



Implications of the financial crisis for the logistics industry?

Hardly a day goes by without more doom and gloom emanating from the world's stock exchanges. Every week, we see financial institutions going cap in hand to the government, and as yet, there seems to be no end in sight. So the burning question for all of us in the logistics sector is what effect the financial crisis is going to have on our day-to-day business. Experts from the logistics and finance sectors have discussed this issue in detail but have not yet come up with a clear answer about the extent to which the credit crunch is going to impact on the real economy.

It is, however, certain that we in the logistics industry are going to come up against two major challenges in the future: on the one hand, the implications for the financing of logistics projects and business in general, and on the other, declining growth rates around the world. The costs of interest payments are going to rise and conditions for securing credit will become correspondingly tougher. This will have consequences for logistics and haulage companies that have in the past been heavily dependent on external finance. These measures will certainly also impact on future investment decisions, not only in terms of site acquisition and management but also as regards IT hardware/software and human resources.

This pressure will be further accentuated by the expected fall in growth rates in the real economy. Some experts now believe that a recession might be inevitable. Even companies such as NOL, who have dropped out of the bidding for Hapag Lloyd, foresee a drop in freight volumes and are tightening their belts for hard times ahead. But as with any crisis, there are also bound to be winners. Namely, all those logistics providers who have run their business on a sound footing in the past and have focused on quality, thereby securing a loyal customer base over the long term. Because one thing is certain: global market fluctuations have always been and will continue to be a constant factor in the logistics industry.

Yours
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