

## Logistics Indicator in Q2 2018

### Slight cooldown in a hot summer

*Commentary by Robert Blackburn,  
Chairman of the Board, Bundesvereinigung Logistik (BVL)*

The good news is that the business situation is better than ever before. For the second time in a row, 4,000 polled decision-makers in industry, trade and logistics services say the current situation is even better than in Q1 2007 – which was the best quarter on record for a long time.

The bad news is that business expectations for the next six months are way off the excellent scores of 2007, 2011 and 2014 – with the result that the overall climate score is slightly below historical record levels.

In other words, sentiment in the German logistics sector is not as positive as it was. This comes as no surprise, since the weather has not been the only factor in the “hot” summer of 2018. The conflict within the governing coalition in Germany fuels doubts over its stability, and the lack of unity within Europe is the result of national self-interest and growing protectionism. The tariff dispute with the US, the imminent and seemingly chaotically organised departure of Great Britain from the EU, and the increasing trade barriers worldwide are sending out disastrous signals – and are the key factor behind the slump in orders for German industry, where incoming orders have been on the slide for four months in succession.

The history of the Logistics Indicator also teaches us that a maximum spread between current business situation and future business expectations is followed by a marked economic slowdown. The only question is: what can we expect this time around? An end to the upturn or a return to normal after the boom? Our partner, the ifo Institute, has downgraded its economic growth forecast for Germany in 2018 from 2.6 to 1.8 percent, the Bundesbank from 2.5 to 2.0 percent. While this may appear dramatic, the figures are still very satisfactory when seen from a longer-term historical perspective.

There are clear signs of hope. Incoming orders have been on the increase once again since May – also according to the ifo Institute. Private consumption remains a cornerstone of the German economy. This consumption is rising in the wake of rising wages as a result of the labour shortage. Industry, trade and logistics services still intend to take on new personnel, and the positive outlook on the employment market means people are optimistic and willing to spend.

Management and companies should also take these signals on board. The upturn is set to continue but we will not see any further increase in tempo in the coming period. The business outlook is anything but hopeless. Viewed realistically, the business trend can be described as “normal” – and still at a high level. Political decision-makers are called upon to counteract the growing uncertainty in industry and the economy by stabilising the Eurozone and cementing European solidarity. This is the best strategy to succeed in the competitive global environment. Trust forms the basis for investments, and investments generate growth – also for the logistics sector in Germany.

In recent decades, free world trade based on common rules and values has created prosperity and stability. Those who understand their trading partners and promote encounters on an equal footing can succeed in organising globally distributed value added in a way that taps into and utilises the strengths of regions and nations.

This also includes mutual further training as well as the exchange of knowledge and experience extending beyond departmental and company borders – one of the core fields of expertise of the globally active BVL.

For 40 years, BVL as an honorary supply chain network has endeavoured to make the worth of the people active in value adding services more visible, to respect and strengthen their efforts, and to share with them ways of improving transparency, flexibility and productivity.

And for the last 35 years, people have been coming together at the International Supply Chain Conference in Berlin, which meanwhile welcomes 3,400 attendees from more than 40 countries and which this year will be taking place from October 17-19. During the conference as well, we intend to join forces to make the economy stronger and further underpin mutual trust and confidence.