

Logistics Indicator in Q4 2014

Fit for future through cooperation

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In a nutshell, the message from Germany's third-largest economic sector as we approach the end of 2014 is "situation good, future moderate". At the International Supply Chain Conference back at the end of October, the 3,122 attendees from over 40 countries were already in agreement that the geopolitical hotspots and the persisting euro crisis are fuelling uncertainty throughout the global economy – both from a short and medium-term perspective.

The findings of the December survey for the BVL Logistics Indicator serve to confirm and update the impressions from the autumn. Whereas the current business situation is described as being more positive – industry and trade have noticeably upgraded their current assessments, the service providers only slightly so – the forecasts for the next twelve months show a clear downturn on both sides of the market. The short-term positive signals at the end of the year are more than offset by the modest future expectations.

On balance, this means that the overall climate score has fallen to a value still above the normal line in the expansive corridor and is now back at the level last recorded in September 2013. Back then, however, the general trend was an uptrend. In a detailed follow-up question focusing on the next three months, the service providers do not expect any change in the business situation. Industry and trade predict a slight downturn, but this may well also be due to seasonal factors in the trading and consumer goods segments.

Despite the downturn in expectations, both service providers as well as industry and trade continue to expand their physical resources and plan to take on new personnel – and this trend is even stronger among the service providers than it was last year. In other words, the overall picture is ambivalent and reflects the situation that we have been observing for some time: namely, that the conventional business indicators serve as a basis for reliable forecasts to only a limited extent. The economic and political framework conditions are viewed as volatile and not all too dependable. BVL will focus its attention on this trend in the coming year. And, fittingly, the theme for 2015 as well as for the 2015 conference is "A World in Motion".

The extra question for the December Logistics Indicator was about potentials and risks in the coming year. More than two in three respondents see cooperation in value added chains as the best way of exploiting the available leeway despite all the uncertainties that exist. This kind of strategy calls for the entrepreneurial willingness and courage to enter into partnerships with customers, suppliers and service providers. This is an innovative approach that can help to ensure that the industry is fit for future in a constantly changing world.