

# **Gobi: From “Space of Flows” to a Space of People and Places**

Relational Analysis, Critique, and Proposal for an Alter-Urbanization

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## **I. Gobi: Space of Flows** (Relational analysis)

The Gobi Desert is being remade into a space of flows between China and Europe. This is the result of two primary forces: 1. The geopolitical strategy of China to more closely integrate European, Central Asian, and ultimately Middle Eastern economies into its own with the goal of creating an integrated economic zone. 2. The calculations of multinational electronics and automotive companies that are beginning to ship products between China and Europe using overland rail routes that are now faster than sea routes. China is investing billions in new roads, rail, inland 'ports', logistics centers, and other infrastructure designed to realize this political project. Logistics companies and electronic firms are also partnering with state-owned rail companies in China, Russia, and Kazakhstan to reduce tariffs, customs processing times, and other bureaucratic obstacles to free trade.

These new infrastructures and associated urban nodes are facilitating increased trade flows in products between Europe and China, as well as the increased extraction of raw materials like oil and natural gas. Additionally, the growth of new connective infrastructures are facilitating plans for export zones at border ports and in certain Western Chinese cities like Xi'an, Urumqi, and Lanzhou. These new cities are predicated on attracting investment from high-tech companies and facilitating a transfer of manufacturing and industry from China's East to China's west. But until now, most of the growth of manufacturing in the West has been that related to extraction, including oil, coal, and mining. All of these processes mean that the economic opportunities in the Gobi region continue to be based on the shipment of products through the region at the detriment of developing local resources or capacity in the region itself.

### Gobi: From Frontier to Energy Exporter to a Space of Flows

The Gobi and its menacing sand dunes have served as a border between China and the rest of the world for centuries. Even 2,000 years ago, the Gobi was not untouched by human civilization: the first Great Wall of the Han Dynasty (206 B.C.-220 A.D.) ran across much of Inner Mongolia and Gansu Province in what is now considered the Gobi. In the 13th century, the Mongols united China with their Asian-wide empire, integrating trade routes across the region. And during the Qing Dynasty, conquests of Xinjiang and other Western areas brought the Chinese empire further westward. But industrialization and urbanization in the Gobi began in earnest during the Maoist period at the end of the Chinese Civil War (1949-1979) and especially accelerated after the economic reforms of Deng Xiaoping begun to move the country towards a market economy in 1979. The Communist party victory in China's civil war meant, first and foremost, a return of peripheral regions (such as Xinjiang, Tibet, and Inner Mongolia) to China's control. All of these areas had broken apart during the civil war into independent

warlord-controlled regions, as had many parts of China. From 1964 to 1980, China embarked on a military and industrial policy known as “the third front” or *di san xian*, intended to relocate strategic industrial and military infrastructure from the country’s coast to the interior. This was designed to create alternative industrial bases in case of a foreign attack on coastal cities and at times comprised 40% of the country’s capital investment<sup>1</sup>. It was also designed to develop inland regions. Some of the investments were targeted at areas of Gansu province, namely Jiuquan in the northwest corner of the province. A steel factory and China’s chief satellite launch center were established here in 1958.

As of 2012, China accounted for 20% of global energy consumption and 50% of global coal use.<sup>2</sup> In 2011, the country surpassed the United States to become the world’s largest energy consumer. Coal accounts for 63% of primary energy generation.<sup>3</sup> Much of this capacity is concentrated in the Gobi Desert provinces of Inner Mongolia, Gansu, Xinjiang, and Ningxia. Inner Mongolia is the largest coal-producing province in China, accounting for fully ¼ of China’s coal production, followed by next-door Shanxi Province. This is a new phenomenon: as recently as 2000 the province accounted for only 8% of China’s coal production but by 2011 it was producing 28% and its economy was the fastest growing in China.<sup>4</sup> While China has pledged to move away from coal as a primary power source, in 2013 it was still planning for 363 additional coal-fired power plants, representing a 75% increase in coal energy capacity. Of this, over 60% were planned for the above-mentioned provinces in the Gobi region, also areas of severe water stress. If built, these power plants would use an amount of water equivalent to ¼ of the total withdrawal of the Yellow River’s annual water flow.<sup>5</sup> Thus, the continued development of energy production in China’s driest regions will put more stress on an already fragile desert ecosystem

After looking toward the barren Northwest as a source of raw materials and buffer zone, China’s government is now embarking on efforts to bring less developed inland regions up to par with the rest of the country, bringing new cities and economic development zones into the West of the country, and finally overcoming China’s lack of a second coast by building infrastructure links with Central Asia and Europe through the Gobi.

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<sup>1</sup> Meyskens, Covell Franklin. “Maoist China’s Hinterland War Machine: The Cold War, Industrial Modernity and everyday life in China’s Third Front, 1964-1980” University of Chicago

<sup>2</sup> Lawrence Berkeley Lab, *China Energy Statistics 2014*

<sup>3</sup> EIA facts, global energy

<sup>4</sup> Chohan, Usman. *Erdos City The Horde That Wasn’t*.

<sup>5</sup> Yang, Ailun and Cui, Yiyun. *Global Coal Risk Assessment: Data Analysis and Market Research*. World Resources Institute Working Paper. November 2012.

## The New Silk Road

China's "One Belt One Road" program was formally announced by President Xi Jinping in 2013. This comprises two separate programs, technically: the Maritime Silk Road and the Silk Road Economic Belt. The Silk Road Economic Belt aims to revive the historic links between China and Central Asian countries. While China has maintained that the program complies with its general geopolitical policy of "non-interference" and "non-hegemony", the plan is clearly aimed at cementing China's influence in Central Asia, Africa, the Middle East, and ultimately Europe.<sup>6</sup> While it is not explicitly aimed against the U.S., it is clearly designed to provide alternatives to maritime transport, a space which is currently dominated by the U.S. Navy. For decades, China's trade routes overwhelmingly relied on the maritime safety kept largely by the U.S. navy in East Asia. Around 80% of its oil imports must pass through the Straits of Malacca—creating a risky bottleneck in the event of a blockade or other disturbance. China is eager to create alternative corridors inland. According to Lucio Blanco, "the [OBOR] program spreads the risk by multiplying access routes, thus reducing China's vulnerabilities. The system of ports, railways and roads, which have variously been completed, or are under construction or being proposed, will enable China to diversify the routes by which it can secure the transport of oil and gas and other essential goods." It is estimated that by 2020, natural gas from Central Asia will account for 40% of China's natural gas supply.<sup>7</sup>

China has created two main financial entities to spearhead this push: the Asian-Infrastructure Investment Bank and the Silk Road Fund. The Asian Infrastructure Bank was recently chartered, headed by China with founding members including India, South Korea, and Germany. China will retain a 30% controlling stake in the bank, with an initial capitalization of \$100 billion. The United States took a clear position to not join, although the eventual joining of many European allies was seen as a diplomatic failure for the U.S. Nevertheless, one of the chief investment goals of the AIIB will be to improve infrastructure connections across Asia and into Europe, facilitating Eurasian overland trade as well as maritime trade in the Indian Ocean.

In addition to the bank, a new Silk Road Fund has been set up with a capital base of \$40 billion dollars. Major investors in the Silk Road fund include China Investment Corporation (the sovereign wealth fund of China) and China Development Bank. According to reports by HSBC, cross-border cooperation projects under the plan already exceed 900 and involves 64 different countries, totaling \$890 billion. Some of these projects include the China-Tajikistan railway,

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<sup>6</sup> Li, Xiao. "One Belt and One Road" and the Reshaping of China's Geopolitical and Geoeconomic Strategy. *World Economics and Politics*. 2015.

<sup>7</sup> HSBC *Growth Spreads Inland* China Economics September 11, 2014.

China-Pakistan Highway, the Central Asia pipelines, and the China-Russia natural gas pipeline.<sup>8</sup> The overland route will have significant benefits for Kazakhstan, which will become the main logistics hub and transit point for Europe-China trade.<sup>9</sup> Khorgos, as a major terminal for the Central Asian and Kazakh pipelines, is becoming a major terminal for these investments.

In addition to the international investments, the fund also has invested in numerous infrastructure in Western China on the receiving end of these pipelines and railways. These include the Lanzhou-Lanxin New City, Xining Airport, Caojiapu (Qinghai), Khorgos Port to receive oil from Central Asia (Xinjiang), Yinchuan Airport (Ningxia), new trade zones in Manzhouli, Erenhot, railway projects in Ningxia. New demand generated by infrastructure projects may total 272 tons of steel through 2020, could add 5% to China's steel demand.<sup>10</sup>

In addition to investments in infrastructure through the bank such as ports and railroads, China has already become a major player in Central Asian energy imports, chiefly in Kazakhstan and Turkmenistan. China is constructing three parallel Central-Asia China gas pipelines that commenced in 2007, from Turkmenistan border town of Gedaim to Khorgos, the Kazakh-China border city that is fast becoming an "inland port" for logistics and oil processing. China and Kazakhstan also built the China-Kazakhstan Pipeline which opened in 2005. This pipeline is jointly owned by CNPC and KazMunayGas, the Kazakh oil company.<sup>11</sup> Together, these pipelines in Central Asia alone will deliver "85 billion cubic meters of natural gas to China, 50% of China's total annual gas import."<sup>12</sup> China's CNPC has taken numerous ownership stakes in various Kazakh oil fields, some of which have been joint investments with Russia's Gazprom. According to military strategist Donald Tang, "despite China's economic success in Central Asia, the country has shown deference to Russia, being careful not to provoke it over its traditionally cultural and military dominance in the region."<sup>13</sup>

## Logistics

In addition to cementing China's influence in Central Asia, the One Belt One Road initiative could dramatically improve connectivity and increase trade with Europe. Within Europe, China's largest and most important trading partner is Germany. With its strengths in manufacturing capital equipment that has

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<sup>8</sup> HSBC Global Research, 2014

<sup>9</sup> "Chinese-Kazakh Deal, new success to realize Silk Road project"  
<http://www.azernews.az/analysis/83117.html>

<sup>10</sup> HSBC Global Research 2014

<sup>11</sup> "China's Investment in the Central Asian Republics" Donald Tang. Foreign Military Studies Office.

<sup>12</sup> Tang, 10

<sup>13</sup> Tang, 18

powered China's factories, Germany has arguably benefited much more than other European countries from its export links with China. The development of the Gobi Desert into a space of flows of products between Europe and China can be thought of as a related but also independent phenomenon to China's One Belt One Road project. The use of inland rail corridors to transport goods from China to Europe and Russia has been pioneered recently by Western multinational firms including logistics players (DB, DHL) as well as large electronics companies (HP, Acer, ASUS, Dell, Siemens, Samsung). Private firms' desire for faster and cheaper shipping alternatives has aligned quite well with the goals of state-owned companies in Russia, China, and Kazakhstan.

DB Schenker (now DB Cargo) is the freight arm of the German state-owned railway company Deutsche Bahn. The company was the first to pioneer regular rail freight services between China and Germany beginning in 2008, and has been running regularly weekly train services since 2011.<sup>14</sup> Most of the customers are from automobile and electronics industries. Sometimes a single train is booked by a single corporate company. The company is using rail service from Duisburg in Germany all the way through Xinjiang, Gansu Province in the Gobi to Wuhan in central China.<sup>15</sup> Shipping products by rail from Chongqing, in central China to Germany, is only 16 days long, about 20 days shorter than the ocean route.<sup>16</sup> While the majority of goods between Europe and China are currently shipped by sea (99%)<sup>17</sup> Kazakhstan hopes to capture 7% of this volume by 2020. Currently, the price level index from Shanghai/Beijing to Moscow is 3-5 for sea freight vs rail freight, and the lead times are sea freight 33-40 days and rail freight 10-12 days. Therefore, the Trans-Siberian and the Trans Kazakhstan Railway are able to serve a niche market for high-value and time-sensitive cargo originating or destined for Chinese inland cities like Chongqing, Xi'an, Chengdu, Wuhan, Shenyang, or Lanzhou. Computers and cars, because of the relatively smaller fraction transport costs play in the overall cost of the unit, are logical items for shipping on the Eurasian rail network.

In addition to DB Shenker, DHL has also entered the market of Eurasian rail shipping. DHL has offered daily intermodal service from Shanghai to Moscow via the Trans-Siberian railway, a weekly express freight train between Poland and Chengdu serving the electronics, machinery, and pharmaceutical industry. DB, Russian Railways (RZD) set up a joint venture in 2008 called Trans-Eurasia Logistics, which has offices in Berlin, Beijing, and Moscow. The goal of this cooperative entity is to shift more traffic from sea to rail route.

Among those using the route, Hewlett-Packard was one of the first to pioneer the option for their supply chains. Since 2011, HP has transported 5 million products

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<sup>14</sup> *ASEM at 20: the Challenge of Connectivity*

<sup>15</sup> DB Schenker v[http://www.dbschenker.com.cn/log-cn-en/news\\_media/news/10532788/china\\_to\\_eu\\_land\\_network.html](http://www.dbschenker.com.cn/log-cn-en/news_media/news/10532788/china_to_eu_land_network.html)

<sup>16</sup> [http://europe.chinadaily.com.cn/epaper/2013-08/30/content\\_16931675.htm](http://europe.chinadaily.com.cn/epaper/2013-08/30/content_16931675.htm)

<sup>17</sup> "Rail Freight Transit Along the Modern Silk Route"

along the route. Mazda was the first Japanese automaker to use the Trans-Siberian to ship products from Japan to Russia's growing auto market. Korean cosmetics companies have used the route to reach customers in Central Asia. For these intermodal connections from port to rail, China has designated the Port of Lianyungang as the main port serving inland rail cargo. Lianyungang, located in Jiangsu Province at the Eastern terminus of the rail line extending to Kazakhstan, is therefore a major new ocean port designed to serve the Eurasian rail route, an alternative to the already crowded ports at Tianjin, Shanghai/Ningbo, and Shenzhen/Guangzhou/Hong Kong.

However, while the partnerships between German, Kazakh, Russian and Chinese governments and companies show the broad range of consensus being mobilized to increase shipping volume along the routes, there are still significant choke points at the border crossings which slow down the trains. Containers must be switched from the Chinese gauge to the Kazakh/Russian gauge at Dostyk/Alashankou and Khorgos, the two China-Kazakhstan rail crossings. These cities are fast becoming inland ports, economic hubs for shipping activity centered around trade and logistics. The Kazakhstan government has spent close to a \$1 billion to develop Khorgos International Gateway. According to a report in the *Astana Times*, "the story of Khorgos today is the story of Dubai some twenty years ago: back then it was a small fishing port which then grew into what it is today because of the development of the shipping industry..this is what is already happening here at Khorgos."<sup>18</sup> China has also established a free trade zone on its side of the border, and trade through Khorgos in 2013 was \$11 billion, up 55.5% from 2012.<sup>19</sup>

The growth of such "border ports" is one of the most visible phenomena on the ground of a new "logistics-based urbanism" emerging in the Gobi Desert. In addition to the developments at Khorgos, Erenhot on the China-Mongolia border and Manzhouli<sup>20</sup> on the Russia-China border are also emerging as border ports with large space for unloading and loading of containers and free trade areas. These new urban formations speak as much to the persistent role of nation-states in the furthering of trade and development region as much as they do to the influence of global capitalism and international conglomerates. National borders have not been erased, but rather a unique agreement has been forged between China, Russia, Kazakhstan, and the European Union to further trade across this vast space. The spaces where these borders meet is ripe for development potential by the respective countries. While China and Russia are in some respects competing for influence in Central Asia, they are also cooperating on a massive \$400 billion pipeline project and are in fact co-investors in some Kazakhstani oil fields (through state-owned oil behemoths Gazprom and China National Petroleum Corporation).

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<sup>18</sup> "Altair Nurbekov. "New Dubai" on Kazakh-Chinese Border Set to Change Trans-Eurasian Trade" *Astana Times*. October 22, 2015.

<sup>19</sup> Jeremy Page. "Things to Know about Horgos and China's New Silk Roads" November 9, 2014.

<sup>20</sup> "China's largest inland port aspires to be a trade hub" *China Daily*. November 27, 2012.

## Inland Ports: Concentrated Nodes on the New Silk Road Network

China sees the OBOR program as a key component of its domestic growth strategy as well as its international strategy. The OBOR program will bring increased centrality and prominence to inland Chinese regions previously considered “hinterlands” due to their distance from coastal ports. The program could also help shift manufacturing capacity from the East to the West, allowing further upgrading of regional economies to higher-value industries in the already developed Eastern cities while utilizing lower wages in inland provinces like Gansu, Xinjiang, Ningxia, Qinghai, Shaanxi, Henan, and to some degree Inner Mongolia.<sup>21</sup>

Chinese cities along the route have begun leveraging the potential of the silk road for their own development. Xi’an, considered the historical Chinese terminus of the Silk Road, has been building numerous projects related to the Silk Road including a massive logistics center called Xi’an International Port, which opened in 2008 and occupies a large swath of land north of the central city near the airport and along the main rail route through the city.<sup>22</sup> The city has also been keen to leverage the new silk road for cultural tourism. It has restored the ancient marketplace of the Silk Road complete with a museum and bazaar selling contemporary products from countries along the route. Samsung has invested in a major production facility in Xi’an, perhaps sensing its new importance as a new hub for China-Europe trade.

Lanzhou, the capital of Gansu province, is busy building an entirely new city dubbed “Lanzhou New Area,” which was established in September 2012 and is planned for 500,000 residents. It attempts to become a center for manufacturing, logistics, and high-tech industry. It is sited near Lanzhou’s main airport and along new high-speed rail routes from Lanzhou to Xinjiang. Other logistics parks in the area include the Silk Road E-Commerce Industrial Park and the Gansu International Port in nearby Wuwei, a desert oasis. The Lanzhou New Area is a “national-level new area,” which puts it on the same stature with Shanghai’s Pudong in terms of the priority for attracting investment. It is the first such special zone in inland China.

Urumqi, the capital of Xinjiang Autonomous Region, is the largest inland city in the world and China’s gateway on Central Asia and the Middle East. The Urumqi Economic and Technological Development Zone, 120 square km, will include a new logistics park close to the Urumqi West Railway Station. Interestingly, the German Port of Duisburg will be a 20% equity investor in the project. Weekly

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<sup>21</sup> Liu, Hui. et al. “Impacts of the Belt and Road Initiative on the Spatial Pattern of Territory Development in China.” *Progress in Geography*. 2015.

Zheng, Lei. et al. Spatial Pattern of Chinese Outward Direct Investment in the Belt and Road Initiative Area. *Progress in Geography*. 2015

<sup>22</sup> New Dynasty: Xi’an” in *Monocle* April 2014.

cargo service between Duisburg and Urumqi beginning in 2016 will only take 12 days. According to reports in the Chinese media, “the park will integrate railways, high-speed railways, highways, and air transit.”<sup>23</sup> Urumqi is fast becoming an inland port not only for goods but also a command center for the oil companies and related industries operating in Xinjiang and Central Asia. The China-Kazakhstan pipeline arrives in China at Alashankou, one of the inland ports/logistics centers on the Kazakh-China border. The Central Asian pipelines arrive through Khorgos. Therefore, there is a great deal of overlap at these two ports in terms of processing manufactured goods via rail as well as flows of oil. The confluence of these two infrastructures at Khorgos and Alashankou suggests the creation of multi-modal logistics centers capable of processing oil inflows, facilities for processing oil and shipping it to other destinations via tanker-trucker and/or rail.

This is why we’ve described the Gobi as a space of flows: new infrastructure is facilitating the flows of a range of capital and goods including computers, cars, fixed capital investment, oil, and natural gas. The emergence of new “inland” ports is evidence of new urban formations arising at the nodes of these product flows.

## **II. Gobi: Towards a Space of People and Places Critique and Alter-Urbanization**

### Critique

The growth in infrastructure in the Gobi has not delivered sustainable, equitable growth for people in the region. It is putting stress on ecosystems and landscapes. Nomadic herders, such as ethnic Mongolians, have been relocated to cities to help support this new system of urbanization around export-processing zones, oil extraction, and logistics. Moreover, the expected growth in well-paying high-tech manufacturing jobs hasn’t happened. Most industrial growth in the region has centered on the refining of petroleum products or mining, which are being facilitated by the increase in transport links to both Central Asia and China.

While opening up new possibilities for development in China’s poorer interior regions, this mode of urbanization isn’t an ideal form of development. Capital accumulation and the need for efficient shipment of products is the driving factor behind development in the region. New infrastructure is designed to transport finished products, as well as raw materials like oil and coal required by a growing Chinese economy from the Middle East, Central Asia, and Russia. New infrastructure is designed to facilitate capital accumulation and extraction of energy, but is placing an enormous stress on an already fragile desert

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<sup>23</sup> Germany to build trade park in Xinjiang *Xinhua*, March 18, 2016

ecosystem. Urbanization in the Gobi is placing a heavy toll on an already water-scarce region. All of these developments can be seen as part of the transformation of the Gobi into a “space of flows”, to use the terminology of sociologist Manuel Castells.

The search for faster and cheaper transport options is a prime factor shaping the reconfiguration of the Gobi into a “space of flows”. But, as David Harvey describes in *Limits to Capital* the cost of movement isn’t the sole consideration. “The regularity and reliability of transport flows can reduce the need for inventories of both raw materials and finished products and so release ‘fallow’ capital for active accumulation.”<sup>24</sup> Because electronic products and vehicles are relatively high value-added products, manufacturers are deciding to spend slightly more on transport in order to avoid the devaluation that might occur from products taking too long to reach their markets. Harvey describes this process, with its implications for “uneven spatial development”: “as space relations alter in response to transport investment, so do the relative fortunes of capitalists in different locations. Some suffer devaluation of labor power, their fixed capital and consumption fund, while others enjoy, temporarily at least, excess profits...”<sup>25</sup> Thus, the reconfiguration of trade routes to connect Europe and China may bring temporary benefits to the Gobi, but these benefits may be fleeting. The whims of capital will likely later devalue these investments as productive forces shift yet again.

The decision of manufacturing firms to relocate from China’s coast to the interior is premised on the never-ending search for cheaper labor and faster transport. This “race to the top” for profits is actually a race to the bottom for workers. Since the 1970’s, industrial workers in Euro-American world have experienced the consequences of the geographic mobility of capital in search of cheap labor. Now, China’s coastal provinces are experiencing the same process. This race of capital across the world leaves “development” in some areas but destruction in its wake. This is the flipside to capitalism’s progress: the constant spatial reconfiguration of core and periphery as capital moves in search of new sites of production and markets for consumption.

In his classic 1997 work *The Rise of the Network Society*, sociologist and urban theorist Manuel Castells described the ways in which society was increasingly “constructed around flows: flows of capital, flows of information, flows of technology, flows of organizational interaction, flows of images, sounds, and symbols.”<sup>26</sup> While Castells was particularly interested in the ways in which telecommunications networks and the increased speed of information flows were reshaping urban networks, physical transportation networks themselves

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<sup>24</sup> Harvey, *The Limits to Capital* 377

<sup>25</sup> Harvey 378

<sup>26</sup> Castells, *The Rise of the Network Society*, “The Space of Flows”, 442

are part of this “space of flows”. Castells’ focus on digital technology networks is relevant in light of the growing impact of technology firms on the Gobi, and China’s efforts to relocate high-tech manufacturing to this region from the coast.

The acceleration of flows of goods and information has begun to detract from spaces of places. As Castells warns with dystopian undertones, “People do still live in places. But because function and power in our societies are organized in the space of flows, the structural domination of its logic essentially alters the meaning and dynamic of places. Experience, by being related to places, becomes abstracted from power, and meaning is increasingly separated from knowledge...the dominant tendency is toward a horizon of networked, ahistorical space of flows aiming at imposing its logic over scattered, segmented places, increasingly unrelated to each other, less and less able to share cultural codes.”<sup>27</sup>

In the 1990s, Castells presciently described the globalized production system enabled by telecommunications infrastructure: the creation of technopoles (Silicon Valley, Route 128) where innovation and design happened, while production and assembly were outsourced to East Asia due to cheaper labor costs. Now, the demand for increased speed in delivery of products is reshaping the Gobi into a space of flows of manufactured goods. Faster rail connections are compressing time and space separating Europe and Asia. But, unlike the apparently invisible transoceanic cables that connect distant nodes while jumping over “empty” territories, these new infrastructural connections are precipitating physical transformations along the route: logistics centers, border transshipment hubs, and other facilities. However, these logistics centers and “new cities” are disconnected from their immediate environment: more closely integrated into global electronics production and transport networks than their immediate economy or culture.

Without reconfiguring the global geographies of production, the urbanization pattern in the Gobi will continue to develop in unsustainable ways, centered on infrastructures for capital accumulation rather than people and places. One direct mode of intervention at this scale may be the opening of logistics zones currently owned or operated by private global companies to local residents and small business. The global networks of production transforming the Gobi are not subject to local control or oversight at all. Large state-owned conglomerates, rail companies, and multinational electronics firms are not accountable at all to residents of the Gobi area, or the ecosystems of the desert. China’s financial system makes it very difficult for small businesses to borrow money. Making it easier for small businesses to borrow money would allow for a more “bottom-up” urbanization throughout the country, including the Gobi.

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<sup>27</sup> Castells, 459

Additionally, logistics companies like DB Schenker and DHL are almost exclusively gearing their new trans-Eurasian services to corporate clients in the electronics and automotive industries. Only these large companies have the buying power to book entire trains, being marketed as “block trains” to ship products from China to Europe. In order for local craftsmen to be able to afford to use these new routes to market their products around the world, they would have to buy space in bulk as part of a federation of small businessmen. The global logistics infrastructure network is currently set up to cater to large multinational corporations and not small businesses.

However, China faces several problems with this strategy. Geopolitically, how does China demonstrate that its goals are cooperative and not hegemonic to countries along the route? Economically, how can China minimize investment risk and avoid wasteful spending on unnecessary projects? Many scholars have compared the OBOR initiative to the Marshall Plan, as both attempt to use economic strength to secure foreign policy goals and sustain the domestic economy.<sup>28</sup> Consuming the excess capacity in steel production is seen as a main reason to implement the OBOR program. However, Xue Li has warned that even if the steel consumption value of OBOR matches that of domestic railway construction, already an overly optimistic prediction, it can only consume 4.6% of excess capacity.<sup>29</sup> Another expected goal of the program is to invest China’s excess foreign exchange reserves, which currently numbers around \$4 trillion dollars. Many scholars are pessimistic that such investments will pay off, leaving China with the prospect of more abandoned construction projects, which can already be seen in the ghost cities of the Gobi Desert, like Ordos.

### Alter-Urbanization

Our vision for an “alter-urbanization” of the Gobi prioritizes investment in places, seeking to maintain the diversity of cultures and peoples that has made the region a melting pot between China, Central Asia, and Europe for centuries. We also seek to reverse or at least moderate the power-dynamic between this “hinterland” and “core” regions of Europe and Eastern China. By creating links between local communities and these infrastructure networks, we can help create a more equitable relationship between the Gobi and the global network of metropolitan regions. These links will take political, as well as physical formations. We can create political alliances between villagers and herders in different countries to facilitate cross-border trade of local products. This can utilize the new infrastructure to some extent, or we could create alternative infrastructures alongside the rail lines. The newly accessible areas of the Gobi can help facilitate the growth of sustainable local industries in the Gobi. Also,

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<sup>28</sup> Shannon Tiezzi, The New Silk Road: China's Marshall Plan? <http://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/>

<sup>29</sup> Xue Li. 2015. Diplomatic Risks Facing China’s Belt and Road Strategy. *International Economy Review*.

the Chinese state railway company could help set up a new transcontinental rail service devoted only to local products. They would offer discounts for small businesses and allow small shipments to be packaged into one train for optimal efficiency. This would be an alternative shipping service to transnational logistics companies like DHL and DB Shenker.

The Gobi region is home to a diverse range of peoples and cultures: nomadic Mongolian herders, Tibetans, Han Chinese, Manchu, and several other minority groups. The rich legacy of the Silk Road can be seen in the Buddhist cave paintings of Dunhuang, the bazaar of Kashgar, and the mosques of Turfan. But none of these cultures can be seen in the development projects currently underway in the Gobi. There is no place for nomadic peoples in this new Gobi: most are being relocated to new urban housing as part of China's urbanization and ecological migration programs.<sup>30</sup> Some of these new relocation housing developments are designed with a flourish of "ethnic flavor" such as traditional patterns on the walls of otherwise sterile apartment buildings. But this is a simulated "culture" in service of the homogenization of culture. Shrinking nomadic communities relocate due to degradation of communal grazing land due to mining and desertification. Government plans now actively call for "settling" such nomadic populations in urban-style housing. However, these attempts to homogenize and assimilate ethnic minorities is leading to resistance and breeding resentment against Chinese rule in the area.<sup>31</sup>

We call for a re-appropriation of this new infrastructure for common purposes. Logistics infrastructure has been built with the goal of transporting products through the Gobi. This has neglected to provide meaningful opportunities for local residents to engage with the outside world on their own terms.

We are not naïve enough to believe that the "traditional" cultures of the Gobi can or should remain isolated from modernization or change. However, the terms of the engagement can be shifted to allow for more agency by local residents in how they engage. Castells writes of the increasing tension between the space of flows and places that, "unless cultural and physical bridges are deliberately built between these two forms of space, we may be heading toward life in parallel universes whose times cannot meet because they are warped into different dimensions of a social hyperspace."<sup>32</sup> In terms of design interventions, this could be realized by creating cultural and physical bridges between the infrastructure of flows and the cultural "places" of the Gobi.

Instead of logistics centers, new cities, oil pipelines and border ports built *tabula rasa* over the desert landscape, we imagine these currently inhuman spaces being re-appropriated for the use of exporting cultural products and sustainable

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<sup>30</sup> Zhang, Xiaoming. *The Study on Ecological Migration in Western China*. Northwest A&F University. 2008

<sup>31</sup> Enhebatchu Togocho. "Ecological Immigration and Human Rights in Inner Mongolia"

<sup>32</sup> Castells, 428

agricultural products to the world. Instead of merely transiting through the Gobi, these new infrastructure corridors and nodes could transform into meeting places of peoples and cultures: bazaars for knowledge and communication that allow a melding of international flows and local knowledge. Cultural industries and products could become the basis of a more sustainable economy in the Gobi. Logistics ports could be better integrated with the culture of the Gobi by transforming them into centers of cultural production for nomadic herders. This would build upon the existing efforts to stimulate development in the region but instead of using infrastructure for further extraction and capital accumulation, these infrastructures would be harnessed for developing the human and cultural potential of the Gobi region.

The growth of e-commerce in China may offer a new channel for local products to market themselves in the new economy. The Internet is breaking down spatial and temporal distance. It is forming the largest national-scale market and has consequences for re-shaping actual space. According to report, 55 percent of China's Internet users have made a mobile payment, versus only 19 percent of Internet users in the U.S.<sup>33</sup>. Marketing the unique products of the Gobi, including milk, clothes, crafts and art, could create a sustainable alternative source of income based around local culture. However, such a “local” alternative cannot be a real alternative unless it adapts to and appropriates the nascent infrastructure networks that are being created in the Gobi. The Internet offers a decentralized commercial platform to sustain livelihoods in the Gobi. Also, artisans and sustainable agricultural businesses can appropriate logistics parks that are being constructed. Dairy products produced by nomadic herders can be shipped to other parts of the world from these logistics centers.

Ultimately, these bland placeless logistics centers will be transformed into cultural bazaars, emporiums where goods from around the region can be traded, and a more balanced and just exchange of products, goods, and ideas can take place.

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<sup>33</sup> <http://www.emarketer.com/Article/China-South-Korea-Lead-World-Mobile-Commerce-Adoption/1009742>

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