Sep 26, 2014

Logistics Indicator in Q3 2014

Slower growth, dissatisfaction with policymakers

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The short-term assessment for the coming quarter remains positive: on balance, 40 percent of providers and just under 20 percent of users of logistics services forecast improved business in the final quarter of the current year. Over the next 12 months, logistics managers in industry, trade and services all expect further expansion of physical resources, increased recruitment and an acceptable business trend – albeit with less momentum than in previous quarters. The overall climate scores are still above the neutral line and indicate an expansive baseline trend.

In Q3 2014, however, the sentiment among logistics managers in industry, trade and services has seen a downturn to the levels observed exactly one year ago. Whereas the Logistics Indicator still recorded peak scores for situation assessment, climate and expectations in the second quarter, the logistics managers have meanwhile become more sceptical: business expectations for the next 12 months are down almost 20 points, while the business assessment for the current quarter shows a more modest decline of 6 points. The finding that the current situation in the logistics sector is viewed more positively than future business for the first time since mid-2013 indicates a slowdown in the dynamic business trend and may - as has often been the case in the past - be a signal for falling growth rates over the longer term.

The uncertainty among decision-makers driven by declining production and order volumes in industry and the developments in the geopolitical crisis regions is becoming tangible – in particular due to the potential escalation of tensions in the relationship between Europe and Russia. A further key factor is the unexpectedly weak economic performance in many areas of the eurozone and the slower growth of incoming orders from inside Germany. There is also uncertainty with regard to the future trend in costs, for example in terms of energy prices and personnel costs following the introduction of the minimum wage in 2015.

The respondents voiced their dissatisfaction with the work of the German government, in particular in the areas that are of key importance for the logistics sector. In a supplementary question, respondents were asked to use a scale from 1 (very good) to 5 (inadequate) to rate the government's handling of the issues of infrastructure, electromobility and city logistics, the energy transition, energy grids and the quality of German as a business location. The best grade (a meagre 3.25) was given for locational quality compared to the international competition. Improvement and expansion of transport infrastructure scored a weak 3.9 on average, with one in three respondents even giving the government a 5 (inadequate) in this field!

The resulting scenario is a complex one, characterised by both uncertainty and dissatisfaction with the general conditions. We will be discussing many of the issues that are of concern to the logistics sector at the 31st International Supply Chain Conference in Berlin from October 22 to 24, 2014. The conference will also send out signals to the policymakers. It is once again time for frank and clearly stated opinions from Germany's logistics industry, the third largest sector of the economy and one that makes a key contribution to the economic performance of the country.