from transport infrastructure to humanitarian cooperation. All this complicates the implementation of the Program and determines the need to create appropriate mechanisms.

It should be noted that these organizational problems, with all the features in general, are of a general nature. They were typical for the creation of other economic corridors, including the Great Mekong, the Central Asian Regional Economic Cooperation, and the Economic Corridor of Bangladesh - China - India - Myanmar.

The unique features of the studied economic corridor include:
- participation in the corridor of the two largest countries in the world - Russia and China;
- the transit character of Mongolia;
- a huge length of the territory of one country - Russia.

The large scale of the economic corridor determines the existence of a specific problem of coordination of activities between the central and regional governments of Russia and China.

3. Results and Discussion
First, it is reasonable to establish a permanent trilateral intergovernmental Commission on the Implementation of the China – Mongolia – Russia economic corridor Program, headed by high officials of each country. It should be composed of several sub-commissions (working groups) in the following areas: transport infrastructure, trade, energy, industry, humanitarian cooperation, etc. This will allow solving issues of trilateral cooperation between the countries quickly and effectively.

The main task of the tripartite commission will be selection of projects and executors, identification of funding sources. The projects are expected to be financed from public and private investments, as well as from the resources of international financial institutions that were established relatively recently: the Asian Bank for Infrastructure Investments, the New Development Bank of BRICS, the Interbank Association of the Shanghai Cooperation Organization (SCO), the Silk Road Fund. In order to provide scientific and expert support to the projects, the Association of Expert Centers of Russia, Mongolia and China (hereinafter - the Association) should be involved in the work of the intergovernmental commission, whose activities should be aimed at collecting, processing and analyzing information on the problems of the China-Mongolia-Russia economic corridor.

Secondly, for the qualitative and timely preparation of documents related to the implementation of the Program, in each country of the three countries it is necessary to create state commissions for the implementation of the Program. In our opinion, these commissions could be headed by representatives of the authorized executive bodies responsible for the implementation of the Program - the Ministry of Economic Development of the Russian Federation, the Ministry of Foreign Affairs of Mongolia, and the State Committee for Development and Reform of the People's Republic of China. The main task of the commissions could be the preparation of documents for the meetings of the tripartite intergovernmental commission. Their activities should be aimed at the preparation of specific projects, the identification of stakeholders, the involvement of specialists and experts, etc.

In order to promptly resolve the issues, the state commissions of Russia and China with the corresponding state should be located in the regions, most connected with the economic corridor in
Ulan-Ude (Russian Federation) and Hohhot (China). The Russian commission should include a plenipotentiary representative of the President of the Russian Federation in the Siberian Federal Region, governors and heads of interested subjects of the Russian Federation, heads of territorial departments of federal agencies related to the development of the economic corridor, representatives of the expert center of Russia on the economic corridor. One of the tasks of the Commission should be coordination of activities for the preparation and implementation of projects between the participants of the Program—Federal and regional governments, business structures, foreign partners, investors, etc.

Thirdly, it is necessary to build in the system some activities for the implementation of the Program. The author suggests a sequence of stages in the reverse order in time.

1. The most important event for the implementation of the Program is the meeting of the heads of Russia, Mongolia and China. In 2014-2017, such meetings were held within the framework of the summit of the SCO member states.

2. In order to prepare for the summit meetings, in our opinion, it is necessary to create and hold a tripartite intergovernmental commission for the implementation of the Program with the participation of representatives of the Association of Expert Centers of China, Mongolia and Russia. It seems expedient to hold preliminary meetings of think tanks within the framework of the Association Forum.

3. In each participating country the meetings of state commissions should be held for the implementation of the Program with the participation of representatives of the Association.

4. Preparation of documents for the meeting of the state commission. In each participating country the collection and preliminary selection of projects and proposals for the implementation of the Program are to be organized and conducted.

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.

4. Conclusion
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 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.

Acknowledgements
The work was supported by the comprehensive program of fundamental scientific research of the SB RAS No. II.1

References
[1] Asian Development Bank 2014 Economic Corridor Development for Inclusive Asian Regional Integration: Modeling Approach to Economic Corridors Income accessed online on 22th May 2018 via https://think-asia.org/bitstream/handle/11540/63/economic-corridor-development.pdf?sequence=1
[2] Srivastava P 2011 Regional Corridors Development in Regional Cooperation ADB Economics Working Paper Series 258 Income accessed online on 10th June 2018 via https://www.adb.org/sites/default/files/publication/28889/ewp-258.pdf
[3] Parshin P 2014 Projects for the development of the Mekong River subregion Analytical Reports of the Institute of International Studies (Moscow: Moscow State Institute of International
Relations Press) Income accessed online on 25th May 2018 via http://imi-mgimo.ru/images/pdf/analiticheskie_doklady/AD443.pdf

[4] Atanov N 2017 Eurasian doctrine in practical implementation of development prospects Problems of Modern Economy 1 6-12

[5] Uyanaev S 2016 Russia - Mongolia - China: activation of tripartite rapprochement (the outcome of the Second Forum of the Association of Experts Centers of Russia, Mongolia and China) Problems of the Far East 6 30-5

[6] Borisov G, Dondokov Z and Namzhilova V 2017 The economic corridor China – Mongolia – Russia: the standby mode ECO 5 98-106

[7] Epifanova G 2016 The Great Tea Way: History and Modernity Civilization-Society-Man 1 36-42

[8] Bezrukov L 2016 Transsib and the Silk Road: global infrastructure and regional development ECO 7 21-36

[9] Malov V 2018 Mongolian transit: tactical steps to solve strategic goals Region: Economics&Sociology 1 217-30 https://doi.org/10.15372/REG20180110

[10] Namzhilova V 2018 Economic corridors in the Eurasian space: China's initiatives and world experience Russia and the APR 1 65-81

[11] Frolova I 2017 Perspectives of trilateral cooperation of Russia, China and Mongolia Problems of National Strategy 6 84-102