

Logistics Indicator in Q4 2021

Dampened euphoria at year-end

Commentary by Prof. Thomas Wimmer, Chairman of the Board, BVL

It was so good! When decision-makers in the logistics sector came together for the International Supply Chain Conference in Berlin in October, the joy of seeing each other again and the upbeat mood were tangible. The conference provided a much-needed boost, above all to those who were able to be there in person. We worked together to address challenges, discuss potential solutions and to give each other encouragement and motivation. We want to make full use of the opportunities to adapt, to push ahead with sustainability, to engage change within society in a positive way and to make supply chains more resilient. We focused on all of the above – and the vibrant nature of our interactions helped to dispel any pessimistic thoughts. We experienced something approaching the normality we have missed for so long, even though the worldwide flow of goods was faltering and a lack of components was disrupting value added processes.

A fourth wave of the corona pandemic is currently rolling through economy and society, and the fact that the vaccination campaign made little progress for several months means that Germany is not as well prepared to face the challenge as it could have been. The situation is aggravated further by escalating supply bottlenecks and the repeated interruptions to production output. The VW plant in Emden has been closed since December 6 and will stay closed until January 10, for example, and short-time work is once again generally on the increase. All of these factors negatively impact expectations and are mirrored in the Logistics Indicator for Q4 as we approach the end of this second crisis year. Assessments of the current business situation and expectations for the coming months have sent the overall indicator on a downtrend, but it is worth noting that the shippers in industry and trade have a more positive view of the situation than the logistics service providers. In the latter segment, it is likely that the maritime shipping companies were quite restrained in their responses – especially as they are currently earning more money than they did in the whole of the last decade. They are also expected to continue to profit greatly from the situation in 2022. As the DVZ transport journal writes, what the shipping companies need to do now is to reduce debt levels, begin the process of transitioning to lower-emission technologies and invest in strategically important terminals with the aim of optimising maritime supply chains.

There is a silver lining, in that the overall business climate in the logistics sector is now a few points better than it was at the turn of 2020/2021. At the same time, however, twelve months ago we all hoped that we would start to see a steady improvement following the painful lockdowns and the beginning of vaccinations. The current reality is characterised by dramatic price increases, declining stocking levels in trade and industry, and a falling volume of orders on books among logistics service providers – albeit with personnel levels that continue to remain stable.

The German economy is faced with declining value added and curtailed business volumes during the Christmas season. Well-functioning logistics is playing its part in keeping these losses to a minimum. The upheavals are still noticeable, however, and will stay with us into the new year. The experts and specialists in the field of logistics and supply chain management now have the task of continuing to demonstrate that, in many situations, logistics can make the difference between failure and success. The public at large and hopefully also the decision-makers in politics and administration are meanwhile more aware of the systemic relevance of our work. This means that we have a great deal of responsibility to “deliver”, again and again – and not just to deliver the right products to the right location at the right time but also to deliver new ideas and solutions.