

Logistics Indicator in Q3 2016

Euphoria or "the Blues" – logistics remains stable

Business climate improves further, Germany profiting from globalisation

*Commentary by Prof. Dr.-Ing. Raimund Klinkner,
Chairman of the Board, Bundesvereinigung Logistik (BVL)*

Have you already congratulated the Logistics Indicator on its tenth anniversary? A decade of cooperation between experts from industry, trade, services and academia, ten years of current business assessments, expectations and climate measurement – as a status report and a forecast of the future outlook for Germany's third-largest economic sector. We would like to thank all past and present panel participants and researchers.

In Q3, it was possible for the first time to evaluate the survey data with full seasonal adjustment, as the necessary historical data basis is now available. Analysis showed that the scores for May surveys are systematically slightly higher than in the other quarters. Even if a kind of "Spring Euphoria" is a nice thing to see, this seasonal pattern can now be directly filtered out, and this allows more accurate interpretation of the economic signals.

It is encouraging to see, therefore, that the latest survey does not show any hint of "Autumn Blues", as might have been expected given the general news situation. The business climate in the German logistics industry has experienced a modest upturn, even though the respondents in industry and trade view the current situation slightly less positively than their counterparts in logistics services – who report higher capacity utilisation levels as well as an improved business and order situation.

Industry and trade see a minor shadow over the economic situation, cast by higher purchase prices in combination with lower selling prices. The Brexit decision is also causing some degree of uncertainty. This comes as no surprise, given that 2,500 German companies have operations in the UK and that the country is the third-largest importer of German products as well as the most important sales market for the mechanical engineering and pharmaceutical industries. Overall, however, demand and orders from outside Germany have increased.

Both sides of the market take a more optimistic view of developments in the coming quarter and over the next 12 months than was the case in the previous survey. These sentiments also reflect the findings of the Bertelsmann Foundation, which sees Germany as a winner of globalisation, with the free flow of goods and services bringing increased prosperity to the German population, and the national economy posting a bigger export surplus than China. Only five countries profit even more from globalisation: Ireland, Denmark, Finland, Switzerland and Japan – countries with a long tradition of international trading activities.

And what do things look like in Germany, in particular in the major conurbations? More than one in two logistics service providers say their activities are impaired by traffic congestion, air pollution and noise. People who live in the cities are also complaining about these problems – particularly in the social networks. Around one in two logistics managers in industry and trade believe that their needs are not sufficiently taken into account by city and traffic planners. On the whole, the respondents see relatively little need for storage facilities in the city centres as a means of reducing delivery distances. Both sides of the market agree that there is further room for improvement when it comes to optimising capacity utilisation in delivery vehicles.

BVL will once again pick up on the topic of "city logistics" in order to bring the relevant actors together on an objective platform and develop a roadmap that is meaningful for business and politics, and that benefits people – aiming to shape a future without "the Blues".