



Update on the International Association of Maritime Economists

<http://www.mar-economists.org/>

Dr Pierre Cariou
Vice-President IAME

IAME's purpose

The International Association of Maritime Economists (IAME) is an international forum for the exchange of research and information among those interested in maritime-related issues.

Around 300 members and 20 corporate members. IAME has signed MOUs with the International Maritime Statistics Forum (IMSF) and Korea Association of Marine Industry (KAMI, formerly MITO).

IAME Executive and Council

The IAME Executive and Council is elected every 2 years and appointed for a 2 year period. A new Executive and Council was appointed in July 2014.

Executive Members



PRESIDENT
Dr. Jan Hoffmann
(UNCTAD, Switzerland)
president@mar-economists.org



VICE PRESIDENT
Prof. Pierre Cariou
(Kedge Business School, France)
vicepresident@mar-economists.org



SECRETARY
Dr. Thanos Pallis
(RESHIP, STT, University of the Aegean)
secretariat@mar-economists.org



TREASURER
Dr. Maria Lekakou
(RESHIP, STT, University of the Aegean)
treasurer@mar-economists.org



NEWSLETTER EDITOR
Prof. Dr. Michele Acciaro
(Kuhne Logistics University, Germany)
enews@mar-economists.org



NEWSLETTER CO-EDITOR
Verena Flitsch
(Hamburg University of Technology)
enews@mar-economists.org



The MARITIME ECONOMIST EDITOR
Dr. Okan Duru
(Izmir Katip Celebi University, Turkey)
me-editors@mar-economists.org



The MARITIME ECONOMIST CO-EDITOR
Dr. Adolf Ng
(University of Manitoba, Canada)
me-editors@mar-economists.org

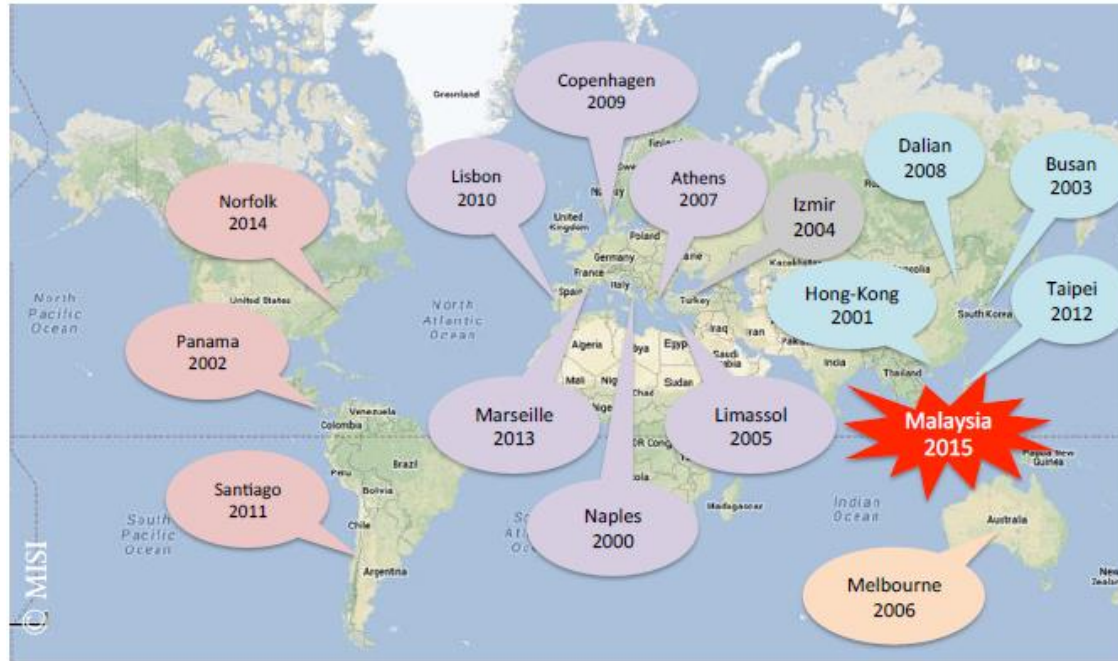


EMERITUS PRESIDENT
Professor Theo Notteboom
(ITMMA-University of Antwerp, Belgium)
theo.notteboom@ua.ac.be



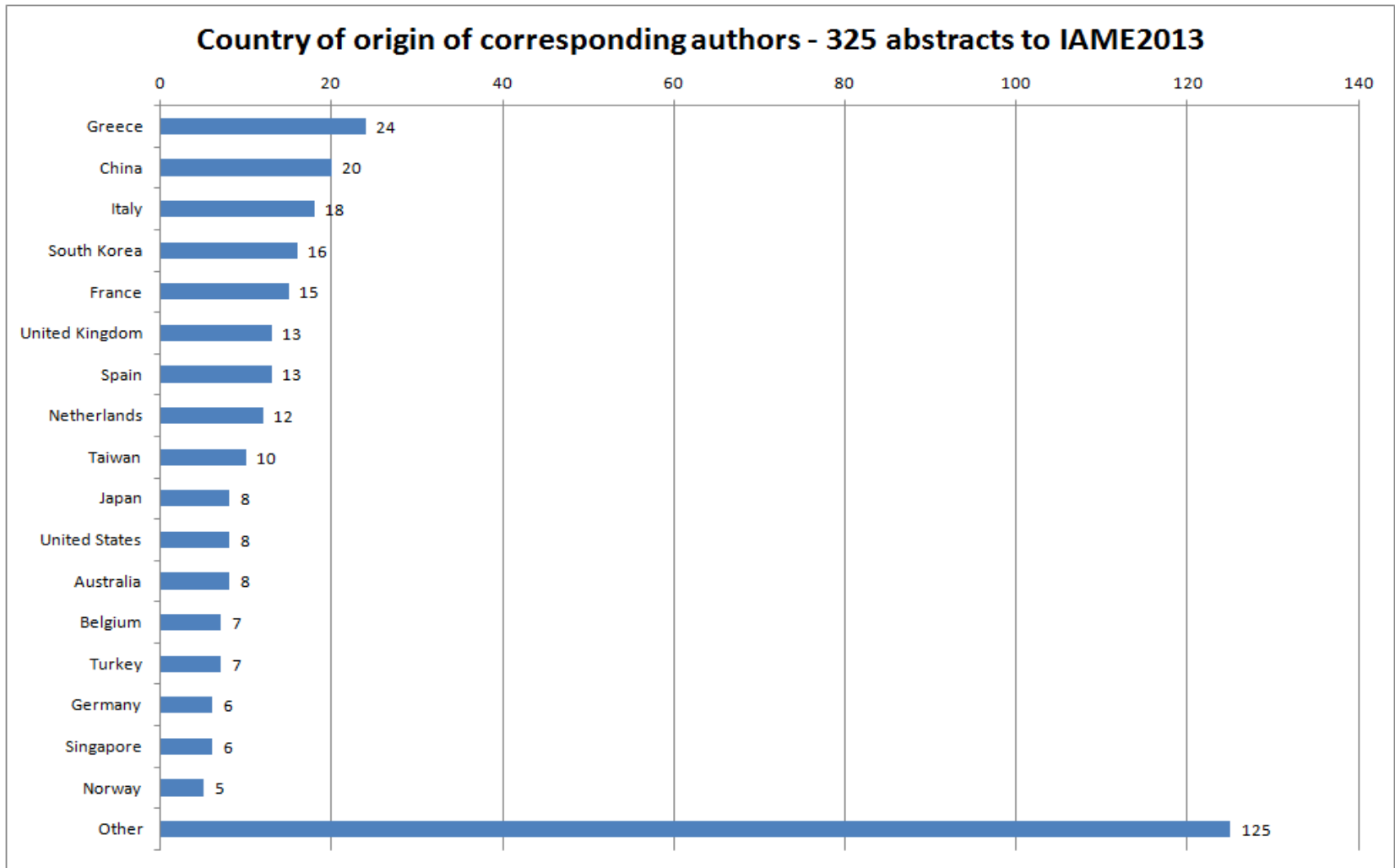
WEBMASTER
Dr. Ioannis Theotokas
(RESHIP, STT, University of the Aegean)
webmaster@mar-economists.org

IAME conferences



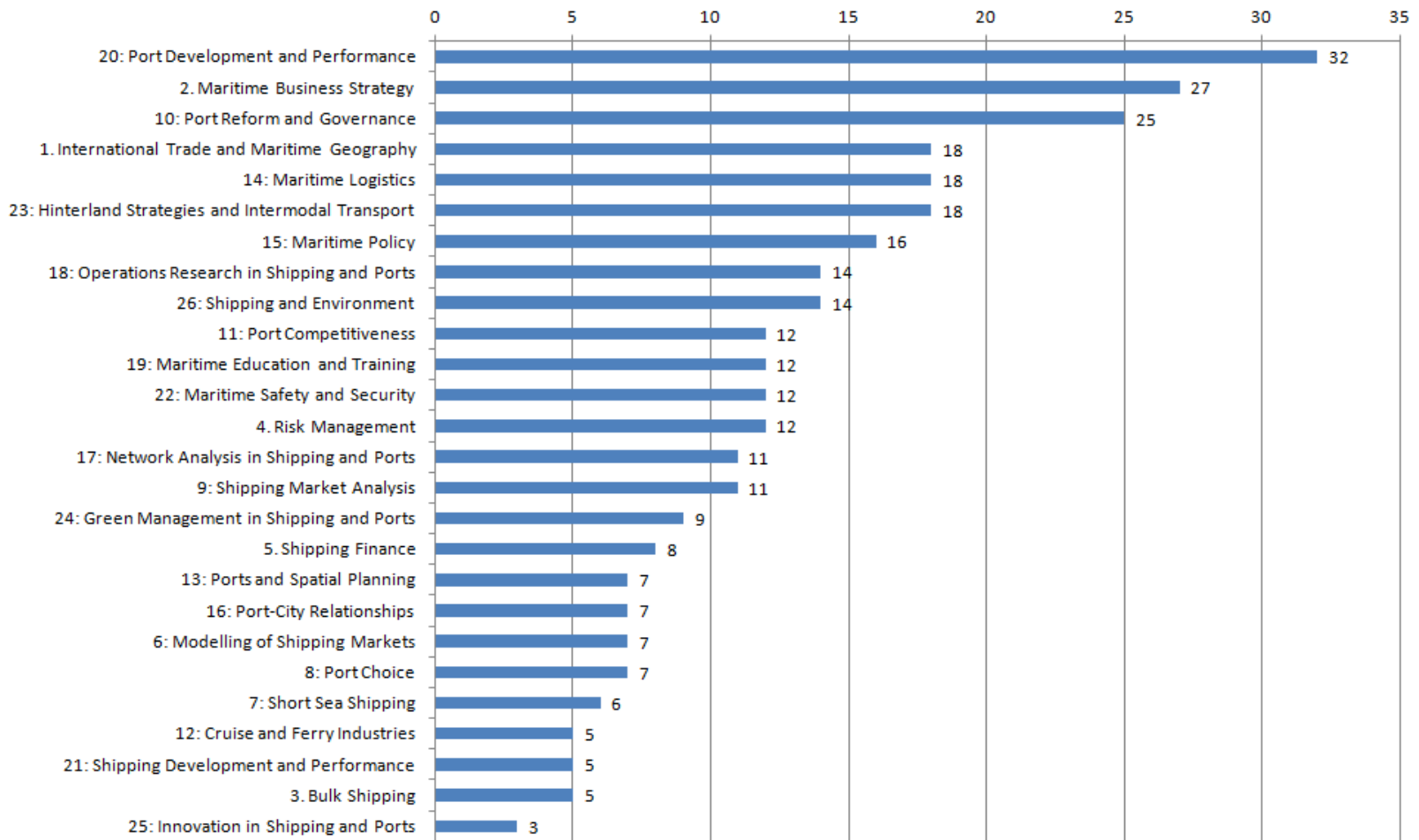
IAME 2015 CONFERENCE
"The Role of Maritime Clusters and Innovation in Shaping Future Global Trade"
Kuala Lumpur 24-26 August 2015

IAME conferences



Current IAME themes

Selected sessions - 325 abstracts to IAME2013



Publications

The IAME publishes a quarterly Newsletter prepared by the Editor, Dr Michele Acciaro (Khune Logistic University, Hamburg).

IAMEnews

INTERNATIONAL ASSOCIATION OF MARITIME ECONOMISTS
WINTER 2015, NO. 41

水学も乗物貸さん天の川

*A shipbuilder
will have to lend us a boat
the River of Heaven*

Untitled, haiku by Basho (1644-1694),
translated by Jane Reichhold,
in *Basho, the Complete Haiku*,
Kodansha International, Tokyo.

A view of the Douala International Terminal, Cameroon.

INSIDE THIS ISSUE

IAME Matters

- Welcome 1
- Message from the President 2

WELCOME

Dear IAME Members,

I am very excited to bring this new issue of the IAME newsletter to you all. Editing the IAME newsletter is a joy but only those that

Publications

IAME members receive subscriptions to two journals (hard copies + on-line).

Official Journals of the IAME Association

Maritime Policy & Management



Maritime Economics & Logistics



Access is password protected and is strictly restricted to paid up members.

Publications

<http://www.mar-economists.org/MEMag/>

THE MARITIME *Economist*
Connecting Academia and Professionals
Spring 2015 | Issue

Editorial: Maritime empathy
How can we integrate academic and business excellence?

INPLAIN
Greening and performance relativity
Venus Lun
Maritime country profiles
Jan Hoffmann

Profession & Practice
Recent strategic developments for shipping companies
Peter Lorange
Has the shipping industry become a victim of its own success?
Suresh Bhardwaj

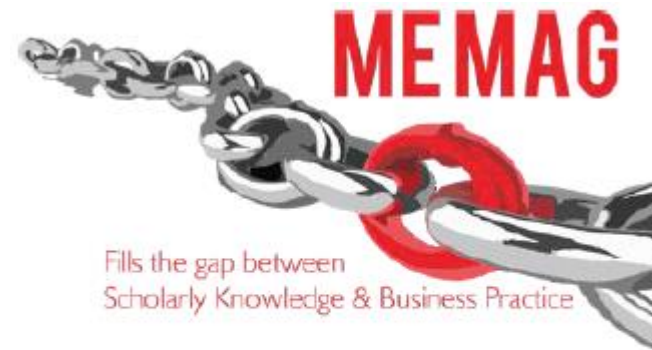
CHALLENGE
Peer Review as an essential part of scientific publishing
Olaf Duru

IAME 2015
Kuala Lumpur

Discover the maritime knowledge!

INTERNATIONAL ASSOCIATION OF MARITIME ECONOMISTS
Find Us at www.mar-economists.org

THE MARITIME *Economist*
Connecting Research and Practice



Profession & Practice
Voice of Shipping Industry Professionals

INPLAIN
Voice of Scholars

Profession & Practice

voice of professionals

Recent Strategic Developments for Shipping Companies

Prof. Dr. Dr. hc (mult.) Peter Larange
Chairman, The Larange Institute of Business Zurich

It is known that many businesses differ when it comes to degrees of capital intensity – but traditional shipping is typically very capital! It is also known that many businesses tend to differ when it comes to how close they are to customers – here again, traditional shipping tends to operate in markets that are more or less open, often with little in-depth customer contact. The owner with the lowest costs secures the business! Atomistic! This has been discussed extensively by several scholars, including Stopford (1997), Larange (2009) and Karakostas and Vamvoudas (2014). Further discussion of recent key issues can be found in Talley (2012) and in Winter, Henning and Gerhard (2013).

The Classical Shipping Company: Relatively high capital intensity and relatively low customer closeness

For this shipping firm, which is what we classically tend to find, the way to compete would be on price. What drives a particular shipping business segment would

be the supply/demand (re)balance cycles. Thus the freight rate (and, its derivative) the ship second-hand market, are having various sorts of wave-like-shapes.

Timing is the key determinant to business success here; (a) but, (b) not! The theory of shipping cycles so far has been shaped primarily by two models, the Tinbergen-Koopmans model and the Baumstark-Vergotis model (Karakostas and Vamvoudas, p. 209). The former's primary contribution is that shipping cycles arise even if demand for shipping services is not cyclic! Karakostas and Vamvoudas, p. 209. The latter model is the first systematic approach to explain the interaction of the freight, time charter, secondhand, rebuilding and scrap markets under the two assumption(s) of rational expectations and market efficiency (Karakostas and Vamvoudas, p. 209). A good summary article has been written by Glen (2006).

So, to have a basic feel for the shape of the relevant freight cycle pattern that applies for this shipping segment is key short! A good heuristic is to enter the market near or at the bottom – through chartering in and/or purchasing tonnage, and to get out near or at the top through selling and/or chartering out. Another heuristic is to go long (long-term charter) near or at the top of the freight cycle, and to go short (spot) near or at the bottom. In theory, this is simple – but, in real life, rather hard!

It is, of course, impossible to have an exact picture of the shape of a future freight market cycle. There are, however, forecasting services, such as the one offered by Myson. Major ship brokers also tend to offer forecasts. But, above all, it seems critical for a ship-owner not to spread himself over too many different shipping market segments, but to concentrate instead on a better in-depth understanding of just one, or a few. Cognitive limits easily set in! Unfortunately, many ship-owners, may underestimate the complexity of this task!

Innovative are, of course, important in the shipping context too, but in a different way than what we would otherwise tend to find. What is important here is to strive for one's ships to meet a certain minimally acceptable standard, often set by major users of shipping services (oil company majors, coal-fire shippers...). This firms put certain ownership/ship on lists of approved tonnage, others not. To be innovative enough to satisfy this evolving floor of what is a minimum level of technical acceptance is less. To have higher standards than this

would be "gold plating", i.e. to maintain unnecessarily high quality levels, which would not be paid for.

Recent research (Libert, Wind and Farley, 2015) indicates that valuation of corporations can be made by classifying them according to relative degree of customer intimacy. They examined 40 years of financial data for the S&P 500 companies, and found that "asset builders" (relatively high capital intensity, and relatively low customer intimacy) would on the average have a price to revenue ratio of 2.0, while in contrast, "network orchestrators" firm (relatively low capital intensity and relatively high customer intimacy) would have an average multiplier of 8.2.

The "in-between" firms – "service providers" (low capital intensity / high customer intimacy) would score 4.8. In Exhibit 1, we have indicated how this might apply to shipping companies – with traditional shipping firms being analogous to "asset builders", and the niche players being analogous to "network orchestrators".

The complimentary between different archetypes of Strategy in Shipping



Summing up

- IAME would very much like to see closer links between the two organisations.
- The IAME council is keen to support such links/co-operation.
- The purpose of this brief presentation is to raise awareness of IAME and to explore ways in which such future co-operation might be effected.