Globalization and Important Straits

1Nasrin Khaniha and 2Zahra Pishgahi Fard
1Department of Political Geography, Sciences and Researches Branch, Islamic Azad University, Tehran, Iran
2Faculty of Geography, Tehran University, Tehran, Iran

Abstract: Globalization is multifunctional and multidimensional process that changes nature of political, social and economical relations. This process attributed to all transnational factors and forces having influence on every international relation. Today, maritime trade is considered as one of the basic factors in globalization and main countries in globalization are playing their most important roles in seas, especially in field of maritime trade. Since, importance of maritime trade is growing day by day, therefore, international straits are very interested by modern geopolitics, but already their importance is going to be more economical. Accordingly, this study considers important international straits having role in globalization analytically and descriptively. Results are indicating that the globalization is reason of ever-growing trade, especially in field of maritime trade. Some of international straits are most important strategic points due to expansion of maritime trade and geographical points.

Key words: Globalization, geo-economics, maritime trade, international straits, geopolitics, multifunctional

INTRODUCTION

International transformations happened at the beginning of 21st century were reasons by which power of countries, wealth distribution, organizations and international mechanisms were integrated. After cold war, world had entered into area, which main its characteristic was economical integration. Actually, globalization may be defined as multidimensional and multifunctional process changing political, social and economical relations. This process is attributed to all procedures, elements and forces having transnational characteristic and may influence on every level of international relations. Two most important international relations are international trade and especially maritime trade.

Although, seas had some political roles at the ancient time, but when globalization had emerged at second half of 1970s, seas became more interesting to geo-politicians more than ever before. However, seas playing important roles geopolitically, but they already have entered into geo-economical area too. Seas became more important in geopolitics at the 2nd half of 20 century due to their role as well as conflicts for occupation of sea territories. Actually, condition existed at the 2nd half of 20th century was reason by which every country tried to occupy any sea territory.

When bipolar discipline was collapsed and when geopolitical competition in sea and land was decreased, then seas became more important economically. Development of modern globalization and involvement of countries in economical globalized area was resulted in optimization of sea commercial relations. That is why, seas are interested by world transnational and business leaders as most important and economic physical-connectional highways. Today, many countries are trying to have important role in economical-commercial domain of seas in order to receive better geo-economical position in world economy and globalization.

MATERIALS AND METHODS

Globalization has interested governments to business and physical relations via sea. Today geographical points are connected to each other by electronic nets working based on information technology. Although, some international relations had been existed in last centuries, but information technology is formed new condition for individuals, social groups and transnational companies who physically limited to locations, but have connection to each other closely through information technology and virtual space notwithstanding geographical distances. However, virtual space formed by this new condition has
resulted in close connection by which if any decision is made in any location to produce products ordered by virtual space and it is intended to send them to another location, then sea and maritime trade are always considered as most important physical-connectional ways in this case. Therefore, locations already have big dependence economically and commercially to sea and sea relations more than ever before. Today important economical centers of the world are connected to each other through sea lanes. This sea lanes some times are passing via straits interested by economical and political world powers as strategic points of globalization. In case, when such straits are closed, costs relating to transportation of goods are high for places limited to such straits. Therefore, these places may loose competition ability due to such event and finally it is possible that they loose their foreign investments. It is because globalization requires maximum profit and movement of investments to different places. In other words, these places may loose their positions in world economy system because they became weak competitively. Accordingly, this study considers important international straits in case of globalization and post-Fordism economy by analytical-descriptive method. With respect to this matter, we consider 2 theories in this study:

- Globalization has caused ever-growing importance of maritime trade in globalization
- In respect to expansion of maritime trade and competition of geographical points, some of international straits have been considered as most important strategic points in globalization economy

RESULTS AND DISCUSSION

Globalization: Already different definitions have been presented about globalization. Some historians believe that globalization was formed in previous centuries, but some others believe that this phenomenon in previous centuries was internationalization and not globalization. Castles believes that crisis faced by capitalism and world economy in form of Fordism in middle of 1970s and then, energy crisis and its relative price increase on international level resulted in information technology revolution that was formed in Silicon valley and finally resulted in formation of new aspect of economy called Post-Fordism (Paya et al., 2001).

Transformation of international system at the beginning of 21 century resulted in consolidation of countries powers, wealth distribution, international mechanisms and organizations. Globalization not only involves different issues related to internal and external realities of countries, but it also has influence on security and relationship of countries. Actually globalization is multidimensional process, which changing political, social and economical relations. This process is attributed to transnational procedures, factors and forces and it also affects all levels of international relations.

It is reminded that globalization qualitatively is different from interdependence. Actually, interdependence is certainly included in global process, but globalization is some thing beyond it. Interdependence is based on relationship grow between independence organizations, but globalization may increase influence of previously independent organizations to each other (Wunderlich, 2003). One of the most important factors of Fordism collapse, it is globalization. Current globalization is new condition formed during 1970s and has grown rapidly along with growth of information technology. Globalization doesn’t mean just increased internationalization for interrelationship between independent governments and nations, but it is some thing beyond this meaning. This phenomenon means optimization of human relationship as well as world social-economical condition.

Capitalism, i.e. social form of globalization, has proved itself as incredible success; it is mean that this system has tried to develop its access to all geographical territories and influence to every personal life (Davoodi, 2003).

Actually, we can define globalization as combination of three historical processes: Information technology, renewal of capitalism structure and collapse of bipolar system. These 3 processes were occurred at the beginning of 1980s and were resulted in Post-Fordism economy. At all, current globalization process caused Fordism-Keynes system collapse and crisis in political systems of governments (Pishghahi and Akbari, 1386).

In this case, it is necessary to compare Fordism Economy and Post-Fordism Economy to explore.

Globalization effects on process of changing fordism economy to post-fordism economy: theoreticians of Keynes economical ideology believe that years from 1945-1973 can be called as Fordism-Keynes period. Briefly, these years were long period when mass production and mass consumption had rational relationship. Government interference also helped to proportionate and balance this relationship. Ford Company was using some techniques to produce expensive products and it paid (relatively) high salary to raise motivation of purchasing products, therefore, name
of this company was attributed to Fordism system. This period had important and unique features and norms according:

- Mass production was a criterion. In electric and car industries, head of companies were looking for standard products using integrated processes (production line system) and uniform designs (such as refrigerator, vacuum cleaner, TV, clothes and etc). At this time, industrial manufacturing companies were very huge and Ford Company in Detroit city with 40000 workers was one of the biggest and famous companies amongst other world companies. Ford Company was very huge and essential element for mass production based on productivity and profitability was huge size of company.
- During this time, dominant working group was industrial workers.
- During these years, mass production became a criterion that encouraged by relatively high and growing salary payment, decline of actual prices for consumable products, full employment, rapidly development of credit purchase and credit facilities. It was encouraged also by some motivations such as advertisement on fashion, TV, exhibition and etc. Most of people during these years could obtain individual hygiene products, popular and fashionable clothes, vacuum cleaners, carpets, refrigerators, radio and TV and even cars. In this process, mass consumption was an important factor of mass, continuous and fixed production. Economical suitability was determined by increased purchase power of consumers. Finally, consumption became privilege.
- At the entire of this period, economical activities were performed by national government and naturally some parts inside of this government were dominated by multi-polar markets.
- Planning also had structured different issues, which most obvious one was development of government. Government interference in economy was also obvious for every body. On the other hand, Fordism economy interested people who knew government support useful especially in education and hygiene.

However, Fordism-Keynes economy faced crisis at 1970s. This crisis had changed its structure a lot and globalization was formed by this crisis. In new globalization, new condition called Post-Fordism economy was dominant for all economical processes.

But Post-Fordism as new solution was formed after period of 25 years when Fordism faced crisis. Post-Fordism economy could secure capitalism against crisis and returned stability to it. Characteristics of Post-Fordism period are briefly as:

First characteristic of Post-Fordism economy was firing workers from factories following to downturn of companies. Many of them tried to realize minimization. In this condition, many companies were successful to prove their abilities through development without creating new job opportunity. Therefore, main Post-Fordism economy characteristic is its ability to increase production capability by incredible effort of workers or using new technologies or both of them in such manner, which results in economical development together with minimization of workers.

Second characteristic of this kind economy is segmentation of companies and participation of other people and cheap specialist workers in different parts of manufacturing cycle. Actually, because of information technology, capital could be moved to cheap workers. In this moment, companies segmented more than ever and established their branches even in far locations where there are cheap workers. This guideline was well matched with minimization, because little number of specialists was employed as managers in central organization and workers or cheap engineers were employed in other units. In such situation, permanent contract was not concluded with any worker. Actually, this procedure remained up to now.

Third characteristic includes the fact that general segmentation provides coordination and supervision on different activities when it has enough infrastructure and suitable communicational-computerized equipment. This characteristic is reason of why places in other geographical regions of world could gain important role in minimization. For example, production line could be in Manila, parts supply could be transferred to Taiwan, marketing offices would be established in London and finally, management, design and investment headquarters could be located in New York.

In such circumstance, flexibility is main guideline of Post-Fordism economy that is more profitable than restrictive, organized and standard Fordism regimes.

So, we can see decline of mass production in post-fordism period. This is following to emerge of global diffused units with maximum working force of hundred people instead of huge and centered factories, considering this fact that a company organizes more places in different points.

Past-Fordism economy has evaluated the world. In this process, there is not necessary to employ permanent workers for producing special goods in a huge company, but different places in the world, based on information technology, playing important role in such production...
process. Therefore, locations play important role in capital turnover policy. Therefore, today, we see that products such as PC computers are designed in one place, their parts are manufactured in different places and finally their assembly is provided in marketplace where it is advertised and ordered. Actually, main factor of Post-Fordism i.e., flexibility of production, consumption and services, is firstly based on communication and information and secondly based on maritime trade. Physical-connectional sea net is playing determinant role in economy (Davoodi, 2003).

Therefore, globalization and expansion of global trade are reasons of Fordism collapse and advent of Post-Fordism. Post-Fordism Economy is facilitated globalization.

**Globalization and maritime trade:** History of maritime trade is coming back to ancient times, but today, globalization is reason of maritime trade importance in world economy and policy. Globalization is a process beyond the power of governments and it includes transnational activities, which could be divided into different fields such as economy, politic, ecology, technology and security. Actually, these characteristics define relationship between global trade and maritime trade as well as influence of maritime trade on important straits.

Globalization is reason of expand transport lanes and ways. Accordingly, sea force has important and protective task in globalization. Most international businesses in relation to goods and raw materials are transported via sea lanes. Perhaps information is transferring through electronic systems, but device for transferring information is usually made of products produced by raw materials (Khabiri, 1383).

World trade volume has been increased for three times in recent years and it is expected that international trade volume grows to 12 billion ton, i.e. 2 times more than present volume (Nincic, 2002). Growth of international trade volume has caused some revolutions in international transportation of goods as well as significant growth in maritime traffic. World maritime trade volume has been increased for 2 times since, 1970 until 2000 (Hekimoglu, 2001). Maritime transport carries about 90% of total cargos in international trade. This volume is about 6 billion tons and oil products occupy the first position of this volume, the second position is belong to dry products and non bulk cargos are occupied the third position (Abedian, 2007). According to this volume of moving, cargo by maritime transportation, importance of globalization from one side and maritime trade from another side are considered as 2 integrated parts. Thus, we claim that maritime trade is one of the necessary and influential factors in development of world trade and it is the main instrument for supplying different requirements of Post-Fordism economy.

Moreover, globalization has changed some ports to most important providers of logistic services following to their containerization ability. Containerization is facilitated transportation of goods by huge container ships from one central port to another central port without opening cargo until marketplace and final target. Such ports are distinguished from simple ports by their abilities to accept modern container ships. Presentation of perfect logistic services as well as ability to accept big container ships means that massive world trade are centered just on some mega ports and these ports are vital parts of world maritime trade. Central ports are very important in world trade, for example, loss resulted by closing Singapore's central port is estimated >200 billion USD (Ho, 2005). Maritime transportation is one the most important methods in international distribution of goods in blue waters. It contains some limitations such as shape of continent lands and necessities following to it. In fact, maritime routes are restricted by some special positions related to passages, capes and straits. Meanwhile, straits used in world trade neither have alternative routes neither deviation from them is economical.

These routes are located mostly between important industrial areas such as West Europe, North America and Eastern Asia (mainly Japan and China). Main routes involve transportation of raw material (mainly minerals), food products (coffee, cacao and sugar) and most of oil products from developing countries to developed countries. Check points are considered as vital elements of world economy. Most important strategic passages are narrow and shallow passages where there is not possibility of shipping. Many of them are located in unstable and disputed countries with high risk for access and use (Rodrique, 2004).

**Most important international straits in globalization economy:** While, there are 100s of straits in world with regional and local importance, but some of them are valuable for world economy because they are located in routes of maritime international trade. About half of these straits are vulnerable to tensile and minatory factors, which make them economically scarce resources. Therefore straits are potentially source of international conflicts. Table 1 shows number of ships and current limitations on important straits used for world trade.

It is clear that important straits are main routes for ships between oceans and seas and big part of world
trade including oil is involved within them, they are strategically interested by both coastal countries and countries using these straits. This issue has made these straits as sensitive points in world trade. Military bases and coastal cities have been constructed along straits during history, which are considered essential for maritime trade and also, this is a privilege for coastal countries to have supervision on commercial ships and warships.

Importance of strategic straits was different during history and it has been changed by development of technology and change of world political models. Appearance of modern weapons for use in sea gave an opportunity to European countries and later to USA to develop their influence at the entire world.

Existence of colonial empires gave opportunity to European countries to establish some posts in strategic straits in order to cover security of maritime trade routes. Increased importance of maritime trade during last 3 centuries caused some conflicts for keeping control on these straits. Increased dependence of sea powers to coal during 19 century had added a role for coal stations in sea bases located in strategic straits. Function of strategic straits has been once again changed in mid of 20 century, when, they became place where planes were landing and taking off. Actually, sea bases located in strategic straits during these times had important logistical role (Weitz, 2002).

Despite all considerable aids in army logistic and business made through these straits at the entire of history, it seemed that by end of cold war, some of strategic straits used for military purposes, lost their importance. Today, straits used for world trade, especially for energy trade, are considered as strategic straits.

This issue will be realized when we realize that total oil production in 2007 was about 85 billion barrels daily and about half of this amount, namely 43 billion barrels were transported by tankers via sea routes (EIA, 2008). Therefore, blockage of these choke points even temporarily can causes rise of energy overall costs.

Geo-strategy of oil products in sea, according to Table 2, includes 6 important choke points with 35 million barrels oil daily transporting through them. In order to use these choke points, regular traffic for commercial ships including containers and other cargoes is necessary. Whereas, about 60% of oil is transported through Hormuz and Malacca straits, therefore, these 2 straits are most important straits. Hormuz strait due to oil fields located in Persian gulf is most important passage of the world.

If any problem occurs in this region, there is not any alternative route for this strait. In this case, about 14 billion barrels oil would be removed from market. Saudi Arabia is only producer and exporter of oil in OPEC with ability of produce and export 2 billion barrels oil daily. It is impossible for Saudi Arabia to cover 14 billion barrels oil removed from market due to temporary blockage of Hormuz strait. Moreover, Saudi Arabia emergency ability is geographically depended to access through Hormuz strait (Ibid).

Along with development of world trade and because of change from military use to economical use, some of strategic straits lost their importance. For example, when peaceful right of Panama Canal was transferred to Panama by USA in December 1999, martial dominance of USA on this canal was ended. Today, previous martial posts are still usable for support of trade and Panama has planned to change previous military bases to commercial and shipping centers. Panama Canal is important route for connecting Pacific Ocean to Caribbean Sea and Atlantic Ocean. Construction of this canal was one of the biggest engineering works until now, because this canal prevents from derivation from long route around South America and thus, it supporting maritime trade flows.

Although, according to reports, about 0.5 million barrels oil was transported through this canal in 2006 (Petrotterminal, 2008), canal importance in world trade is decreased because modern supertankers can not pass through this canal. Some of supertankers are very large and about 5 times larger than maximum capacity of canal. About 14000 vessels are transiting from canal, which half of them are included in traffic between east and west of USA. In fact, Panama Canal is strategically important for USA, because it provides immediate connection between

<table>
<thead>
<tr>
<th>Strait</th>
<th>No. ships passing (daily)</th>
<th>Additional capacity</th>
<th>Limitation</th>
<th>Treats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hormuz</td>
<td>50</td>
<td>Limited</td>
<td>Narrow corridors</td>
<td>Regional conflicts</td>
</tr>
<tr>
<td>Bosporus and dardanelle</td>
<td>135</td>
<td>Very limited</td>
<td>Shallow water and shipping of fleets</td>
<td>Limitations from Turkey government, risk of accident</td>
</tr>
<tr>
<td>Bab el mandeb</td>
<td>400</td>
<td>Limited</td>
<td>Small width</td>
<td>Narcotic and human trafficking</td>
</tr>
<tr>
<td>Malacca</td>
<td>600</td>
<td>Limited</td>
<td>Limited depth</td>
<td>Terrorism, piracy, risk of ships accident</td>
</tr>
<tr>
<td>Dover</td>
<td>400</td>
<td>Limited</td>
<td>Limited depth</td>
<td>Risk of accident</td>
</tr>
<tr>
<td>Denmark straits</td>
<td>140</td>
<td>Limited</td>
<td>Limited depth and small width</td>
<td>Not important</td>
</tr>
<tr>
<td>Canal of panama</td>
<td>35</td>
<td>Very limited</td>
<td>Very limited depth</td>
<td>Not important</td>
</tr>
</tbody>
</table>
2 coasts of USA and reduces about 13000 km distance (8000-21000 km) in voyages. However, Panama Canal is not important for USA oil imports. Panama began a project with 5 billion USD initial investments in September 2007 in order to expand canal. It is expected to increase transit volume for two times more and reduplicate shipping flows. Project is somewhat financed by increasing current transit tolls through canal (Petroterminal, 2008). Since many of oil tankers are not still capable to use this canal, it is not possible to increase oil flows considerably.

Another important strategic strait after cold war is Gibraltar Strait. Gibraltar strait almost for all the history has been used as only passage between sea and ocean and only exit route from Mediterranean Sea. Control over Gibraltar’s rock in the middle of strait is made possible to govern far lands. This rock with 1398 feet height has served as fortress for Phoenicians, Romans, Moroccans, Spanish and finally English people (Harvey, 1996). When Atlantic fleet was created in 1906 until end of the cold war, Gibraltar fleet has had a key role in strategies of Britain, Allies and NATO. At the end of cold war, Gibraltar has been changed to international financial center and tax paradise along with Mediterranean climate. This place has own position in European economy by presenting low tax rate for non-natives as well as tax exemption for returns on capital. This region has had structural change from an economical government to private economy by privatization of ship repair, emergence of tourism and transformation to tax paradise (Morris and Haugh, 1992).

At the present world economical sphere, we can indicate 3 big economical regions, which are interested in world. One of these 3 regions is Southeast of Asia and 2 other regions are European Union and Northern America. Last 2 regions as centers of world economy to supply investment and consuming market are connected continually to Asian Southeast region via electronic communicational networks and maritime trade. While maritime trade growing in the world, but no location is faced such demand like in Asia. Since coastal territories developing more quickly than inland territories, exports from these places is usually consisted of good access to ocean-sea lanes and then to inland territories by waterways (Sachs, 1997).

Dependence to shipping in this part of the world is known by scarce land-air transport infrastructures for large scale trade. Quick economical growth in coastal parts of this region has caused increased demand to mentioned straits (Ninicic, 2002). Consequently, shipping tonnage has been reduplicated and even increased more during recent years in western countries of Pacific Ocean
(Anderson, 1996). It is reminded that among best 20 container ports of the world, 8 ports are located in China and 7 ports in Asia, which still this amount is increasing. In this case, Singapore port is in the first place of best world container ports and Hong Kong port is second important container port (Moshiri, 2003). Therefore, Eastern Asia is region with dynamic economical growth and increased share in world trade. It is estimated that 34% of total world production will come from Eastern Asia in 2010 and will leave behind itself, Western Europe and Northern America with 26 and 25%, respectively. Same as production, it is estimated that Eastern Asia reach to about 40% in trade and leave behind Western Europe and Northern America with 37 and 20%, respectively (Tellis et al., 1998) (Fig. 1).

Furthermore, high economical trade volume in Southeast Asia region has caused development of commercial fleet and facilities. Asian countries include 34% of total commercial shipping tonnage of the world and also they produce 72% of total commercial shipping tonnage of the world. Japan had 13% of commercial shipping tonnage in 1995 following to 18% of Greece. USA and Norway followed them with 7% for each country and then there is China with 5%. Four new industrial economies (Hong Kong, Singapore, Taiwan and Korea) together had 12% of total commercial fleet tonnage. Most of today vessels are made in Asia and Japan with 35% of total new ships, Korea 30% and other Asian countries about 7% producing vessels.

Today, shipping structure of Southeast Asia region is transformed very rapidly. Important ports in this region are located in Lamchabang in Thailand, Bombay in India, Yoshimune and Caolo in Vietnam, Penang and Kelang in Malaysia, Batam island close to Singapore, Sobie golf in Philippine and some cities along coast of China. So, far only 25% of Chinese shipping is using modern container systems, while Hong Kong has 90% modern container system. However, china is first producer of dry transport containers in the world and its port facilities are already modernized. Shanghai container port has duplicated its capacity during 3 years and it reached to volume of 3.1 TBU in 1998 (Port of Rotterdam, 1999). According to achieved statistics, globalization economy is reason of maritime trade expansion over Southeast Asia. Today, one of the main factors in prosperity of Southeast Asia economy is maritime trade and especially free passage of vessels along with Asia-Pacific Ocean routs, particularly via Southeast Asian straits. Considerable development in trade volume of inside and out side of Asia-Pacific region resulted in added value to security from Asian shipping routs by Asian countries as well as USA and European Union.

**CONCLUSION**

In the period after cold war, we have faced significant improvements in maritime trade. Development in maritime trade has been reason by which countries strongly were depended to free shipping; thus, maritime issues are considered as national security. Because of development in world trade and strong dependence of countries to energy, necessity of maritime trade is felt more than ever. In other words, access to capital and market as elements for new order is depended to access to maritime relational routes and important straits. Thus, main security concern is requirement of exact strategic calculation, in order to confront with problems raised by commercial war.

Since, middle of 1970s, world has faced fundamental changes. Fordism economy was based on mass production and mass consumption and big factories were indexes of this economy. This economy was faced crisis and new economy called Post-Fordism was emerged as foundation of current globalization. Post-Fordism economy became reason by which maritime trade and maritime transport became more interested to investors and industrialists. This economy expanded production units to different places in the world, decentralized industry and emphasized on communication technology which finally resulted in better prosperity of world maritime trade.

Alongside, with maritime trade development, narrow canals and straits located along trafficked routs of world seas are considered as important parts of world trade security due to enormous numbers of vessels passing through these narrow routes. Therefore, these straits could be considered as scarce sources. Expansion of globalization has caused large traffic volume in these sea passages, because many countries are included in world

---

Fig. 1: Major commodity flows to Asia (2000) (in million metric tons). Source: www.pacom.mil/publications/apeu00/11ship5.doc

---

310
trade system and Post-Fordism economy. On the other hand, since, most of international trade is transported by ship, therefore commercial countries have large shipping volume and consequently more vessels are passing via world sea routes and world important straits.

Important straits in globalization economy are those located in world trade route and blockage of such straits for any reason would impose additional costs to countries producing goods. In this case, some of international straits in current globalization are important political geographical points in world economy that providing significant geopolitical-geo-economic condition for coastal countries along these straits, so that economy of such countries is bloomed base on giving services by maritime transport.

Most of international straits were politically and geopolitically important in bipolar age, however, this importance is still remained and geopolitical-geostrategic viewpoints are still dominant. But in globalization economy, important straits have geo-economical role. Some of straits have special position because they are economical and providing access between three main world geographical regions, i.e. Northern America, European Union and Southeast Asia. Already Southeast Asian straits, especially Malacca Strait play most important geo-economical role in the world and we can clearly claim that international straits after information technology are second main foundation of globalization economy in maritime trade and it is vitally important to secure and preserve these straits.

Therefore, geo-economical characteristics resulted by globalization for some straits are reasons by which they became center of strategic and geostrategic consideration of world and regional powers, so that these powers try to have full control and dominance on these straits. This characteristic has dynamic and specific issues for straits. Strategies for optimizing this characteristic, makes these straits as world important places where world powers would compete with each other within them.

REFERENCES


