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North Korea and Mongolia: A New Partnership for Two Old Friends?

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Charles Krusekopf, Executive Director of the American Center for Mongolian Studies, explains that “Political and cultural relations between Mongolia and North Korea have generally remained close since 1948, when Mongolia became only the second country in the world to recognize North Korea, after the Soviet Union.”

In late October, Mongolian President Tsakhiagiin Elbegdorj became the first foreign head of state to make an official visit to North Korea since Kim Jong-un, North Korea’s young leader, assumed power in late 2011. Why did Mongolia’s president go to Pyongyang and why was he selected as the first foreign leader to visit, especially given the very close political and economic relations between North Korea and China? The answer is likely rooted in the long bilateral relationship and their shared position as small countries wishing to emphasize their independence in a region dominated by major political and economic powers. The visit highlights the growing relationship between the two; however, significant obstacles to a deeper partnership exist.

Political and cultural relations between Mongolia and North Korea have generally remained close since 1948, when Mongolia became only the second country in the world to recognize North Korea, after the Soviet Union. North Korean Supreme Leader Kim Il-sung visited Mongolia twice, and noted a special kinship between the two states based on a similar geopolitical position. The relationship cooled in the 1990s after Mongolia shed its centralized political and economic systems and North Korea closed its embassy in Ulaanbaatar. Mongolia developed close economic and political relations with South Korea, the United States and Japan, and in contrast to China, allowed North Korean refugees who reached Mongolia to go to South Korea. The relationship was renewed after the signing of a Friendship Treaty in 2002, the reopening of the North Korean Embassy in 2004, and a series of high level diplomatic exchanges.

Mongolia’s primary benefit from its relationship with North Korea is the support this provides to Mongolia’s “third neighbor” partners, including the United States, Japan, and South Korea. Those relationships are much more important to Mongolia’s development goals than the relationship with North Korea. Mongolia’s loyalties are highlighted in documents released by WikiLeaks revealing that in 2009 Mongolian officials provided information to the US Embassy in Ulaanbaatar about meetings with visiting North Korean officials. Mongolia has also used its North Korean ties to boost relations with Japan, offering to help mediate in the case of Japanese citizens kidnapped by North Korea. Mongolia is the only democracy that maintains relatively close ties to Pyongyang, and while Western powers have generally sought to isolate North Korea, they have encouraged Mongolia to maintain its ties as a source of information and channel for communication.

The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options.

Some observers, especially those in Mongolia, have suggested that Mongolia might be able to play an even greater role as a mediator between North Korea, the United

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States and other Western powers, but this is unlikely given the nuclear and military issues at stake and US policy to negotiate with North Korea only through bilateral or Six-Party Talks that exclude Mongolia. The United States and Japan support Mongolia’s relationship with North Korea because they trust Mongolia to not pass sensitive technology or allow North Korea to evade sanctions, but that confidence does not extend to offering Mongolia a direct role in negotiations over the fate of the Korean Peninsula.

Despite his background as a leader of the democratic revolution in Mongolia and a strong advocate of democracy and justice, President Elbegdorj did not address North Korea’s political system or human rights abuses during his four-day visit, and he did not have the opportunity to meet Kim Jong-un. Instead the visit focused almost exclusively on the potential for economic cooperation. The primary interest of both countries is the potential connection between Mongolia’s need for port access and North Korea’s efforts to develop its Rajin port as a free trade zone.

Almost all of Mongolia’s exports currently go to China, but Mongolia fears that this heavy reliance leaves the country economically vulnerable. Mongolia has therefore explored shipping its coal to global buyers through the Russian Far East, and with the recent completion of a rail link between Rajin port in North Korea and Khassan in Russia, Mongolia could conceivably use Rajin for exports and imports. North Korea is likewise looking to find investors and freight that might utilize this relatively remote free trade zone.

While this option seems to fit the needs of both countries, in practice it is highly unlikely that Mongolian resource exports will find their way to North Korean ports. The railway infrastructure is lacking, and the Russian Far East is more than 4,000 km from the main Mongolian mines, which are predominantly located near the Chinese border. Studies have shown that shipping costs and capacity constraints would make this routing economically unviable compared to sales to interior regions of China or export through Tianjin or other Chinese ports. A more direct route to Rajin from eastern Mongolia is possible across North East China, but the rail infrastructure within Mongolia to support this route does not currently exist.

In addition to interest in North Korea’s ports, President Elbegdorj emphasized several other areas of potential economic cooperation, including Mongolian support for the development of animal husbandry and tourism in North Korea. Mongolia’s experience with mining development has also been touted, although most major mines in Mongolia are foreign owned or operated. He curiously did not highlight the biggest economic deal to date between the two countries, the June 2013 deal by a Mongolian company, HBOil JSC, to buy a 20 percent share in a state-owned North Korean company that operates the Sungri oil refinery. The deal was initially touted as a way for Mongolia, which lacks oil refining capacity and is dependent on Russia for petroleum imports, to refine its own crude oil for domestic use. However, that scenario is unlikely given the cost of shipping. Therefore the deal is more likely an attempt by a Mongolian company and its foreign investors to gain a foothold in the North Korean market, with hopes for future development.

Overall, given that neither Mongolia nor North Korea has the capital or technology necessary to support large scale development, and North Korean ports are too far from Mongolia to offer an economically viable export option, any business deals will likely be on a small scale. Mongolia does have some knowledge of how to transform a centralized economic and political system, but it will take a North Korean reformer in the mold of Mongolian President Elbegdorj before the two countries will find enough common ground to form a truly successful partnership.

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