Political and economic perspective on Korea–Mongolia FTA

ABSTRACT
National strategies including Free Trade Agreement (FTA) as a high priority have emerged as an important agenda for Korea since 2006 when U.S.–Korea FTA was started to be seriously negotiated. Particularly, as U.S.–Korea FTA will be ratified by national assemblies in each country this year, FTA once again becomes a controversial issue in Korea. Along the same line, it seems it is right time to examine political and economic meanings of FTA with Mongolia.

Under the collapse of Soviet Union, as Mongolia transformed its socialist system into reform and open policy, it has established a new diplomatic ties with western countries such as United States. Besides, in the form of the increased world competition for energy resources, various countries, for say, Korea, China, Japan, Russia, and European countries, express strong interest in Mongolia’s natural resources; Mongolia recently possesses great strategic value. Mongolian agriculture and farming are also expected to play a critical role in Korea's food security.

For Korea, this trade and cooperation with Mongolia would not just remain as it is, but it would perform a significant base for extended further cooperation with central Asian countries and Russia and China.
Thus, it is worth examining what Korea-Mongolia FTA means from political and economic perspectives; then, based on this research, the Korea-Mongolia FTA should be developed.

Although Mongolia is rich in natural resources and has excellent potential in political and economic sense, cooperation between Korea and Mongolia has been below the level expected. First of all, it has to be examined what the characteristics of Mongolian economy are. This is summarized as seven features in the paper. Then, considering current cooperation between these two countries, it is necessary to assess their relations up to date. Comprehensive analysis for Korea-Mongolia relationship would develop the future prospects.

In terms of economic implications, there are four ways to increase Korea-Mongolia economic cooperation. First, Korea and Mongolia should break the tradition that focused all the investments on the restaurant and service businesses. Korean companies that make good use of Mongolian local mineral resources and raw materials to do manufacturing should enter the Mongolian market. Second, Korea and Mongolia should strengthen their cooperation in the energy and resources areas. Third, Korean construction companies should go into Mongolian housing and construction market. Fourth, Korean government and private companies should work together to understand the local demands for development in agriculture, farming and tourist industry, which seems very promising business for Mongolia.

Political implications of Korea-Mongolia FTA are also important. There seems three means to enhance their bonding. First, Korea and Mongolia have to come to an agreement on visa waivers; it is the task that should be done once Korea-Mongolia FTA is accomplished. Second, Korea should set up research institutions in Mongolia. Collaborative academic work between Korea and Mongolia will lead tight, long-term cooperation in