

**KEYNOTE SPEECH BY H.E. MR. N. ENKHBAYAR,  
PRESIDENT OF MONGOLIA AT THE INAUGURATION SESSION  
OF “THE ULAANBAATAR FORUM FOR EAST ASIA”**

I warmly welcome all guests to the Ulaanbaatar Forum for East Asia, which is being organized jointly by the Mongolian Development Research Centre, Sasakawa Peace Foundation of Japan and the Office of the President of Mongolia.

First of all, I am pleased to note that the inauguration of the Ulaanbaatar Forum is a momentous event. This is so because the Forum is taking place at the time when the 21<sup>st</sup> century is widely regarded to be an Asia-Pacific century in the academic circles, while we witness today further integration in the Northeast Asia and creation of East Asian Community.

The Ulaanbaatar Forum is also well-timed and notable for the reason that its discussion on Mongolia’s vision of the Northeast Asia, one of its foreign policy priority directions, coincides with the commencement of the 800<sup>th</sup> anniversary of the Great Mongolia State.

As a Northeast Asian country, Mongolia attaches importance to an active participation in the regional cooperation associating its future economic development and advancement with the regional economic and security trends.

Development of a new society based on market economics is a daunting task and great challenge facing us for coming years, as Mongolia is a country that has a sparse population, poorly developed infrastructure, weather-dependant agriculture based on traditional means of production, and previously being much influenced from outside. Under these circumstances increasing participation of Mongolia in the regional integration has become priority for us. Mongolia’s constructive participation in the regional integration would establish close connection to the regional development efforts bringing faster economic growth to the country,

Future development of the Northeast Asia is certainly of special importance to the world. The region’s place and significance can be seen from the fact that it includes countries that influence political, economic and strategic equilibrium of the world.

Four world great powers, USA, Russia, Japan and China, have great influence on regional development, while the latter two countries, Japan and China, represent economic powerhouses of Asia. Relationships among Northeast Asian countries have improved dramatically. Today the atmosphere

has become more relaxed and mutual confidence and trust are building up. A case in point, steadfast development of bilateral relations and cooperation between Russia and China during the 90's has now advanced to the level of strategic partnership. Furthermore, establishment of diplomatic relations by ROK with Russia, China and Mongolia increased cooperation in political, economic and other areas. With these positive developments in the region our cooperation and mutual interdependence are deepening further. Today considerable discussion is going on around huge potentials of collective development of Northeast Asian countries and their regional integration. It cannot be denied today that there is a real prospect for regional collective development policy, which can turn the region into an influential player in the Asia-Pacific as well as the world economy.

There is a good chance of combining mutual advantages for complementary cooperation by employing the rich natural resources of Russia and Mongolia, the huge labor force of China, and the advanced technology and financial capabilities of the USA, Japan, and ROK.

In terms of geography, Northeast Asia can become an international hub of transportation, financial and other market information and services linking Asia, Europe and Americas. Aside these many advantages, the region still needs to resolve several outstanding political issues left from past history. These issues include division of Korean Peninsula, the issue of Taiwan, normalization of relations of Japan and USA with the ROK, establishment of a peace treaty between Russia and Japan, and continuing bilateral disputes between China-Japan and ROK-Japan.

Though certain efforts have been made towards peaceful settlement of Korean Peninsula issue, it might hinder regional security and shared development vision. The fourth round of six-party talks on North Korean nuclear programme in Beijing in September 2005 and its joint statement was an important step towards peaceful resolution of the issue through political and diplomatic ways. Now strong compliance to the Joint Statement by all the parties is conditional for the positive results of the six-party talks.

The ASEAN Regional Forum has been an active player in promoting dialogue and confidence building among countries of Asia and the Pacific. Regional institutions such as Asia Cooperation Dialogue, APEC, Pacific Economic Cooperation Council (PECC), Conference on Interaction and Confidence-Building Measures in Asia (CICA), East Asian Community have been established, where a wide-ranging issues on politics, security, trade and

economics are discussed. In addition to these inter-governmental institutions, a number of Track II or non-governmental organizations are gaining their pace.

*Ladies and gentlemen,*

I would like to draw your attention to the following condition regarding political, economic and social development features in the Northeast Asia. The dominating force in resolving any disputes in the region has been diplomacy and talks. Regional economic cooperation mainly characterized by trade expanded lately in such areas as education, culture, science, and other humanitarian spheres.

We are optimistic regarding the future development of Northeast Asia and Mongolia. Having said that, I would like to make five points regarding the vision for Mongolia in the region:

1. Promotion of bilateral relations is fundamental to fostering confidence building. Mongolia has developed friendly bilateral relations and cooperation with all countries of the region. Mongolia does not have disputes of any kind or political problems with Northeast Asian countries. For example, Mongolia has equally friendly relations with both North and South Korea. That's why we hope that the issue of North Korean nuclear programme would be resolved through dialogue. While Mongolia is not involved directly in the negotiations to resolve the Korean Peninsula issue, we are looking forward to successful conclusion of the six-party talks. I would like to underline readiness of Mongolia in contributing its part in the process if it shall be called.

Taking that a multilateral dialogue on security issues is needed, Mongolia has sought to set up an effective consultative mechanism in the Northeast Asia. Towards this end, at the 55<sup>th</sup> session of the UN General Assembly we have proposed to establish an official (Track I) regular dialogue mechanism on security issues in Northeast Asia. We will be working on all possible ways of advancing this proposal further and gain wider support from other countries in the region.

We view that transforming the six-party talks into the principal instrument for dialogue, mutual understanding and partnership among countries of Northeast Asia would be crucial in strengthening regional collective cooperation and mutual trust in the future. This mechanism should further enlarge and improve, open to all countries of the region.

2. Mongolia has been developing successful economic bilateral relations and cooperation with all countries in Northeast Asia. Regional countries have certain weight and much influence in Mongolia's economy. Eighty percent of

foreign investment and foreign trade comes from four regional countries - Russia, China, Japan, and ROK.

Early this year I discussed future development of the country with leaders and representatives of all political parties. Main outcome from this discussion was consensus on developing and implementing comprehensive National Development long-term strategy.

As a follow-up, I am pleased to inform you that a working group headed by Prime Minister of Mongolia has been formed and set into effect under the decree of President of Mongolia. Devising this comprehensive strategy needs to envisage Mongolia's proper place and role in the Northeast Asian integration. Therefore, the Mongolian Government is paying attention to the Ulaanbaatar Forum and is looking forward to its policy recommendations.

It is apparent that Mongolia's vision for sustainable development is expected to take into account ever more increasing and expanding regional bilateral and multilateral cooperation.

We would further encourage under the domestic legislatures flowing in foreign investment and opening foreign-owned businesses and enterprises on our own soil from the region. It is notable that Mongolia's financial capacity to absorb investment is expanding from year to year.

For Mongolia foreign investment is not only major factor in sustaining economic growth and intensifying development and progress, it also encourages to active engagement in the regional integration, opening opportunities to learn advanced technology, superior service, and modern management methods.

As a rich country with agricultural commodities, Mongolia is one of major exporters of these commodities in the world. Thirty percent of world cashmere is exported by Mongolia.

On the back of increasing demand for natural resources in Northeast Asia, Mongolia's mining industry share accounts for 15% of the GNP with the prospect of further increase in the near future. Using advanced technology of highly developed countries in exploitation of natural resources meets the interest of regional countries for collective development.

3. In my view, regional economic integration strengthens confidence and mutual trust among countries encouraging them to resolve territorial disputes and other outstanding issues left from the past. As one of supporters of the ASEAN+3 processes Mongolia warmly welcomed launching of the East Asia Community at the end of 2005. In June 2005 we signed the ASEAN Treaty of Amity and Cooperation as the purposes and principles of the East Asian

Community fully corresponded to Mongolia's foreign policy objectives. What we need today is a dynamic economic and trade cooperation and free-trade agreements with the ASEAN member states, both bilaterally and multilaterally. This is definitely to be high on Mongolia's political, economic, trade and diplomatic agenda in the coming years. Most of the Northeast Asian countries could benefit from further liberalization of foreign trade, increased foreign investment, and intensification of transfer of technology and know-how across the region. Membership of China, Japan, Mongolia, and ROK and Russia's preparation for accession to the WTO are becoming additional factors for the regional integration. In an increased competition in world markets, rapid expansion, co-operation, and mutually beneficial collaboration based on comparative advantages give enormous leverage to regional economic growth.

4. The power of knowledge, education, and especially science and technology in achieving economic growth and poverty eradication should be acknowledged and promoted among all the people individually and collectively under the guidance of government, academia and business organizations. For this reason we recognize importance of introducing the National Innovation System in Mongolia with the aim of developing a knowledge-based society.

Mongolia should actively participate in the Tumen River Development Programme, which is supported and recognized by the UNDP for its considerable economic potentials and significance. As we further develop traditional economy and technical cooperation, ensuring sustainable development through establishment of a Science and Research Park in Mongolia and development of a knowledge-based economy in the region should be taken into account. Regional cooperation in energy, transportation, tourism, information technology, establishing international airports, free economic zones, Science and Technology Parks, training and exchanging qualified human resources, bringing scientific and technological cooperation to the new level, and close cooperation in protection of intellectual property rights are all subject to becoming top priorities of the Mongolian Government in its objective of developing knowledge-based economy.

5. Regional infrastructure development is closely related to Mongolia's vision of Northeast Asia and its future development. That is why we have taken an active part in the initiatives by the UN Economic and Social Commission of Asia and the Pacific (ESCAP) to develop the Asian Highway and Trans-Asian Railway networks.

The Mongolian Government initiated the project of building the Millennium Road and it has been implemented successfully since 2000. Once completed, the Millennium Road will directly connect to the Asian Highway Network and will have an enormous effect on regional development and collective prosperity.

Mongolia is also making efforts in establishing a Northeast Asian regional energy cooperation mechanism in the Northeast Asia, under the auspices of ESCAP. The regional energy cooperation mechanism would ensure safe and secure energy supply for Northeast Asian countries through the exchange of information and experience. The mechanism could further open ways for developing unified regional energy policy.

Mongolia aims towards developing its railway routes to support implementation of major projects in the country, such as building convenient infrastructure for transporting mineral resources and connecting it to the regional railway network.

I have shared briefly with you main trends in Northeast Asian regional development, Mongolia's participation, and Mongolia's vision and future development.

In the end, let me note that regional peace is an essential element in the development and prosperity of each and every country in the region. Only peace and friendship would ensure our regional rise and prosperity.