State Capitalism and Spanish Port Development along the Maritime Silk Road

Jensen, Federico

Document Version
Accepted author manuscript

Published in:
Environment and Planning A

DOI:
10.1177/0308518X221083683

Publication date:
2023

Citation for published version (APA):
Jensen, F. (2023). State Capitalism and Spanish Port Development along the Maritime Silk Road. *Environment and Planning A*, *55*(3), 636-654. https://doi.org/10.1177/0308518X221083683

State Capitalism and Spanish port development along the Maritime Silk Road

Abstract

With the rise of 'new' state capitalisms, control over transport infrastructure has returned to the forefront of competition in the global economy. This article investigates how different state capitalisms interact to enable economic developments in ports. It tracks the relationship between state-owned firms in the shipping and ports sectors through a case study of the port of Valencia in Spain and COSCO shipping group. The article identifies state capitalisms as variegated and relational to analyze the ways in which qualitatively different state capitalist dynamics interact at different scales. The article identifies two state capitalist dynamics which have been dominant in determining relations between Spanish and Chinese state capitalisms: 1) A *commercial dynamic* of maximizing Spanish ports profits by establishing new relationships with Chinese firms; and 2) an *expansionary dynamic* of increasing market share of Chinese state-owned firms in European shipping markets. These two dynamics are synergistic and have contributed to the competitiveness of Spanish ports and Chinese shipping firms by providing new capital to the port of Valencia and expanding the port's profile as a hub in the eastern Mediterranean, while also further solidifying COSCO's position in European shipping markets and its internalization and vertical integration strategy.

1. Introduction

Chinese state-owned enterprises (SOEs) in the transport sector are internationalizing, taking on the management of new marine ports and logistics hubs in port cities around the world. This is in part driven by the Chinese state's strategic foreign economic policies: The Belt and Road Initiative (BRI) and the Maritime Silk Road Initiative (MSRI), both launched in 2013[i]. These initiatives have been highlighted as examples of the rise of so-called 'new' state capitalisms (Alami and Dixon, 2020a). New state capitalism denotes a new relationship between business and state which, driven by structural pressures from global capitalism, seek to meet the challenge of competition in the transnational global economy. Faced with these structural challenges, capitalist states deploy multiple economic tools including state-owned enterprises (SOEs), sovereign wealth funds and a range of private-public partnerships to be competitive and steer markets (Alami and Dixon, 2020b). Drawing on economic, transport, and critical geography, this article identifies the different roles states play in facilitating and driving maritime transportation developments across Europe, and analyzes the relationship between Chinese and Spanish forms of state capitalism through the case of the port of Valencia.

One prevalent view of state capitalism is as a corrupting force acting on market capitalism, implying a binary distinction and an inherent conflictual relationship between the two (Bremmer, 2010). This framing of state capitalism has been deployed against Chinese firms, producing specific geopolitical imaginaries, and a narrative of competition between a democratic and liberal western state and a state capitalist East (Bremmer, 2010; Alami and Dixon, 2020a). In the context of a perceived threat from the increasing participation of China in global markets, the narrative bolsters tougher policy positions towards the East (Alami and Dixon, 2020a). The new state capitalism literature attempts to move away from binary notions of the relationship between states and markets, where the economic actor is considered either a creature of the state or of the market (Peck, 2021; Alami and Dixon, 2020a). In doing, the literature calls for a deeper, geographical understanding of the complex relationship between states and markets.

An analysis of how state capitalism plays out reveals the different institutional and geographical contexts, historical dependencies, and economic dynamics that underpin it. In the past, different forms of state capitalism have been used to establish industries[ii]. Temasek in Singapore, Deutsche Bahn in Germany, the Norwegian state-owned oil company Equinor ASA (formerly Statoil) are recent examples of how the state continues to participate in capitalism in the shape of successful SOEs. This article explores state capitalism in the shipping and ports industry in Spain, specifically in the port of Valencia. In the shipping industry many leading firms are SOEs or have strong and long-term strategic partnerships with states (de Langen and Sornn-Friese 2020).

The 2008 global financial crisis and the on-going Covid-19 crises have highlighted the central role states play in the functioning of capitalism. While some argue that the looser the attachment to the state, the more successful a state capitalist firm is (Cuervo-Cazurra et.al. 2014), this article suggests the relationship is not so determined. The pervasiveness of state-market relations in the shipping sector provides a context for understanding the negotiated processes and outcomes in the interaction between different state capitalisms within capitalist markets. A variegated (Peck and Theodore 2007; Peck and Zhang 2013) and relational (Harvey 2006) understanding of state capitalisms allows us to see when its different forms generate synergies and conflicts.

This article investigates the relationship between different state capitalisms at different scales and across distant spaces within the shipping sector. It proposes a framework to understand the relationship between state capitalisms, focusing on *expansionary* and *commercial* dynamics. These dynamics are ideal typical and frame the predominant political and economic logics of the stakeholders involved in the port of Valencia. Although this article treats these two dynamics as distinct, they are intertwined and contain features of each other. The rise of Chinese state-owned shipping enterprises demonstrates the expansionary dynamics of the Chinese state, in its efforts to rebalance in its favor the architecture of global trade. Chinese SOEs, reacting to Chinese state strategies and the general economic dynamics of the shipping industry, have expanded internationally at a rapid pace. At the same time, in order to attract more cargo and become better connected to Chinese shipping networks, international ports like the port of Valencia have sought investment by Chinese SOEs to diversify terminal operations and remain competitive. This article argues that given the shipping industry's significant structural competitive pressures, Chinese and Spanish state capitalist dynamics are synergistic. This synergy increases the competitiveness of Spanish ports vis-a-vis other ports in Europe and expands the presence of Chinese SOEs in Europe. Spanish and Chinese state capitalisms are synergistically aiding in the creation of a macro-regional logistics space in Europe that is both more integrated and connected, and more intensely competitive.

Making use of quantitative data - from Eurostat, COSCO shipping ports (CSP), the Valencia port authority and its parent company *Puertos del Estado* and the industry database Alphaliner - in order to track the Twenty-foot Equivalent Unit (TEU) throughput growth of the Mediterranean region, the port of Valencia and the CSP terminal in Valencia since its acquisition by CSP in 2017, allows for an assessment of the success of Port of Valencia's integration into the global shipping network and the growth of Valencia vis-a-vis other ports. The article supplements this quantitative data with qualitative material from 11 interviews with shipping stakeholders in Europe and Spain. Specifically, one interview with managers at the Spanish port management SOE *Puertos del Estado*, two with the Valencia port authority, and two with Spanish labor groups and dockworkers at the port of Valencia. Two interviews were conducted with European officials involved in the TEN-T and EU connectivity strategies, as their involvement in the broader European shipping markets also mediates COSCO's relations with the Valencia port authority. The remainder of the interviews encompass two shipping NGOs based in Brussels, the International Maritime Organization (IMO) and the International Dockworkers Council (IDC). The article also draws on extensive desk research, material from the specialized press and industry research and publications to triangulate the interviews and support the interpretation of the quantitative material.

The article proceeds as follows. The next section provides a theoretical framework around the idea of variegated and relational state capitalism, focusing on the two distinct state capitalist dynamics. Section three connects the state capitalist dynamics to port developments and introduces the range of actors involved in the port of Valencia. The fourth section addresses the growth and impact of Chinese shipping firms along the Asia-Europe trade routes. Finally, to showcase how state capitalisms interact and are relational, the case of COSCO's shipping business in Spain is explored in section five, highlighting its relationship with the Valencia port authority and other stakeholders surrounding the port, as well as outcomes in terms of the growth and diversification of shipping flows in the port of Valencia and the continued labor tensions between the port and its workers. In conclusion, the article showcases how different state capitalisms interact and synergistically drive developments in the port of Valencia amid structural pressures from global shipping markets.

2. State capitalist competitive strategies in the shipping industry: commercial and expansionary state capitalist dynamics

Acknowledging the complex set of relations between states and markets, a 'new' state capitalism agenda has flourished in recent years (Alami and Dixon 2020a; Alami and Dixon 2020b). New state capitalism does not refer purely to the generic features of the national political economy, as other debates surrounding state capitalism do (Kurlantzick 2016; Hilferding 1940). In current forms of state capitalism, neither all markets nor price mechanisms are controlled by the state[iii]. The use of the concept state capitalism in some academic circles has been critiqued by its monolithic approach to the nation state and the vilification of any state action in and on markets (Alami and Dixon 2020a; Peck 2019). In particular, the political science literature on state capitalism identifies a significant difference between state capitalism and liberal states (Zheng and Huang, 2018; Naughton and Tsai, 2015; Bremmer 2010). The comparative capitalism literature, which seeks to identify the comparative properties of an ideal model of state/capital relations, has fallen into a similar methodological nationalist trap (Peck 2019; Peck and Theodore 2007). The notion that coordinated and liberal market economies have separated markets from states has been widely contested (Peck, 2019; Van Apeldoorn, de Graff and Overbeek, 2012). As Van Apeldoorn and colleagues (2012) argue, the neoliberal order also encompasses state strategies of market dominance. Rather, the concept of state capitalism in this article, following Alami and Dixon (2020a;2020b;2021), is used to explain how the structural pressures of global capitalist development incentivize states to actively shape markets in order to mitigate these pressures on their national economies. For Alami and Dixon (2020a; 2020b), the phenomena of new state capitalism calls for an understanding of the relationship between states and markets that is territorially contextual and goes beyond simplified binaries of “state-market” or “East-West”.

The clear-cut distinction between state and market that some proponents of state capitalism have suggested is a false dichotomy (Peck, 2021). More relevant is the question of how state bodies articulate their roles and how these roles play out in a specific territory/urban region (see Olds and Yeung 2004). This helps to clarify state capitalism by locating it and exploring its interactions between its different manifestations (Alami and Dixon, 2020b). Indeed, all states, in certain sectors or at different times, are or can be state capitalist (Kurlantzick 2016). Territorial context, national strategies, regional development policies and geopolitical tensions determine the specific set of interactions between state capitalist states. Geopolitical tensions however do not fully explain the recent competition for control of commodity flows. Cowen (2014:8) highlights how the logistics revolution disrupted geopolitical logics, where the logics of power, authority, and sovereignty were territorially bounded in the nation state, with geopolitics framed as a creature of the system of nation states. The advent of global logistics saw the rise of geo-economics, and the reshuffling of space by market logics and transnational actors (including the state) in a global network of flows (Cowen 2010; Cowen and Smith 2009). Thus, a relational understanding of state capitalism is key in a translational global economy dictated by geo-economic calculations.

As Chen (2021) argues, the BRI, a symbol of China’s form of state capitalism, should be understood as a negotiated and relational process between actors at different scales. Relationality means that social phenomena and actors’ behaviors are co-constituted. This article shows how relational processes between state capitalisms can mitigate structural pressures from global shipping markets. Beyond the relational nature of state capitalism, the article conceives of state capitalism as variegated (Peck and Theodore 2007; Peck and Zhang 2013; Zhang and Peck 2016). Chinese and Spanish state capitalisms are variegated in that they are not constituted at the level of a unitary state but by a multiplicity of national and regional agencies, and a range of SOEs. At the same time they are strategically framed by national and regional policies (Peck and Theodore 2007; Zhang and Peck 2016). States may use widely different policies to navigate the pressures emerging from geopolitical and capitalist competition. Phenomena as varied as critical infrastructure, SOEs, sovereign wealth funds, and industrial policy have been packed together under the rubric of state capitalism (Alami and Dixon 2020b). Distinctions between state capitalisms are thus apparent not in the policies that define them nor in the institutions that push these polices, but in the identification of the strategic dynamics of a given state capitalist phenomena. Here, dynamics denotes an abstract idea of strategic intention rather than a rigid categorization of country sets or real types of country strategies (see Brenner et.al. 2010; Peck and Theodore 2007).

This article nominates these state capitalist dynamics as *commercial* and *expansionary* (Table 1). Although these dynamics are overlapping in certain characteristics and can work in synergy, certain key differences separate them:

Expansionary state capitalist dynamics are those in which state actors and firms, through both long-term planning and direct investments, attempt to reshape global markets and aggressively increase global market share. It is characterized by over-investment or investments considered high-risk by private investors. It is therefore often executed with support by policy banks and reflecting the imperatives of economic statecraft (Zhang, 2017). Investments may largely disregard profitability, at least in the short-term. This does not necessarily mean, however, that the investment will not succeed, particularly in the long-term. This type of dynamic is high-risk in terms of geo-economics, as it may be perceived as aggressive by regions and countries where investments are made. Although profitability is not a key parameter, prolonged under-performance may run the risk of compromising the aims of the state.

Commercial state capitalist dynamics are those in which there is little long-term planning or state-led strategic thinking surrounding the improvement of economic competitiveness. Commercial state capitalist strategies focus on creating state driven organizations that function efficiently and in a way that conforms to market expectations. The goal is to create strategies to increase efficiency and competitiveness by investing in new technologies and collaborating with other market leaders. In this case, expansionary and commercial state capitalism can work hand in hand. The development of investment and planning strategies is generally more decentralized and focuses on short-term job and profit creation, particularly in local or regional level SOEs (Li, Cui and Lu, 2018). Given political tensions at the local scale, these commercial state capitalist strategies lead to over-investment in the face of competition. In the long-term this over-investment but market-conforming dynamic creates a contradiction between capital and labor, where labor gets squeezed due to losses from over-investment and the imperative to maximize profits in the short-term.

Expansionary dynamics play directly in geo-economic competition calculations of states and work in long-term time horizons. Conversely, commercial dynamics work within short to medium term market opportunities and display opportunistic behaviors in relation to geoeconomics. While the market opportunities can come from the expansionary dynamics above mentioned, they can also arise from endogenous changes to regional growth models as well as a reaction to the expansion of geo-economic capital. Both expansionary and commercial state capitalist dynamics are spatially specific though they may play a role in tandem in explaining developments in different spaces and at different scales. The two dynamics and their main features are summarized in Table 1.

Table 1 - Features of different relational dynamics of variegated state capitalisms

Dynamics	*'Expansionary' state capitalism*	*'Commercial' state capitalism*
Main Features	Strategic and long-term thinking around investments and commercial developments; high-risk investments to reshape markets and win market leadership.	'Market-like' but state ownership; short-term thinking on development and expansion; focus on low investment risk and maximizing profitability.
Planning	Varied, but in direct consultation between policy and economic actors; planning focused less on profitability and more on market share.	State consultation but focused on profitability and growth of the economic unit in the short term.
Investment	Over-investment driven by strategic drive for market share; largely backed by policy driven public funds.	Over-investment in the face of market competition, but need for collaboration between a main public capital provider and other finance, given market-driven nature.
Risk	Geopolitical risk given strong government links; over-investment risk given ample capital opportunities; unprofitability risk due to other strategic priorities.	Commercial risks of underperformance; development risks due to lack of capital.
Contradictions	Capital – State: Although the general synergy between state and capital supports expansion, strategic synergies may collapse in the event of over-expansion once the economic actor becomes a leading agent in a market, with the need to preserve its position through efficiency, rather than market share.	Labor – Capital: State firms are generally perceived as having stronger labor conditions given their attachment to the state. However, the drive for these firms to be 'commercial' threatens earlier labor gains in terms of salaries and rights.

All states have specific shipping and logistics regulations aimed at controlling flows in their territory and beyond which partially determines its relations with global shipping markets. These policies are in part based on historical antecedents and the particular state's position in the global shipping hierarchy. The ship was the first investment object where investors pooled risk (Braudel 1992 [1982]). In the past, the role of the state in the transport and shipping industries has been to either securitize and delimit, or stimulate the expansion of spaces of circulation (Campling and Colás 2021). Historically, this was achieved through militarized colonial expansion in close collaboration with chartered companies. As such, shipping, capitalism, and the modern nation state co-evolved, and their relationship persists as an underlying structure of the global economy.

The relationships between states and global shipping has been explored prior by Susan Strange (1976) and Alan Cafruny (1987), who sought to understand the relationship between hegemony and state power and the commercial and maritime relations of states in the global economy. They did so by focusing on Soviet and Japanese challenge to American maritime hegemony based on improvements in shipbuilding and naval capabilities. The post-WWII American-based 'freedom of the seas' maritime regime remains hegemonic (Strange 1976; Cafruny 1987), despite the fact that Japan, and later South Korea, managed to partially supplant the West as leading centers of commercial shipbuilding. These challengers were assisted by strong state support (Chida and Davies 1990; Amsden 1992) and in the context of this article, showcase a commercial state capitalist dynamic. Recently, relationships between states, global production networks and shipping and logistics have come back into focus (Coe 2020). The rise of China's commercial and naval shipbuilding industry and the BRI, which has aided the internationalization of Chinese shipping SOEs, are both key developments in bringing the maritime state back into focus.

In the critical geography literature on maritime transportation and logistics, the state has been conceived competing to secure the circulation of goods and the openness of strategic trade routes (Cowen, 2014; Khalili, 2020; Campling and Colás, 2021). For example, containerization and the Vietnam War went hand in hand reveals the leading role of the US in establishing the contours of the global trading system (Chung, 2019; Attewell 2021). In jockeying for hegemony, and through the ties between shipping and logistics and war and politics, states play a central role in underpinning the global flow of commodities through different means, including SOEs that carry the goods, large contracts and subsidies provided to national carriers, and the securitization of international spaces for the benefit of states' trade and geopolitical interests (Lin, 2019). This article seeks to understand how the dynamic maritime state continues to evolve in light of the rise of new state capitalisms by studying how expansionary and commercial state capitalist dynamics interact to stave off competitive pressures from global shipping markets and to produce new opportunities for capital accumulation in the port of Valencia.

3. Ports and the interaction of expansionary and commercial state capitalist dynamics

In the 21st century state ownership in the shipping industry is still prevalent, particularly in ports, as the literature in transport geography has explored extensively (see de Langen and Sornn-Friese, 2020). This section provides background on the Spanish port investigated here and outlines the significance of port developments to state capitalisms. Ports and other transport infrastructure are largely owned by the state, either nationally, or in most cases, by the municipality/region or city where the port is located. As argued above, the relationship between firms and states unfolds across multiple scales. City and regional strategies of logistics development, enhanced connectivity and import/export competitiveness have grown in importance. In this context, uneven developments in relation to port-cities have been explored by scholars specializing in urban studies and economic geography (Hesse and McDonough 2018). An example here is Singapore and its developmental City-State model, largely motivated by the country's goal to be a major transport hub in Southeast Asia given its geographical location (Olds and Yeung 2004; Sibilia 2019). However, Danyluk (2019) argues that logistics-based developments render port-cities interchangeable, prone to the whim of shipping lines and shippers. This highly competitive environment has led to port authorities making significant investments to expand and automatize ports, increasing their connectivity in order to remain competitive (Hesse and Rodrigue, 2006). Jaffee (2019) shows that this tendency to increased port-competition leads to port-labor getting the short straw, with logistics services expanding through strategic coupling. This remains the case when the logic behind these developments is to provide jobs and expand the economic relevance of a city or region by strategically coupling to key shipping lanes (Jaffee, 2019). Although both Danyluk (2019) and Jaffee (2019) study port cities in North America, heightened port competition also affects European ports (Notteboom and Rodrigue, 2012; 2008)

Port authorities in Europe hold a specific mandate to operate primarily as private developers, leasing activities to port terminal operators, that in turn may sometimes also be SOEs, while ensuring the continuous growth of the port (also known as the 'landlord port model'; de Langen, 2020). The Mediterranean region and the Port of Valencia are significant, given both the substantial amount of Chinese investment and the statist nature of the shipping business in the region. Spain is a special case as one of the few places in Europe where a centralized SOE owns the ports. The Port of Valencia is one of three state-owned Spanish ports operated by the Valencia port authority, also known as Valenciaport, which is itself coordinated by the state-owned *Puertos del Estado*[iv]. Similar to other port authorities in Spain, Valenciaport is an SOE that participates in the commercial development of the port. Valencia is the largest Spanish port, with over 100 shipping routes connecting the port, and acts as the natural port for the Madrid economic region[v]. The port competes for trans-shipment cargoes with the two other major ports in Spain, Barcelona and Algeciras[vi]. Port SOEs in Spain, given the legal constraints on the behavior of European SOEs and their political mandate, generally act as landlord ports and behave in accordance with the commercial state capitalist dynamic described above.

COSCO has been present in Spain since the 1970s as a transport agent for Chinese exports and imports to China from Spain, but has grown into a full logistics firm following COSCO Shipping Ports (CSP) 2017 acquisition of 51% of Noatum Port Holdings valued at 203,49 million Euros, up to that point owned by JP Morgan Asset Management. COSCO shipping group (COSCO) was created in the 1960s to compete in the modern shipping world (Heine 1989). COSCO now controls 12% of the global market share in container shipping, after a recent mega-merger with China Shipping Lines[vii]. Currently, COSCO is in the process of globalizing, transforming itself into an integrated logistics company (Yang et al. 2019, 105). With the backing from the Chinese state and in order to remain competitive, COSCO is expanding its port terminal business, while also adding trucking and rail services, storage, last-mile transport services, and digital capabilities. This also follows similar corporate strategies adopted by other leading shipping companies such as Mærsk, CMA CGM and HMM.

The acquisition of Noatum Port Holdings included the operations of the largest of three container terminals in the port of Valencia. As part of this deal, CSP also acquired a terminal operation in the port of Bilbao and railway operations in Madrid and Zaragoza. Since, the port of Valencia, already a major player in the Mediterranean region, has continued growing by being connected to COSCO's shipping and the Ocean Alliance's liner networks[viii], while also forming part of the MSRI, as will be discussed further below. Due to both the structural pressures of shipping markets and the policies of the Chinese state, COSCO strategically purports expansionary state capitalist strategies.

Apart from participating in the Maritime Silk Road Initiative, Valencia and Spain are part of the European Union's trans-European transport strategy, the TEN-T program. The TEN-T program seeks to increase connectivity between different parts of the European Union by constructing infrastructure connecting European regions and improving different transport modalities in Europe (air, sea, rail), thus increasing options for shippers (retailers, importers, and exporters of goods, etc.) to circulate commodities around the continent[ix]. The TEN-T program is subdivided into a 'core' network with nine corridors (Figure 1) and is tasked to fund infrastructure projects to improve connectivity within the European Union. The EU's TEN-T and connectivity strategies are also impacting on the European transport system and interacts with the state capitalist dynamics analyzed in this article.

This article analyzes embedded case studies, with each case representing a different state capitalist dynamic. COSCO Shipping Ports (CSP), a part of COSCO shipping group (COSCO), one of the leading Chinese players in the maritime sector[x], represents the expansionary state capitalist dynamic (Table 2 and Figure 1 show COSCO's investments in Europe). Spanish state capitalism and its port SOEs in Valencia represent the commercial state capitalist dynamic. The next sections explore the synergies between these dynamics in making the port of Valencia the key container shipping hub in the Eastern Mediterranean.

4. Expansionary state capitalist dynamics in Europe

This section showcases how, by solving connectivity issues in new markets through improved management of infrastructure, and by expanding commodity circulation options for its exporters in traditional markets, China seeks to ensure sufficient capacity and logistical support for the expansion of its firms abroad so they can continue to export out of China. Spain seeks to diversify its economy and secure economic development from logistics services industries. These parallel objectives motivate the relationship between two different types of state capitalism, one commercially focused, the other displaying primarily an expansionary state capitalist dynamic. The result has been the growth of the Mediterranean region as a site for logistics in the Asia-Europe trade lane.

The Asia-Europe trade lane is the second largest market for container operations in the world after the Trans-Pacific lane. In both, the main driver of the trade lane is the export of commodities from China to consumer markets. The Asia-Europe lane is subdivided into two main maritime trade lanes, the Asia-North Europe lane and the Asia-Mediterranean lane. Traditionally the Northern European ports have been the key sites of logistics development in Europe, given their short distance to Europe's main markets and industrial spaces. The Mediterranean trade lane has grown considerably in recent years driven by substantial investments from Chinese firms, among them CSP, particularly in the Port of Piraeus in Greece. Another major investment by Chinese firms in the Mediterranean was the acquisition of Noatum Port Holdings in Spain, which provides CSP a major role in freight throughput in both the eastern and western Mediterranean. The increased connectivity of Europe through the Eurasian land bridge (part of the BRI) has also enhanced the competitiveness of land options on the Asia-Europe trade lane (Dunmore, Preti and Routaboul, 2019).

Table 2 – COSCO Shipping Port Terminal Investments in the European Union

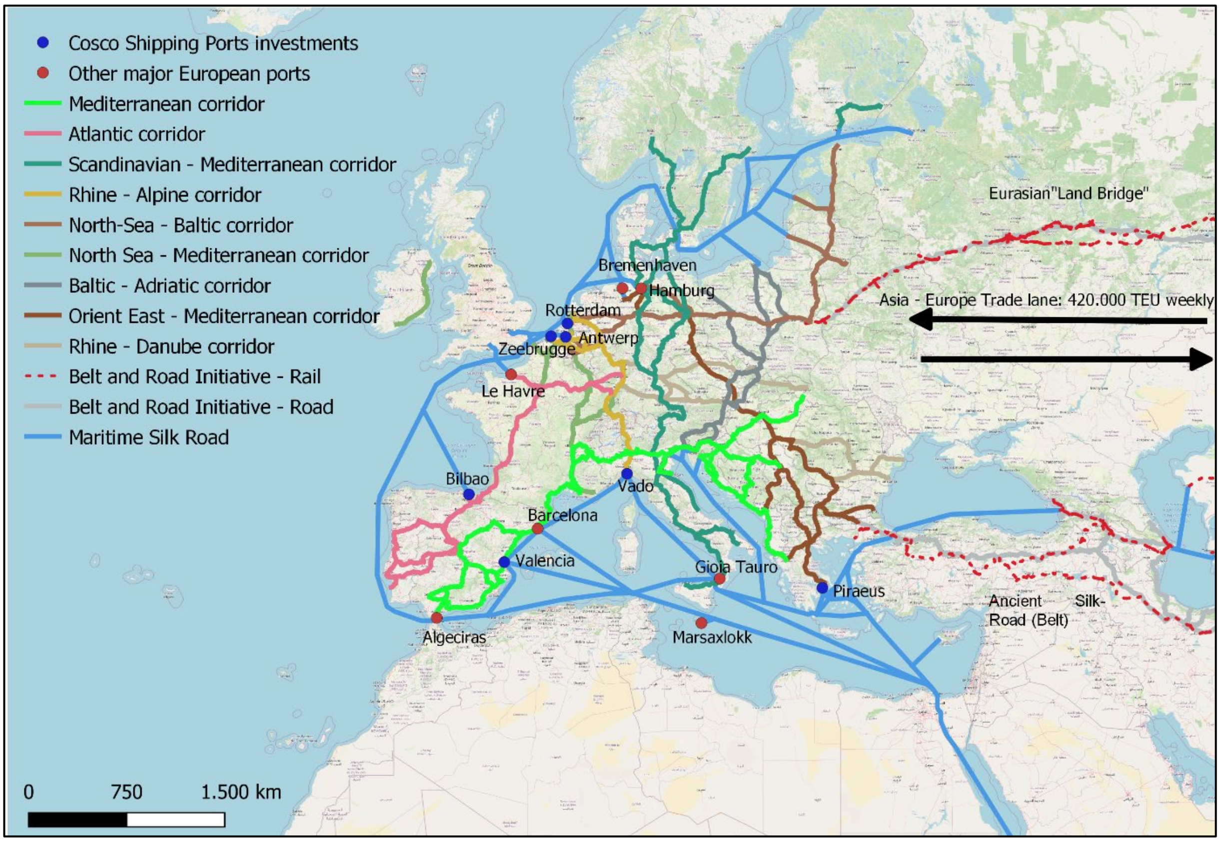
Port Terminal	Shareholding	Maximum Capacity (Twenty-foot equivalent unit - TEU)	Location
CSP Valencia	51%	3,570,000	Valencia, Spain
CSP Bilbao	39.8%	1,000,000	Bilbao, Spain
CSP Zeebrugge	85%	1,000,000	Bruges, Belgium
Euromax	35%	2,550,000	Rotterdam, The Netherlands
Antwerp	20%	2,000,000	Antwerp, Belgium
Vado	40%	300,000 (refrigerated)	Genoa, Italy
Piraeus Container Terminal[a]	100%	6,200,000	Athens, Greece

Source: https://ports.coscoshipping.com/en/Businesses/Portfolio/#OverseasTerminals

a: The port of Piraeus is the largest and most extensive investment that COSCO shipping has made in Europe. Different to its other investments, COSCO also owns the Piraeus Port Authority (67% stake), meaning it is responsible for developing the infrastructure of the port, beyond merely developing and operating a specific terminal within the port (Neilson 2019). For the commercial difference between the terminal and port development business refer to de Langen (2020).

Investments by Chinese firms have been extensively problematized in media and political circles. For example, Piraeus is often depicted as a case of diminishing labor conditions after a Chinese investment, while Hambantota port in Sri Lanka has been deemed by observers to be a case 'debt-trap' diplomacy (Neilson, 2019; Blanchard, 2020). However, as other studies have shown, both the BRI and the MSRI are comprised of multiple projects with a multiplicity of motivations, outcomes, and stakeholders, and not comprehensible as a grand 'national-project' by the Chinese government (Blanchard, 2020; Chen, 2021).

Figure 1 - Map of COSCO Invested European Ports, European Corridor Initiatives, and the Asia – Europe Land and Sea trade lane.

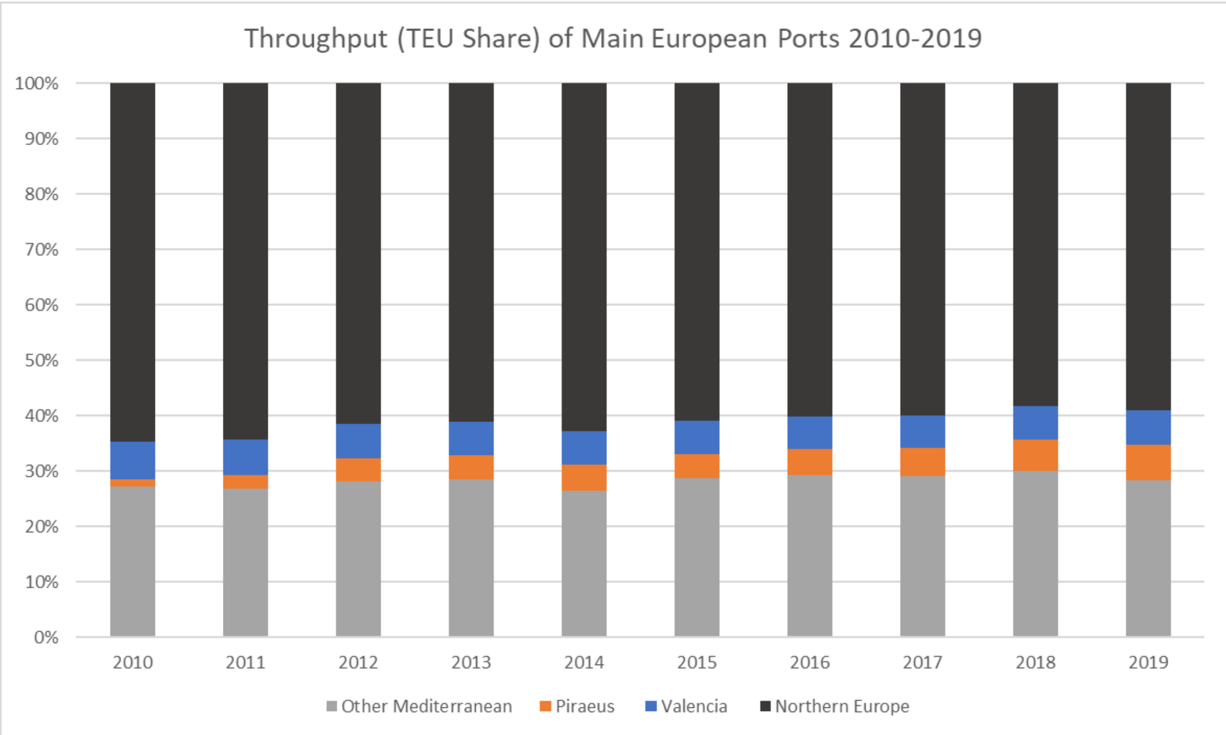


Source: the author. Although many maps oversimplify the planned corridors of the Belt and Road Initiative, shippers and transport firms have many options. For a useful discussion: https://www.silkroadexplained.com/commentaries/mappingthebeltandroad

In addition to the role played by Chinese investment, European transport policy is crucial to understanding the development of the Mediterranean region as a site for logistics. Europe's own 'corridor' initiative, the TEN-T program, also raises prospects for the Mediterranean given its goal of better connecting North and South Europe via rail and road. The relative proximity of China to the Mediterranean region - rather than 'going around' the Iberian Peninsula and toward Rotterdam and Antwerp - also gives a competitive edge to the Mediterranean if land connections toward central Europe are cost-effective. Improving efficiency and growing Mediterranean ports, as well as increasing multimodal options from the south of Europe to the center of Europe, create real competition to the established shipping centers in Antwerp, Rotterdam and Hamburg. This has been coined the 'COSCO-Piraeus-effect', highlighting that in shipping terms the port of Piraeus has grown considerably (Figure 2 (Haralambides and Merk, 2020)).

The TEN-T program and the MSRI provide investments and support to both their respective logistics industries and to exporters/importers as a result of lower trade costs from increased competition in transport services. The choice of infrastructure is irrelevant to shippers as they can use both corridor initiatives to improve their transport options to ship their goods. Up to this point, the infrastructure developments have been used by both private and state actors. Maersk, a Danish firm, and the largest container shipping company in the world, is using the Eurasian land bridge with increased rail offerings from China to Europe[xi]. COSCO shipping group is playing an increasing role in TEN-T program developments in Eastern and Southern Europe[xii], with operations management and infrastructure investments in the European railway and port network.

Figure 2 –Throughput (TEU share) of Main European Ports 2010-2019



Source: the author, based on Haralambides and Merk, 2020. Data from Eurostat[xiii].

These policy-driven corridor investments directly affect the competitive and spatial dynamics of European logistics spaces. As Figure 2 shows, the Mediterranean region has gained ground on the northern European ports, achieving over 40% of total European TEU throughput in 2019. Valencia and Piraeus account for more than 10% of traffic in Europe, with that number poised to increase before the onset of the Covid-19 pandemic. This has transformed the leadership of the European port landscape from a 'North only' top four ports (Bremerhaven, Antwerp, Hamburg and Rotterdam) to a top six ports (Antwerp, Hamburg, Rotterdam, Valencia, Piraeus and Algeciras). COSCO shipping group, being the third largest liner and fourth largest terminal operator, provides an extensive network of container trades and connectivity directly to the Chinese market, particularly after its merger in 2017 with another state giant, China Shipping Container Lines. This merger consolidated and expanded COSCO's global network (Wang et.al. 2020).

The rise of the COSCO shipping group as a core actor in the shipping industry and the competitive dynamics of the shipping industry have driven investments in European terminals and seen the evolution of COSCO into an end-to-end logistics firm. Meanwhile, the MSRI has facilitated the rapid expansion of COSCO across a wide spectrum of port cities. Logistics and shipping are key components of China's industrial policy. At the 18th party congress, the building of China as a 'maritime nation' was prioritized as a national goal, while a directive from the Chinese State Council encouraged the 'going-out' of Chinese-funded shipping and port enterprises (Haralambides and Merk, 2020). COSCO's investments in the Mediterranean can therefore be seen both as fulfilling the expansionary dynamic of Chinese state capitalism while also serving a commercial strategy in improving COSCO's position in global shipping markets. These developments in shipping markets have led to a reorganization of urban and industrial spaces. To remain competitive, shipping companies require control and visibility over their cargo, while port authorities must attract shipping lines and terminal operators to invest in their ports (Chua et al., 2018; Slack and Fremont, 2005; Notteboom and Rodrigue, 2008; 2012). Verticalization of the terminal and liner industry was already in progress and corridor projects such as the MSRI provided political support and financing.

After the 2008 global financial crisis international trade plummeted and later stagnated, impacting shipping demand (Wilmsmeier and Monios, 2020). This led to overcapacity in shipping markets and the under-utilization of fleets, which were consequently either scrapped or laid up in significant numbers, impacting the bottom lines of leading shipping firms (Sibilia, 2019). Chronic issues of overcapacity have been a staple feature of shipping markets (Stopford, 2009). The imperative of lower costs and higher margins has in turn led to consolidation in liner markets, as well as strong port competition to attract the larger vessels that now serve a lower volume of global trade. However, the ports have been compelled to make huge investments and undergo restructuring to accommodate the larger ships (Wilmsmeier and Monios, 2020; Haralambides, 2019). Striving for efficiency and ever-increasing throughput remains the main driver of the port and shipping business as well as the core objective of the state (Cowen, 2014; Chua et.al. 2018).

5. Commercial state capitalist dynamics at the port of Valencia

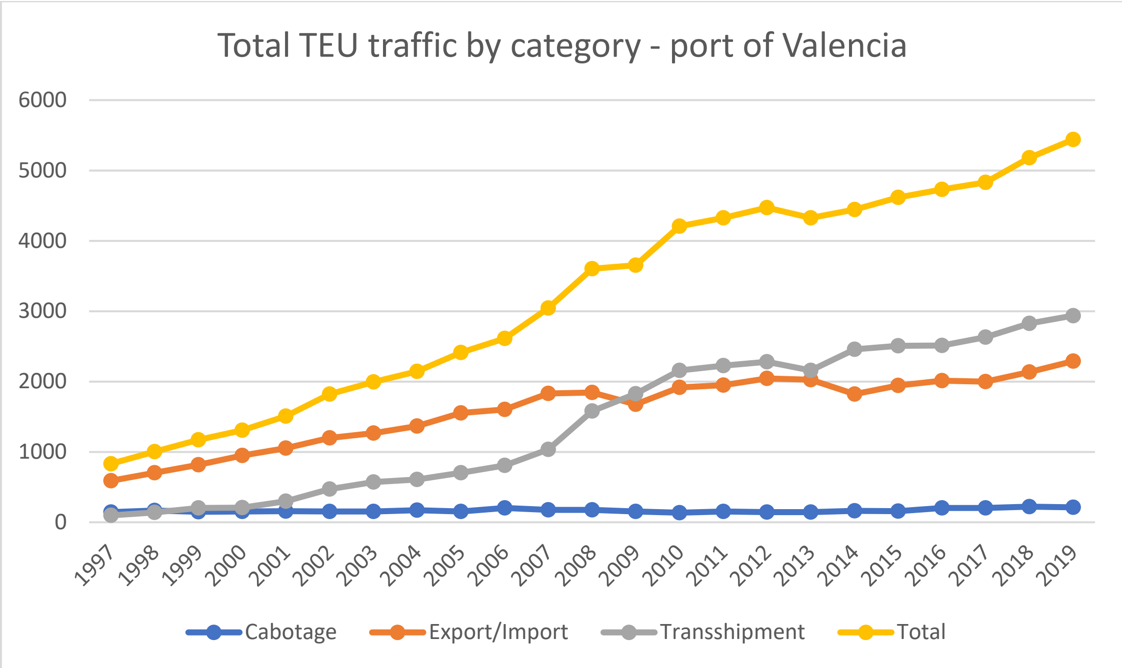
With greater market control of larger shipping players and less ports to call at due to size requirements, shipping groups have been optimizing their schedules to both reduce costs and develop faster and more reliable transport for consumers, while also ensuring their larger ships are full (Danyluk, 2019). To ensure reliability, vertical integration on the land side of the shipping industry is increasingly emphasized, with liners not only owning more terminal businesses, but also calling at their group's terminals more often, allowing them to share data more freely and securing constant volumes for these terminals (Notteboom and Rodrigue, 2012;2008). This economic context frames the relationship of the port of Valencia and COSCO. Valencia Port seeks to secure cargoes and investments from COSCO and its alliance members, while COSCO attempts to optimize its schedule and create synergies between its terminal and container shipping business.

Since COSCO shipping group's investment, stakeholders in the Spanish ports have actively promoted logistic spaces in Spain as a new element to the ancient Silk Road. The port authority has discursively positioned the port as participating in the MSRI, in order to attract cargoes and investments from China[xiv]. Furthermore, managers from the Valencia port authority participate in the Maritime Silk Road Forum, the main institutional promoter of the initiative. The port also promotes itself as forming part of the MSRI to third party investors and customers assessing the port for logistics services[xv]. These commercial efforts by state-capitalist Spanish firms to tap into China's expansive projects demonstrate the importance of the MSRI in the ongoing expansion of the shipping industry (Lin, 2019). Interestingly, since the arrival of a social democratic party in power, the Spanish government has not played an explicit role in Chinese strategies for operations in Europe. Spain has not signed a state-level Memorandum of Understanding (MoU) with China on the BRI as other southern European nations such as Greece and Italy have. Nonetheless, MoUs at port level were signed during the official visit of Xi Jinping to Spain in 2018. This highlights the importance of regional scales in identifying the central sites of state capitalist action in ports.

Local port authorities and regional politicians are generally more motivated to actively participate in the Maritime Silk Road, while central government plays a more supportive role. Blanchard (2020) demonstrates how territorial actors, such as mayors, provincial governors, and other state leaders, use their control of geographic areas to attract Chinese investments, with the objective of reshaping urban areas and boosting regional, and ultimately national, development. This arises from commercial imperatives to grow the port and the high level of competition for cargoes. The Spanish state capitalist commercial dynamic of activating the discourse of the BRI and MSRI may be good news for state institutions at regional and local levels. Private investments are perceived as vital by the port authority and *Puertos del Estado*, particularly after the financial crisis, in order to increase the use of expensive assets and recover competitiveness (Borja-Nogueró 2020), and as public investments in the port of Valencia have markedly decrease after the financial crisis[xvi].

Since its arrival, CSP has invested over 100 million euros on the terminal in Valencia, and the plan of investment from 2020-2022 is of a further 62 million euros to further modernize and automate the terminal and expand its capacity[xvii]. COSCO's investment and the growth in throughput has also helped to cement the future planned expansion of the north pier and the building of a new container terminal by TIL, MSC's container terminal business, with a promise by TIL of 1 billion euros of investment to build the terminal. The north pier expansion has led to some conflict in the relationship between COSCO and the Valencia port authority, to the extent that CSP challenged unsuccessfully, the decision of awarding the new terminal concession to TIL in court. MSC continues to be the main client of CSP Valencia Terminal, so the planned expansions would affect CSP Valencia throughput unless COSCO pushes more of their own alliances' flows through Valencia, which would be an overall positive for the port's diversification strategy and to continue growing TEU throughput, primarily for transshipment, a key pillar of the port authority's growth strategy (see figure 3 below).

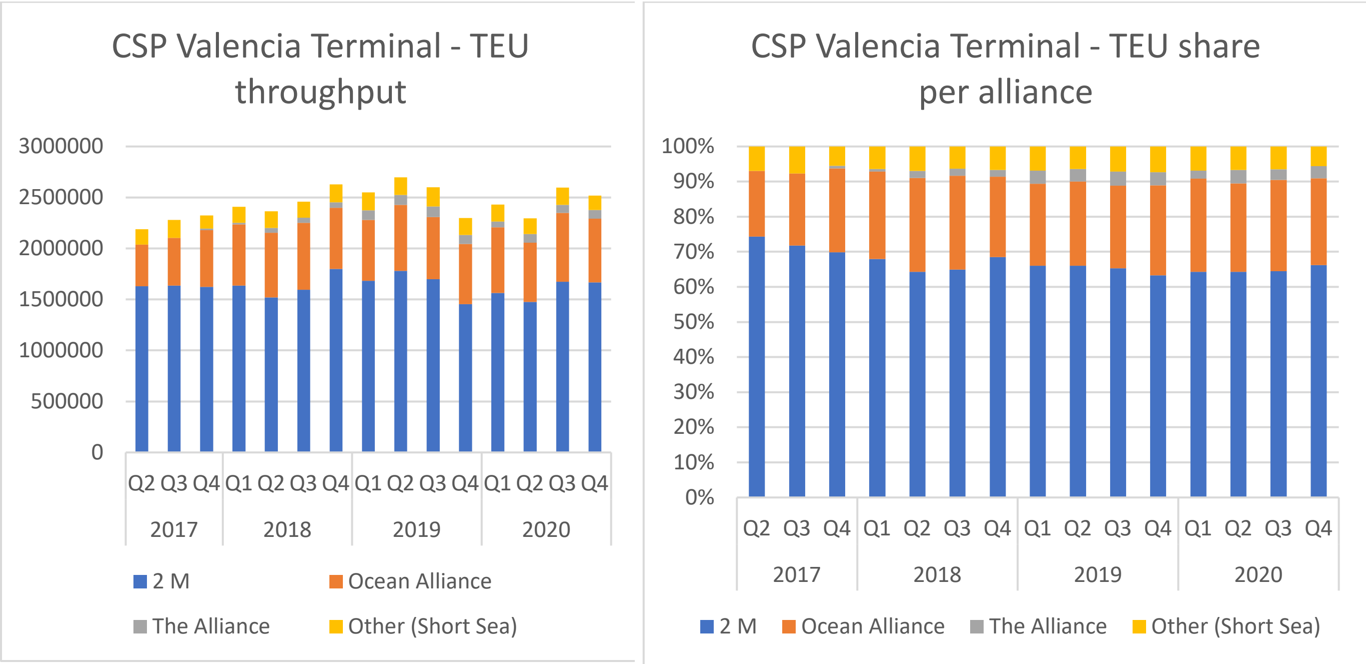
Figure 3 – Total TEU traffic by category – port of Valencia



Made by the author, data from the port authority's annual statistics reports: https://www.valenciaport.com/publicaciones/

As vertical integration in the shipping and terminal business has increased over the past decade, investments by the terminal firms of major shipping lines have become more important in ensuring the competitiveness of ports (Notteboom and Rodrigue, 2012; 2008). As Figure 4 suggests, the arrival of COSCO in Valencia has led to the 2M alliance (Mærsk and MSC) being less dominant, with the Ocean Alliance (where COSCO is a member), increasing their share of throughput in Valencia. The 2M throughput share at CSP Valencia terminal dropped from 75% to 66% between 2017 and 2020. The overall throughput of the terminal, Covid-19 notwithstanding, has also risen in absolute terms due to the new connectivity to the Ocean Alliance shipping network. This was the desired result for the Valencia port authority, which now has two major alliances - 2M and Ocean Alliance - calling at its port, and terminals operated by the three major shipping groups - Mærsk, MSC and COSCO. For COSCO, the acquisition of the terminal in Valencia cements the status of CSP as an internationalized entity inside COSCO group, as over half of CSP's 2020 annual revenues, USD 557 million of USD 1 billion, derived from overseas terminals[xviii].

Figure 4 - Throughput and share of TEU per Container Shipping Alliance at CSP Iberia Valencia terminal 2017-2020



Source: the author using data from Alphaliner: https://www.alphaliner.com/

Labor issues have also been a problem at the port of Valencia[xix]. By the time of the COSCO acquisition in 2017, Spain had ratified a law to liberalize the stevedoring business, three years after the EU's Court of Justice had ruled that port labor had to be liberalized in Spain after years of conflict between the European Commission and Spanish unions. After vociferous protests by unions and other actors in the port sector in the period between the EU's ruling and its ratification in 2017, a final agreement was reached between unions and port companies that reduced salaries in Spanish ports by 10%. During protests by stevedores against liberalization, protests against the COSCO investment also occurred because of a fear of deteriorating working conditions, as had happened in Piraeus (Neilson, 2019). After the COSCO investment, workers did not experience the feared undermining of working conditions per se, but they have faced pressure to work longer shifts and increase turnover speeds. In Spain, workers frustrations and struggles are not specifically related to COSCO, but encompass the whole terminal handling industry and *Puertos del Estado*. Strikes are relatively frequent and present a difficulty for *Puertos del Estado* when attempting to market Spain and its ports as efficient spaces for the container transshipment business. The threat to labor continues in the form of the CSP project to automate the Valencia terminal, which was part of the investment agreement with the Valencia port authority, and was a precondition for the 2017 takeover of the terminal and extension of the lease to CSP by the authority. Indeed, automation has been a driving force in the breakdown of port labor conditions across the world (Chua et.al. 2018).

6. Conclusion

This article has shown how state involvement in the shipping industry through SOEs and policy mechanisms interacts among the structural pressures of global shipping markets on shipping lines and ports and the needs of cities and regions to be connected to global supply chains. This article has further qualified these state activities based on the predominant dynamics driving them. Amid the rise of shipping actors from Asia, these state capitalist dynamics have been both commercial, using a strategy of maximizing state profits via interaction with Asian SOEs, and expansionary, as a method of internationalization by Chinese SOEs and further connect China to world trade. These dynamics have been identified as conditioning the intentions and actions of stakeholders regarding the investments by COSCO shipping ports at the port of Valencia and its collaboration with the Valencia port authority. The relations and synergies between these two dynamics provided the port of Valencia with more connectivity to liner shipping networks, a diversified set of terminal operators in the port and investments in automation and efficiency in the terminal acquired by COSCO shipping ports. For COSCO group, the investment in Valencia and Spain more broadly, provides further verticalization of its shipping business in Europe to ensure reliability as well as continues to play into COSCO's internationalization and expansion strategy.

The relationship between the port of Valencia and the COSCO shipping group can be better understood by analyzing how container shipping market logics interrelated with state capitalist dynamics. COSCO and other Ocean Alliance partners use the port of Valencia for a number of reasons: it has logistical advantages; it is an established hub; it has significant throughput capacity; and it is the most important import/export port in Spain. The Valencia port authority, on the other hand, seeks to secure Chinese investments to improve connectivity to key markets, to attract more logistics development to its hinterland in the form of railway connections and operations, and to be more commercially competitive than other ports in its range. Therefore, in this context of increased port and liner competition and the economic demands of the Spanish economy after the 2008 financial crisis, Chinese expansionary state capitalism has strongly interacted with commercial state capitalism in Spain to deliver synergies in container throughput growth in Valencia. At the same time, the situation for port workers in Valencia has continued to decline amid a common interest by COSCO and the Valencia port authority of further automating the CSP terminal.

The article has used a theoretical framework that views state capitalism as a variegated and relational phenomenon. State capitalism is defined by geographical contexts, scalar differences and institutional relationships and should therefore be judged by its economic outcomes in specific spaces. By focusing on the 'how' of state capitalism and not on the 'why', we can reject the facile construction of an 'other' to compete against in the global economy, and invigorate a discussion on the different roles that states have played and continue to play in global capitalism. In this case, in particularly the synergies between Spanish and Chinese variegated forms of state capitalism in dealing with the structural pressures of global shipping markets have been shown to reject the false dichotomies of “state vs. markets” or “East vs. West”.

State capitalist dynamics surround shipping investments given the structural position of supply chains in the functioning of the global economic system. What new state capitalisms and the case of the port of Valencia demonstrate is how the interaction and relations between different forms of variegated state capitalism, simultaneously competing and collaborating, affects localized economic development. It is key to be connected to China as it becomes the center of gravity in global production and trade. Given the verticalization of shipping carriers and container terminals, states and regions need to connect their ports and maintain good relations to the predominant Chinese container carrier and logistics operator, whether state capitalist or not.

References

Alami, I., & Dixon, A. D. (2020a). The strange geographies of the ‘new’ state capitalism. *Political Geography*, 82, 102237. https://doi.org/10.1016/j.polgeo.2020.102237

Alami, I., & Dixon, A. D. (2020b). State capitalism(s) redux? Theories, tensions, controversies. *Competition and Change*, 24(1), 70–94. https://doi.org/10.1177/1024529419881949

Alami, I., & Dixon, A. D. (2021). Uneven and Combined State Capitalism. *Environment and Planning A: Economy and Space*. August 2021. doi: 10.1177/0308518X211037688.

Amsden, A. H. (1992). *Asia’s Next Giant: South Korea and Late Industrialization*. Revised edition. New York: Oxford University Press.

Attewell W (2021) Just-in-Time Imperialism: The Logistics Revolution and the Vietnam War. *Annals of the American Association of Geographers* 111(5): 1329–1345. https://doi.org/10.1080/24694452.2020.1813540

Blanchard, J. M. F. (2020). Problematic Prognostications about China’s Maritime Silk Road Initiative (MSRI): Lessons from Africa and the Middle East. *Journal of Contemporary China*, 29(122), 159–174. https://doi.org/10.1080/10670564.2019.1637565

Braudel, F. (1992[1982]). *The Wheels of Commerce*. Berkeley: University of California Press.

Bremmer, I. (2010). *The End of the Free Market: Who Wins the War between States and Corporations?* Penguin. New York, NY: Portfolio.

Brenner, N., Peck, J. and Theodore, N. (2010). Variegated neoliberalization: Geographies, modalities, pathways. *Global Networks* 10(2): 182–222.

Cafruny, A. (1987). *Ruling the waves: The Political Economy of International Shipping.* Berkeley, US: University of California Press.

Campling, L. & Colás, A. (2021). *Capitalism and the Sea*. New York, US. Verso books.

Chen, A. L. Q. (2021). The Belt and Road Initiative as a variegated agglomeration of multi-scalar state spatial strategies. *Territory, Politics, Governance,* 1–24. https://doi.org/10.1080/21622671.2020.1870544

Chida, T. & Davies P. (1990). *The Japanese Shipping and Shipbuilding Industries. A History of their Modern Growth*. London. The Athlone Press.

Chua, C., Danyluk, M., Cowen, D., & Khalili, L. (2018). Introduction: Turbulent Circulation: Building a Critical Engagement with Logistics. *Environment and Planning D: Society and Space,* 36(4), 617–629. https://doi.org/10.1177/0263775818783101

Chung P (2019) From Korea to Vietnam: Local labor, multi-national capital, and the evolution of U.S. military logistics, 1950–97. *Radical History Review* 133:31–55.

Coe, N. M. (2020). Logistical geographies. *Geography Compass*, 14(10), e12506. https://doi.org/10.1111/gec3.12506

Cowen D (2010) A geography of logistics: Market authority and the security of supply chains. *Annals of the Association of American Geographers* 100(3): 600–620. https://doi.org/10.1080/00045601003794908

Cowen, D. & Smith, N. (2009). After geopolitics? From the geopolitical social to geoeconomics. *Antipode* 41(1): 22–48.

Cowen, D. (2014). *Deadly Life of Logistics: Mapping Violence in Global Trade.* Minneapolis, US: University of Minnesota Press.

Cuervo-Cazurra, A., Inkpen, A., Musacchio, A., & Ramaswamy, K. (2014). Governments as owners: State-owned multinational companies. *Journal of International Business Studies*, 45(8), 919–942. https://doi.org/10.1057/jibs.2014.43

Danyluk, M. (2019). Fungible Space: Competition and Volatility in the Global Logistics Network. *International Journal of Urban and Regional Research*, 43(1), 94–111. https://doi.org/10.1111/1468-2427.12675

De Langen, P. (2020). *Towards a better port industry: Port development, management, and policy.* Routledge US.

De Langen, P., & Sornn-Friese, H. (2020). Is there a case for state ownership in ports and shipping? In (eds.) Monios, J. and Wilmsmeier, G. (2020). *Geographies of Maritime Transport: Transport, Mobilities and Spatial Change,* Northampton: Edward Elgar Publishing, 210–231.

Dunmore, D., Preti, A., & Routaboul, C. (2019). The “Belt and Road Initiative”: impacts on TEN-T and on the European transport system. *Journal of Shipping and Trade,* 4(1). https://doi.org/10.1186/s41072-019-0048-3

Haralambides, H. E. (2019). Gigantism in container shipping, ports, and global logistics: a time-lapse into the future. *Maritime Economics and Logistics*, 21(1),1–60. https://doi.org/10.1057/s41278-018-00116-0

Haralambides, H.E. & Merk, O. (2020). Preprint. China's 'Belt and Road Initiative' and Global Maritime Trade Flows. DOI: 10.13140/RG.2.2.15591.80809

Harvey, D. (2006). *Spaces of Global Capitalism – Towards A Theory of Uneven Development*. London: Verso.

Heine, I. (1989). *China’s Rise to Commercial Maritime Power*: New York: Praeger.

Hesse, M., & McDonough, E. (2018). Ports, cities, and the global maritime infrastructure. *Handbook on the Geographies of Globalization*, 354–366. https://doi.org/10.4337/9781785363849.00038

Hesse, M., & Rodrigue, J.P. (2006). Global Production Networks and the Role of Logistics and Transportation. *Growth and Change,* 37(4), 499–509.

Hilferding, R (1940[1947]). State Capitalism or Totalitarian State Economy. *The modern review*, June 1947, pp. 266-71.

Jaffee, D. (2019). Neoliberal urbanism as 'Strategic Coupling' to global chains: Port infrastructure and the role of economic impact studies. *Environment and Planning C: Politics and Space*, 37(1), 119–136. https://doi.org/10.1177/2399654418771134

Khalili, L. (2020). *Sinews of War and Trade: Shipping and Capitalism in the Arabian Peninsula.* New York, US: Verso Books.

Kurlantzick, J. (2016). *State Capitalism: How the Return of Statism is Transforming the World.* Chapter 2: "The Types of State Capitalism." Oxford: Oxford University Press, pp. 27-48.

Lenin, V. (1923[1971]). *To the Russian Colony in North America.* Lenin Collected Works, Progress publishers, Moscow, Volume 42, pages 425-427.

Li, M. H., Cui, L., & Lu, J. (2018). Varieties in State capitalism: Outward FDI Strategies of Central and Local State-Owned Enterprises from Emerging Economy Countries. In A. Cuervo-Cazurra (Ed.), *State-Owned Multinationals: Governments in Global Business*, 175–210. Cham: Springer International Publishing. https://doi.org/10.1007/978-3-319-51715-5_8

Lin, W. (2019). Transport geography and geopolitics: Visions, rules and militarism in China's Belt and Road Initiative and beyond. *Journal of Transport Geography*, 81, 102436. https://doi.org/10.1016/j.jtrangeo.2019.05.001

Naughton, B., & Tsai, K. S. (2015). *State capitalism, institutional adaptation, and the Chinese miracle.* New York: Cambridge University Press.

Neilson, B. (2019). Precarious in Piraeus: on the making of labour insecurity in a port concession. *Globalizations*, 16(4), 559–574. https://doi.org/10.1080/14747731.2018.1463755

Nogué-Algueró, B. (2020). Growth in the docks: ports, metabolic flows, and socio-environmental impacts. *Sustainability Science*, 15(1), 11–30. https://doi.org/10.1007/s11625-019-00764-y

Notteboom, T., & Rodrigue, J.-P. (2008). Containerisation, Box Logistics and Global Supply Chains: The Integration of Ports and Liner Shipping Networks. *Maritime Economics & Logistics*, 10(1–2): 152–74.

Notteboom, T., & Rodrigue, J.-P. (2012). The corporate geography of global container terminal operators. *Maritime Policy & Management*, 39(3), 249–279. https://doi.org/10.1080/03088839.2012.671970

Olds K. & Yeung, HWC, (2004). Pathways to Global City Formation: A View from the Developmental City-State of Singapore. *Review of International Political Economy*, Aug. 2004, Vol. 11, No. 3 (Aug. 2004), pp. 489-521

Peck, J. (2019). Problematizing capitalism(s): Big difference? *Environment and Planning A: Economy and Space*, 51(5), 1190–1196. https://doi.org/10.1177/0308518X19850967

Peck, J. (2021). On capitalism's cusp. *Area Development and Policy*, 6(1), 1–30. https://doi.org/10.1080/23792949.2020.1866996

Peck, J., & Theodore, N. (2007). Variegated capitalism. *Progress in Human Geography*, 31(6), 731–772. https://doi.org/10.1177/0309132507083505

Peck, J., & Zhang, J. (2013). A variety of capitalism... with Chinese characteristics? *Journal of Economic Geography*, 13(3), 357–396. https://doi.org/10.1093/jeg/lbs058

Sibilia, E. A. (2019). Oceanic accumulation: Geographies of speculation, overproduction, and crisis in the global shipping economy. *Environment and Planning A: Economy and Space*, 51(2), 467–486. https://doi.org/10.1177/0308518X18781084

Slack, B. & Frémont, A. (2005). Transformation of port terminal operations: from the local to the global. *Transport Reviews*, 25(1), 117–130. https://doi.org/10.1080/0144164042000206051

Stopford, M. (2009). *Maritime Economics*, third ed. Routledge, London.

Strange, S. (1976). "Who Runs World Shipping?" *International Affairs* (Royal Institute of International Affairs 1944-) 52(3): 346–67.

UNCTAD (2020). Review of Maritime Transport. United Nations Conference on Trade and Development. Accessed 05/03/2021 at: https://unctad.org/webflyer/review-maritime-transport-2020

van Apeldoorn, B., de Graaff, N., & Overbeek, H. (2012). The Reconfiguration of the Global State-Capital Nexus. *Globalizations*, 9(4), 471–486. https://doi.org/10.1080/14747731.2012.699915

Wang, L., Zhang, N., Ye, F., Lau, Y. yip, & Ducruet, C. (2020). The complex network analysis of liner shipping networks: Lessons from the merger between COSCO and CSCL. *Growth and Change*, 51(4), 1877–1893. https://doi.org/10.1111/grow.12428

Wilmsmeier, G., & Monios, J. (2020). The geography of maritime trade: globalisation and beyond. In (eds.) Monios, J. & Wilmsmeier, G., (2020). *Geographies of Maritime Transport*. Northampton: Edward Elgar Publishing, 16-32.

Yang D, Qing L, Liping J, Wei Z and Wenrong C (2019) History of the Shipping Business in China. In Duru, O (ed) *Maritime Business and Economics: Asian Perspectives.* New York, NY: Routledge. 99-117

Zhang, J. & Peck, J. (2016). Variegated Capitalism, Chinese Style: Regional Models, Multi-scalar Constructions. *Regional Studies*, 50(1), 52–78. https://doi.org/10.1080/00343404.2013.856514

Zhang, X. (2017). Chinese capitalism and the maritime silk road: A world-systems perspective. *Geopolitics,* 22(2), 310–331. https://doi.org/10.1080/14650045.2017.1289371

Zheng, Y. & Huang, Y. (2018). *Market in State, the political economy of domination in China.* Cambridge: Cambridge University Press, 378-424.

[i] The first mention of the Maritime Silk Road from Chinese sources was in the state news media, China daily: https://usa.chinadaily.com.cn/china/2013-10/04/content_17008940.htm
ii Significant work has been carried out to explore this dynamic in East Asia, See Peck and Zhang (2013)
iii State capitalism has been a loaded term since its original theorization in the 19th century by Marxist scholars. In particular, the question of who the state represents in its ownership of the market, and the influence on prices and competition mechanisms (Hilferding, 1940). Furthermore, the perception at this time was that state capitalism as a system directly replaced market capitalism, whether the state represented the bourgeoisie, as Engels theorized, or the proletariat, as Lenin perceived the term (Lenin, 1923[1971]). The decline of the Soviet Union led to the term being employed less, given the apparent triumph of neoliberalism and the retreat of the state. The astronomic rise of China and the financial crisis of 2008 re-popularized the concept. However, even in the early 1990s, the Asian tigers and their 'state-led' development showcased the continued relevance of the state in managing the economy (Amsden 1992). Nonetheless, the nature of this new type of state capitalism is different from discussions by Marxist scholars in the early 20th century.
[iv] *Puertos del Estado* is the SOE responsible for managing the 46 state-owned ports in Spain, called 'ports of general interest' (*Puertos de Interés General*), which in turn are operated by 28 port authorities.
[v] Refer to: https://www.valenciaport.com/en/port-authority-valencia/about-valencia-port/about-us/
[vi] Trans-shipment cargoes are cargoes not destined to the hinterland (inner territory) accessible from a particular port, but moved to another port for processing. This business model can be lucrative for ports as income can be secured for handling the container, while avoiding the complexities of moving the cargo out of the port area. At the same time, trans-shipment cargoes tend to be volatile, as liners can choose their trans-shipment hubs as they wish, given that the geographical location of the port is not so important (Danyluk 2019; Stopford 2009)
[vii] Source: Alphaliner https://alphaliner.axsmarine.com/PublicTop100/
[viii] Shipping firms act like cartels in the organization of shipping routes, sharing space in the allocation of shipping space and coordinating schedules with other shipping firms in order to maximize ships' usability. At the present time these alliances comprise 2M (Mærsk and MSC), The Alliance (Hapag-Lloyd; HMM; ONE; Wan Hai) and the Ocean Alliance (COSCO; CMA-CGM; OOCL; Evergreen maritime). Together the three alliances, which comprise nine of the top ten container carriers, and the eleventh on this list (Wan Hai), control about 85 percent of all global container movement at sea (refer to: Alphaliner https://alphaliner.axsmarine.com/PublicTop100/).
[ix] https://ec.europa.eu/transport/themes/infrastructure/ten-t_en
[x] China is the largest shipbuilder in the world and the third largest owner of commercial ships of all types. China owns the third largest shipping liner company in the world (COSCO shipping) and the second and fifth largest terminal handling operators in the world (COSCO Shipping Ports and China Merchants Port) (UNCTAD 2020).
[xi] Rail offerings have increased considerably, due to substantial subsidies for Chinese operators (Dunmore, Preti and Routaboul (2019).
[xii] In particular, beyond pure throughput metrics, the general logistics business in the Mediterranean has also increased; specifically, the development of logistics parks and zones has been increasing in the vicinities of Mediterranean ports, with sizeable investments by the port Authorities in this parks in order to attract logistics firms and increase connectivity to their ports. Furthermore, investments in dry ports and freight train terminals has also increased, for example, the Valencia port authority owns a 10% stake in Zaragoza's logistics platform (Pla-Za), where COSCO's CSP Iberian Zaragoza Rail Terminal is located.
[xiii] Data Available at: https://ec.europa.eu/eurostat/databrowser/view/mar_mg_am_pvh/default/table?lang=en North range comprised of Rotterdam, Antwerp, Hamburg, Bremerhaven, Felixstowe, Gdansk, Le Havre, Southampton and London; South range comprised of: Piraeus; Valencia; Algeciras; Barcelona; Ambarli; Gioia Tauro; Genova; Mersin; Izmit; La Spezia and Marsaxlokk.
[xiv] Refer to: https://valenciaplaza.com/valenciaport-ratifica-en-china-su-compromiso-para-la-nueva-ruta-de-la-seda and https://www.levante-emv.com/economia/2017/12/11/valenciaport-apuesta-china-ruta-seda-12103264.htm
[xv] Refer to: https://www.valenciaport.com/valenciaport-promueve-en-shangai-su-amplia-conectividad-y-su-ubicacion-estrategica-para-el-trafico-maritimo-europa-asia/ and https://www.valenciaport.com/valenciaport-reune-todas-las-bazas-para-ser-un-enclave-estrategico-en-la-nueva-ruta-de-la-seda/
[xvi] This is a general trend in the Spanish port sector, as the financial crisis and the prior over-investment in infrastructure has meant budgetary constraints for *Puertos del Estado.*
[xvii] https://www.cspspain.com/es/noticia/csp-spain-invertira-mas-de-62-millones-de-euros-en-el-puerto-de-valencia-hasta-2022
[xviii] Refer to COSCO Shipping Ports' annual results: https://doc.irasia.com/listco/hk/coscoship/annual/2020/res.pdf
[xix] For an overview on the conflict refer to: https://ec.europa.eu/commission/presscorner/detail/en/IP_13_559.