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César Ducruet

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International Maritime Transport Costs. Market Structures and Network Configurations

Book review

César Ducruet, 30 September 2015

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This book by Gordon Wilmsmeier entitled “International Maritime Transport Costs” provides a thorough analysis of how such costs can be measured and determined using a variety of statistical data and methods, based on the case of Latin America. A rich and useful introduction and theoretical framework discuss the position of this work across a wide array of approaches and disciplinary backgrounds, bridging several gaps amongst economic geography, transport economics, and trade theory. This is followed by a methodological chapter and its empirical validation, which is discussed and enriched by a perfect knowledge of how port and maritime businesses work in Latin America. All in all, this book is a good contribution to the literature on the explored topics on both fundamental and applied research. Specialists of Latin America will particularly learn about the crucial importance of maritime transport in the region, too often overlooked or taken for granted by media or experts.

The book contains a good number of figures (18) and tables (13) with a lot of information put in appendices, such as basic statistics or model results. The theoretical framework not only provides a rich discussion on the concept of transport cost itself but also it reviews extensively how previous scholars measured such costs in the past, in both economics and geography. The third chapter is impressive by the complexity and number of determinants (of maritime transport costs) taken into account, such as multiple distances, border effects, trade volume and imbalance, carrier networks, and port. Each determinant is then reviewed in the fourth chapter according to available data and the model and multivariate methods are introduced before the empirical analysis is launched in the last chapter. All indicators and formulae are well explained and presented using conventional mathematical expressions. Main results are presented in tables and figures and each hypothesis is validated or not depending on the signs of the dependent variables in the different models. The author concludes that international maritime transport costs are influenced by all the selected indicators, which in itself is a confirmation of the data quality. Within those indicators, importance is given to the relative situation of the shipping route in the network, as peripherality implies higher costs. This evidence is particularly important in Latin America that includes several islands in the Caribbean area.

There are several areas where the offered book could be improved, however. One is the time scale of the analysis and literature coverage. We can only regret that the empirical data used in the book ends in 2006, which is already old for a book published in 2014. In addition, most of the references from the literature were published before 2008; it might give the (false?) impression that the book is a compilation of published materials from earlier works. Given the quality of the analyses, we can only motivate the author to update the datasets and the literature. Perhaps the non-inclusion of more recent literatures can explain why some works on the more qualitative dimension of ports’ attractiveness for carriers are missing in the references (see Ng, 2006), which would have complemented the analysis that is mostly based on official statistics, and overlooks the more informal reality. It seems that the intensive field work of the author, who participated to or

conducted projects in 20 of the 33 Latin American countries, is not sufficiently translated in the book: how do transport and trade actors think and does it match numbers? Another gap with current literature is the extraordinary absence of any reference about works on global production networks and commodity chains, on the conceptual part of the book, and with numerous studies of maritime networks published in the last decade in both natural and social sciences, on the more empirical part of the book, which barely mentions graph theory and the fast-growing field of complex networks, widely applied elsewhere (see the 2010 special issue of *Journal of Transport Geography* with a paper on Atlantic liner shipping networks).

A second area of potential improvement is about Latin America itself: how does Latin America perform compared with other (developing) continents such as Africa and Asia? A comparative perspective looks promising given the current results. In more detail, little is said about the particular case of Bolivia, a landlocked country, which trades through Chilean ports, and the suspected illicit nature of a number of Latin American trades, which are not mentioned so that the analysis remains bound to the more “official” figures. But the emphasis put on bureaucracy and institutional failures in the analytical models can palliate at least partly such a lack. In addition, the multimodal or door-to-door approach would be an expected complement to the sole maritime analysis. The fact that many Latin American ports locate in cities and regions of unequal economic and demographic size cannot be ignored. Finally, we also regret that there is not a single map of the region in the book, showing at least the uneven distribution of port activities across Latin America, which is a pity given the richness of the data (25% of the book lies in the Appendices) and the emphasis put on geography, which in the end turns out to give too much credit to pure economics, and contradicts the initial message delivered, being more about “costs and markets” than on “space and networks”.

All in all, this book is a useful companion to anyone interested in the trade and economic analysis of maritime transport as well as Latin America as a whole, and will surely be recommended to experts and students in these buoyant fields.

References

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