Guest editorial

MABR **special issue – shipping business strategy and risk management**
This special issue is gathered from selected papers of the 2017 Conference of the International Association of Maritime Economists, Kyoto, and independent papers submitted to the special issue. The theme of this special issue *shipping business strategy and risk management* consists of topics in shipping asset management, cost management and optimization, freight derivatives, vessel portfolio strategy, shipping asset valuation and asset pricing mechanism. Its aim is to collect the latest research and practice on the processes of shipping business strategy and risk management. We would like to thank all authors for contributing to this special issue.

Shipbuilding and economic cycles is another interesting research question for the shipping business strategy and risk management. Mostly, the papers related to the economy and finance highlight the cyclical trends of different markets and their relations with the macroeconomic cycles. Shipping is one of those industries and it has often been characterized by peaks that influenced both the trade patterns and the industry investment structure. One of the main issues related to the cycles is the effect on overcapacity and prices for new building and how the understanding of these patterns can help in preventing shorthand strategies. *Claudio Ferrari, Malvina Marchese and Alessio Tei* investigate the shipbuilding cycles to get a distant signal and indications that can assist to investors for the investment strategy decision.

Financial bubbles have gained the substantial attention of academic researchers and industry over centuries. What characterizes a bubble is a rise in valuations of some types of assets, and the collapse of these valuations always cripples the economy and leads to subsequent pain. Thus, many economists make attempts to diagnose the formation of bubbles and to detect the bursting of bubbles ex ante, so that appropriate countermeasure can be taken in advance to reduce side effects arising from bubbles. The problem is however complicated. In a numerical study of *Shun Chen, Shiyuan Zheng and Hilde Meersman* applied Log-Periodic Power Law (LPPL) model to find out large market falls or "crashes" through modeling of the shipping price dynamics on a selection of three historical shipping bubbles over the period of 1985 to 2016.

Grace Wang, Qingcheng Zeng and Chenrui Qu investigate the complexity of the pricing strategies for the Chinese cruise value chain and incentive mechanism of cruise operation. Since the cruise operation in China is very different from two major cruise markets in the USA and the Mediterranean, they propose a particular optimization model by considering the game theory to provide market participants with strategies to enhance their decision-making processes. They designed effective strategies for attracting players participating in cruise value chain.

Increasing the autonomy of critical European seaports and harmonizing differences in the institutional governance between member states to create a more competitive environment could have a significant impact on the efficiency of the European maritime and multimodal transport system. *Axel Merkel* has focused on the relationship between the intensity of competition and technical efficiency for mainly the European market by using a stochastic frontier approach. To account for differences in governance structures and policy, five major port regions with diverse institutional features are compared. Using European

ports as objects of analysis is valuable because it can potentially yield findings relevant to the development and desirable direction for a harmonized policy framework. The results indicate that there is no significant adverse effect of competition on efficiency. In fact, for ports within a distance of 300 km, a higher level of competition is found to be associated with a higher level of efficiency. It appears that focusing efforts to reduce monopolistic powers of ports in local networks could be a viable way for policy to improve efficiency.

One of the significant issues in the container shipping is controlling risk for the operation under uncertainty. *Son Nguyen and HaiYan Wang* identified container shipping operational risks (CSORs) from a logistics perspective by considering fuzzy rules Bayesian network (FRBN). They define parameters that need to be considered to evaluate operational risks, and how to prioritize risks effectively under uncertainty in container shipping. Also, their proposed model can be used to measure a risk evaluation for different organizational scales.

Emrah Bulut
Yildiz Technical University, Besiktas, Turkey
Okan Duru
Nanyang Technological University, Nanyang, Singapore, and
T.L. Yip
Department of Logistics and Maritime Studies,
Hong Kong Polytechnic University, Hong Kong