

Container shipping and economic development

- A case study of A.P. Moller-Maersk's role in integrating developing countries into the global economy

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Case Study Background

➤ Research theme and set-up

- A.P. Moller-Maersk's global CB strategies and their role in economic development
- Focus: South East Asia (particularly Vietnam)
- Based on approx. 60 interviews with APM-Maersk and external partners

➤ Why is this study unique?

- Denmark's largest firm: Net turnover of \$44 Bill (2006)
- Large Danish investor: annual investments of more than \$5.5-10 Bill (2005/6)
- No one has studied A.P. Moller-Maersk in a development context



Literature review

- the missing link of transport and logistics services

➤ **The study addresses a gap in the literature on transport and development**

- International Business literature and Global Value Chains literature fail to embrace the service sector

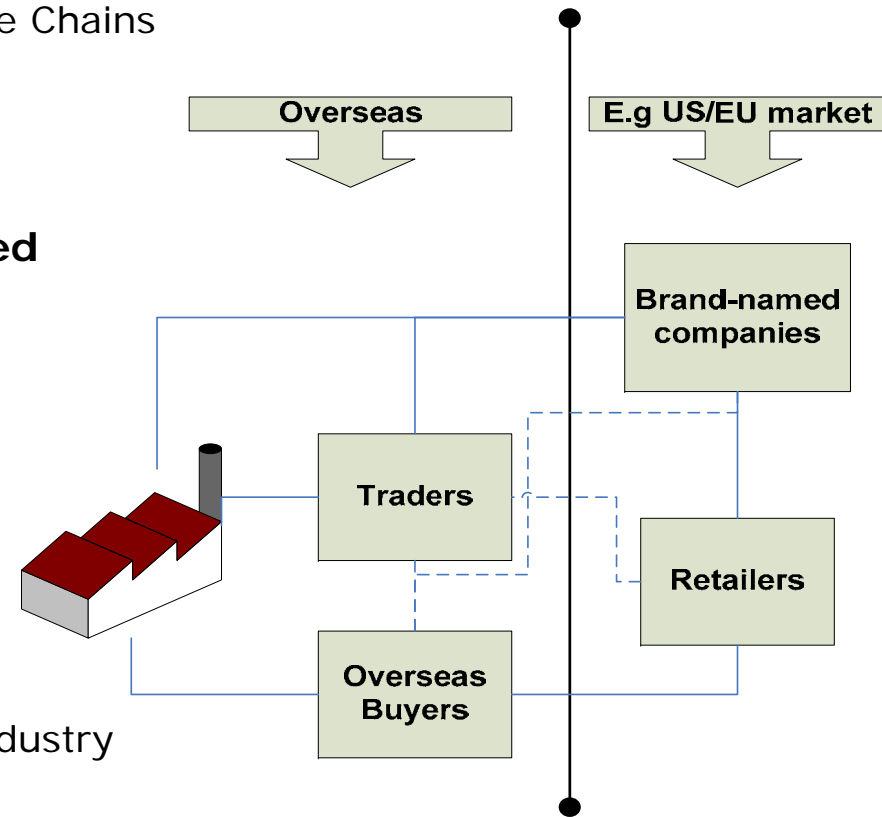
➤ **“...services integrate and coordinate atomized and globalized production processes...”**

(Rabach, et al)

➤ **Inspiration: firm-level value chain analysis**

(Stabell & Fjeldstad)

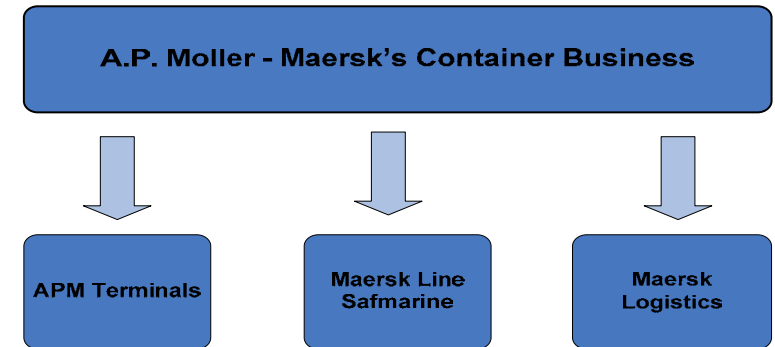
- Capture the value creation logic of the service industry
- The transport sector as a “value network”



A.P. Moller-Maersk's Global Container Business

➤ The strategic units of A.P. Moller-Maersk's global container business

- Maersk Line
- Maersk Logistics
- APM Terminals
- Other container related business



➤ Organize global container transport

- Ability to offer the whole range of services
- Global liner network



Findings

- **How does A.P. Moller-Maersk integrate firms in developing countries into Global Value Chains?**

- **1) Providing global container shipping infrastructure**
 - Large investor in global container shipping technologies
 - Vessels and a global route network
 - In-land transport and asset-based logistics activities
 - Container terminals

- **2) Binding firms together in networks**
 - Reduce firms' transaction costs by:
 - Managing supply chains more efficiently
 - Opening new markets
 - Bringing firms together in networks
 - Enhancing capabilities of local firms



Conclusion and Caveat

➤ **Conclusion: A.P. Moller-Maersk may pave the way for:**

- 1) foreign firms to operate in developing country markets
- 2) local firms to gain access to global markets

➤ **Caveat and area of discussion:**

- Delineation: context of South East Asia
- Problem of establishing counterfactuals
- **Is A.P. Moller-Maersk an instigator of economic development or a client follower?**

