Logistics Indicator in Q2 2019 **June 3, 2019**

The situation is far better than the sentiment

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It has been just two years since the last “transport logistic” fair, but the economic scenario has changed significantly since this leading event closed its doors in 2017. Two years ago in May, the United Kingdom had officially applied to leave the EU but the withdrawal negotiations were not yet underway. In the intervening period, the constant postponement of Brexit has caused much economic damage – and no one really knows whether or when the UK will actually leave the European Union. The scheduled exit date in October is now also being doubted by experts.

In January 2017, Donald Trump took office as President of the USA and gave the world its first taste of his style and policies. Europe remained calm, because the economy was booming. But since 2018, production and logistics managers in industry, trade and services have been looking to the future with scepticism in the face of declining export volumes. Political and economic relations with the USA, a key export market for German products, have become unpredictable – and, following the European elections, the EU is in search of a new balance and long-term stability.

The BVL Advisory Board recently analysed and discussed the prediction that the trend for long-term GDP growth in industrially developed countries is in order of two percent. “Export world champion” Germany is currently falling well short of this figure. The Purchasing Manager Index is close to its normal level, while industrial production – though still at a fairly high level – is experiencing a measurable downturn. The Global Trade Asia Pacific Index is also falling.

All the same, the Advisory Board still forecasts global economic growth in the order of 3%, with German GDP expected to grow by 0.8% in 2019 and 1.0% in 2020. These figures are confirmed in the joint forecast of leading research institutes, on the condition that the trade dispute does not continue to escalate. These uncertainties are reflected in the survey results for the Logistics Indicator. Following the uptrend in the previous two months, the climate is not quite as positive as it was in April. Assessments of the current business situation show a slight downtrend, while expectations for the coming months are slightly more optimistic.

It is worth noting that the actual situation is far better than the general sentiment. There are still plenty of orders on books, and companies are complaining that they cannot find personnel. There are officially 792,000 vacant positions – only 1,000 fewer than at the same time last year. This means the employment market is extremely healthy. Perspectives have shifted on the back of ten years of growth and booming business, and virtually everyone is now applying a different qualitative and quantitative benchmark than the one that was used in the crisis years of 2008/2009. In other words, the slight downturn in sentiment should not cause us to lose sight of opportunities in 2019.

What is less fortunate, however, are the findings of an OECD study on the attractiveness of national economies for foreign employees. Germany is ranked 12th out of 36 OECD countries. One of the reasons given for this poor performance is that foreign educational qualifications “are frequently heavily downgraded in the German labour market”. This cannot and should not be the case. A vibrant national economy like Germany is predestined to attract people from around the world who want to work here – because, as we know from many internationally diverse teams in today’s companies, diversity generates fresh stimuli that make the economy stronger. If Germany has little appeal in terms of career prospects, incomes, taxes, outlook for the future, skills environment, inclusiveness and quality of life, then this is something we urgently need to address – in our companies, in our policy decisions, and in society as a whole.

“Inspire – Encourage – Act” is the recipe for success in the coming weeks and months.