UTL Extreme Territories: Gobi Steppe
Shirin Barol
“Thus before the great discoveries of which followed on the beginnings of trans-oceanic navigation in the fifteenth century, and heralded the great expansion of the European peoples, the land desert was a less complete barrier to human movement than the ocean waste. **It was the great belt of deserts, stretching across the land mass of the Old World from the Sahara to the Gobi, that cut off the East from the West**.”

*Frontiers, A Study in Political Geography*
*C.B. Fawcett*
*1918*
MONGOLIA: Transition Economy, Landlocked, Resource Rich
MONGOLIA: Transition Economy, Landlocked, Resource Rich

Macroeconomy Restructuring
Shock Therapy
Membership in WTO, ASEAN
Millennium Challenge Account
MONGOLIA: Transition Economy, Landlocked, Resource Rich

Macroeconomy Restructuring
Shock Therapy
Membership in WTO, ASEAN
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Third Neighbor Policy
Oyu Tolgoi is a remote greenfield, extensive infrastructure needs to be constructed in addition to the concentrating facilities. Current plan: establish a 220 kV interconnection between Bayainhanggai in Inner Mongolia, China, and the Oyu Tolgoi site to provide the power supply until Year 4. For long-term power supply a coal-fired power plant will be constructed at site. OT LLC also has the right to construct roads for the transport of its product and airport facilities. The GOM has committed to providing OT LLC with non-discriminatory access to any railway constructed between Mongolia and China if such a railway is constructed. Raw water for project requirements will be met by pumping groundwater to the site from the Gunii Hooloi aquifer basin. It is confirmed in the agreement that OT LLC holds the sole rights to use these water resources for the Project. The contract for the utilization of water with the GOM water authority is in effect for 30 years with subsequent 20 year periods of renewal.
Oyu Tolgoi is a remote greenfield, **extensive infrastructure needs to be constructed** in addition to the concentrating facilities:

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“Economies of scale lower the unit cost of production by producing more units, which generally requires expanded investment in larger, stronger machines so that the total cost is increased to achieve a lower cost per unit produced. Such economies of scale, though, create diseconomies of space”.

Globalization and the Race for Resources
Stephen Bunker and Paul Ciccarell
Population Growth 8 times the number of employees

Town Development until 2015 requires $1.4 billion

Several models were proposed:
- Fly-in fly-out (FIFO)
- Gated Community ——— Security Concern
- Integrated Community ——— Requires existing community
- Company Town ——— Problem with financial sustainability

Planning should not be left to the mining companies

Tariff implications are crucial to cover the costs of service delivery for infrastructure
  - Compared to current situation
    - 2.3 times higher for water
    - 3.5 times higher for electricity
    - 26 times higher for waste water

One of the important transnational issues of cooperation/conflict among Russia, Mongolia, China

Narin Sukhait and Ovoot Tolgoi will be supplied with imported electricity from China

Imports might not be permitted

Increased import from Russia for safety

Mongolia does not want to increase the reliance for security of supply

Tariffs should be increased by 30%, might be increased by 60%

Unknown underground water reserve should be enough until 2020

Switch to surface water system costs $400 million

Underground is preferable since it is cheaper, accessible by all the mines

Large number of herder wells are abandoned

Problem with ownership/operation/maintenance

Water pricing should be changed

Requires $1.8 million per km: only justified for freight volumes of at least 2-4 million tone per annum

Tavan Tolgoi is the only mine with sufficient output

Simplified system of regulation for tracking industry is required

One of the checkpoints of China-Mongolia border need revisited regulation

The border is only open to citizens in the first 20 days of each quarter

Foreigners MUST TRAVEL VIA ULAANBAATAR AIRPORT (the only international airport of the country)
Trans-Siberia Railway

Trans-Mongolia Railway

ULANBATAAR

Port of Qinhuangdao
China's largest coal port

Port of Tianjin exports to Japan & Korea

Tavan Tolgoi

Oyu Tolgoi

BEIJING

INTERNATIONAL FLIGHT

DOMESTIC FLIGHT

Dalanzadgad

Guushan Sukhait

Sainshand
Trans-Siberia Railway
Trans-Mongolia Railway
ULAANBATAAR
Port of Qinhuangdao
China's largest coal port
Port of Tianjin
exports to Japan & Korea
Tavan Tolgoi
Oyu Tolgoi
Beijing
Ceke
DOMESTIC FLIGHT
INTERNATIONAL FLIGHT
Dalanzadgad
Guushan Sukhait
Sainshand
Courtesy of Adam Tanaka
“Turning mineral resources into wealth, however, is contingent on efficient transportation to markets. A new Great Game has started between China and Russia to control the direction and route of Mongolia’s railway lines, reminiscent of the Russo-Japanese wrangle over the Manchurian Railway in the early 20th century.”

*Mongolia in 2009, From Landlocked to Land-linked cosmopolitan* 
Uradyn Bulag
**US: Millenium Challenge Account**

**Russia: Partnership:** In August 2009 the Mongolian and Russian governments signed an agreement to establish Infrastructure Development Company, a joint venture in which Russian Railways (RDZ) was granted a 50% stake in shares of Mongolia’s state-owned Ulaanbaatar Railways.

**China:** In January 2009, China finalized Inner Mongolia’s Ceke Port across the border from Shiveet Khuren, the Mongolian land port in the mineral rich South Gobi Province. On December 20, a new Chinese railway line came into operation, linking Ceke with Linhe city near Baotou. In August, Inner Mongolia’s Gangqimaodu Port near the Mongolian port of Gashuun Sukhait was given permanent status to facilitate transport of minerals from the sites of Oyu Tolgoi and Tavan Tolgoi.
Rival political parties at the 2008 elections promised payments of up to US$1300 per citizen each year from future mining revenues, variously described as ‘Wealth Share’ (Erdeniin huv) by the DP and more evocatively as ‘The Motherland’s Blessing’ (Eh Oroni Hishig) by the MPRP.
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<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1990</td>
<td>Democratic Mongolia Revolution</td>
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<td>1997</td>
<td>The term Third Neighbor policy was first mentioned by US secretary of state John Baker during a meeting with Mongolian leaders.</td>
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<td>2003</td>
<td>Ivanhoe mining corporation started first round of negotiation for mining licenses.</td>
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<td>2004</td>
<td>Mongolia obtained eligibility to receive Millenium Challenge Corporation funding.</td>
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<td>2007</td>
<td>MCC and the Government of Mongolia signed a five-year, $284.9 million compact.</td>
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<tr>
<td>2008</td>
<td>The Government of Mongolia notified MCC that it intended to withdraw the Rail Project from the compact.</td>
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<tr>
<td>2009</td>
<td>Mongolia became the fastest growing economy in the world.</td>
</tr>
<tr>
<td>2011</td>
<td>Infrastructure Development Corporation was established between Russia and Mongolia.</td>
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<td>2012</td>
<td>Mongolia's Standing Committee on Security and Foreign Policy started discussing changes to Oyu Tolgoi Agreement.</td>
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<td>2013</td>
<td>Mongolia's Parliament passed the Strategic Foreign Investment Law.</td>
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</tbody>
</table>

Mongolia announced its willingness to resolve dispute with Rio Tinto.

Rio Tinto announced a temporary halt to construction work at Oyu Tolgoi.

Mongolia started selling first government bond offering ($1.5 billion).

Mongolian government amended mining agreements in Gobi.

Mongolian government became aware of Rio Tinto's plan to sell its share to Chalco.

Mongolia's Parliament passed the Strategic Foreign Investment Law. 

The Oyu Tolgoi Agreement was signed between Rio Tinto and Mongolian Government.

Energy Resources (government owned corporation) was permitted to develop a railroad from Tavan Tolgoi to Gashun Sukhait.

China finalized Ceke port railway access.

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Mongolia's Road Master Plan.

Mongolian Alt Group was permitted to develop the railroad from Nariin Sukhait to Ceke.

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Facilitating the Operationalization of Landscapes

Third Neighbor Policy → Millennium Challenge Account → Aid Dependency → Decreased Mongolia's bargaining power with multinational corporations

Russia Partnership (Mongolian Railway Corporation) → Russia interfering with railway construction → Bargaining Power → Russia getting mining licenses in South Gobi

WTO Membership Requirement → Mongolia is not able to enforce performance requirement

Privatization → Revenue from South Gobi Development → Infrastructure Development

Mongolia Privatization → Rio Tinto selling its share to Chalco → Strategic Foreign Investment Law → Mongolia Amended Mining Licenses in South Gobi → Simplified Regulation → OyuTolgoi Development → Rio Tinto halted

Contradiction of Dominant Model
The politics of natural resource extraction has different spatial dimensions, which are reflected not only in the extraction phase but also in the post-extraction processes that are critical for realizing the material benefits of these resources.

These dimensions can help us unfold specific form of urbanization under industrial capitalism.

*Acting as temporary mediations, informal infrastructures in Gobi are facilitating the operationalization of landscape by concealing the contradictions of accumulation processes and rationalizing the economies of scale in transportation.*