



# Connecting Asia

by Support for Economic Cooperation in Sub-Regional  
Initiatives in Asia (SCSI) Programme



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DEUTSCHE ZUSAMMENARBEIT

Mongolia's Regional Integration in Northeast Asia

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## General Benefits of Regional Integration

***„...Regional integration here refers to a process through which economies in a region become more interconnected...” (ADB 2014)***

Development takes place in a globalised world. Economic activities transcend national borders. Regions are ideal gateways for connecting countries to the world market. Regional economic integration brings together drivers of growth and provides an opportunity for local producers to participate actively in globalization. Regional economic integration facilitates cross-border trade and investment

- Enterprises can overcome small and domestic markets;
- Economies can utilise their comparative advantages within a region;
- Increase of trade and investments;
- Shield sub-region from outside economic shocks;
- Contribute to overall political and social stability.



## Specific needs of Mongolia

**„...being landlocked means that Mongolia’s trade flows are closely tied to access to its neighbours...“ (ITTLLDC 2017)**

Mongolia’s economic outlook is shaped not only by the abundance of its natural resources, but also by its location as a landlocked country. As such, it is highly dependent for all exports on neighbouring Russian Federation and People’s Republic of China. Despite the obvious benefits it is necessary to ensure that all stakeholders must be at ease, that they would collectively better off with more integration than without.

- Highly dependant on neighbouring economies;
- Access to seaports;
- Positive sum game with obstacles.



## Sub-regional mechanism in Northeast Asia: GTI

***“...institutions [for regional integration] as arrangements and organizations, ranging from ad hoc and informal forums that lack an organizational core to formal standing bodies that serve a particular purpose...” (ADB 2010)***

In Asia, regional integration is often flexible, oriented towards the needs of the cooperation economies. In Northeast Asia exists one sub-regional organisation, the Greater Tumen Initiative, where Mongolia is a member. As an initiative with a working secretariat GTI is somewhere between a loose meeting based mechanism and a fully formalised international organisation.

- Mongolia
- PR China
- Russian Federation
- Republic of Korea



Source: [tumenprogramme.org](http://tumenprogramme.org)



## GIZ's support to Mongolia within the GTI mechanism

**„...Only if all three elements are in place, RCI processes will be successful, i.e. they will lead to more trade and investments, higher growth and reduced poverty...” (GIZ 2012)**

As GIZ we support regional integration and cooperation processes along three main levels: first the level of regional agreements, such as trade and investment agreements, second the implementation of these policies within a country and third the utilization of these policies, namely by the private sector. For the past six years, GIZ has supported first the Greater Tumen Initiative as such and then the Mongolia within this framework.

- Elaboration and approval of regional agreements;
- Implementation of regional agreements on the national level;
- Make use of the improved framework in terms of trade and investment.



## Conclusion: Regionalism and Mongolia

**„...a process that promotes the formation of regions [by] market lead integration [and a] stronger regional focus...“ (ADB 2008)**

Regional integration, when done right, can produce a number of benefits for the population. In order to make this happen, regional integration needs mechanism for sustainable, inclusive regional solutions. For Mongolia inclusion and active participation in regional mechanisms such as GTI are crucial for further development. GIZ stands ready to support Mongolia in its endeavours to further integration in Northeast Asia and the global economy.

- Regional integration needs political backing and will;
- Sound institutions for regional integration and cooperation;
- Inclusion of the private sector and all involved stakeholders.



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# Further Information

- Blog, documentations and studies: [connecting-asia.org](http://connecting-asia.org)
- Quarterly newsletter: [Connect Asia](#)
- Social Media: [Twitter](#)
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