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Content

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OPEN ACCESS ARTICLE

ACTION PLAN: PERFECT FRAME OF LOGISTICS CENTERS IN GERMANY

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Abstract

The paper indicates the importance and appoints the spread of logistic centers, and constant upgrading for their smooth functioning. The study led by example on an action plan drawn up by the Federal Ministry of Transport and Digital gives a brief picture as actually supposed to look perfect logistics centers. Investigations taken from the action plan is united on such an interesting way that was first discovered and developed the point that is set to end in the plan and below points as it is established on the basis of what was before, how will be established and which will be results from that. Because of that the action plan was developed, which in turn is the starting point of maintenance of logistic centers across Germany, and it is renewed and amended on period of one year, enriched with new technology that keeps the first worldwide logistics centers in Germany.

Key words:

Logistic center; Development; Transportation; Freight forwarding.

INTRODUCTION

For Germany, as an exporting nation, efficient and environmentally friendly freight transport and modern infrastructure represent a crucial factor for success in international competition. As a center for freight transport and logistics, Germany was recently rated by the World Bank as being the leading country not only in Europe but in the world. This is something of which the German transport industry, in particular, can be proud.

This is also an incentive to further strengthen and evolve this important sector of the economy. And there is a good reason for doing so. With a turnover of more than 200 billion euros in 2009, freight transport and logistics are the third largest sector of the economy in this country. This sector employs 2.7 million people. Their jobs are to remain secure and attractive in the future.

This is all the more necessary against the background of the financial and economic crisis. It has left its mark on the freight transport industry, as it has on other exportdriven sectors. Fortunately, in the second half of 2010, a significant upturn is now apparent at last.

The present Action Plan realigns the Federal Government's Freight Transport and Logistics Masterplan, which was prepared in the last parliamentary term, to address the current challenges. On this basis, we will, with a new, very concrete development strategy, create the conditions for strengthening Germany as a freight transport and logistics center in international competition in an environmentally sound manner and permanently securing the jobs in this sector.

LITERATURE REVIEW

Behind the perfect frame of logistics centers in Germany or action plan stands a highly professional team that continuously invests and implement new strategies for improving the plan. The overall team working on the action plan are set aside two of them who actually give itself an introduction to the plan: Dr. Peter Ramsauer, Federal Minister of Transport, Building and Urban Development and Dr. Andreas Scheuer, Parliamentary State Secretary at the Federal Ministry of Transport, Building and Urban Development and Federal Government Coordinator for Freight Transport and Logistics.

On the other hand, there is research on what will be the situation of logistics centers in Germany in the future graphic displaying: the turnover in the transportation and storage sector; the real manufacturing output and turnover in the transportation / storage sector; the turnover split in the transportation and storage sector; and the nominal turnover in services sectors and real manufacturing output, based on Rakau (2014), Pro Mobilität (2015), Heymann et al., (2015) and the Deutsche Bank Research.

Content and thesis of Logistics Action Plan

- Each item has its points and each point has questions as: What are the objectives?; How to achieve that?; What's new ?, as well as answers to those questions.[1]

Strengthen Germany as a logistics center

Raw materials, intermediate products and finished goods enter Germany via our seaports and airports. High quality products are exported from Germany via the same gateways to destinations throughout the world. As transport hubs, ports and airports thus have a major role to play for Germany as an exporting nation. Alongside our well-developed transport network and the outstanding quality of German logistics service providers, they form the basis for an efficient international exchange of goods. In addition, high-capacity ports are essential if we are to reduce the levels of freight traffic on our roads. Ensuring that this transport network functions properly and

[1]Freight Transport and Logistics Action Plan – Logistics Initiative for Germany, Federal ministry of transport, building and development

optimizing it are essential to Germany as a center for logistics. This quality of Germany as a business location is to be marketed better worldwide.

Enhance the efficiency of all modes of transport

Efficient infrastructure is a key prerequisite for the economic success of our country as well as for employment and prosperity. In the freight transport sector, the road mode bears the greatest load. For this reason, the potential inherent in this mode is to be better exploited, especially on the federal motorways. The involvement of private sector investors will make it possible to speedily upgrade bottlenecks and busy junctions. At the same time, the efficiency of the federal motorways and the flow of traffic are to be improved. To this end, road-works management is to be improved and the installation of more traffic management systems is to be progressed, with the aim of creating an "intelligent motorway". Field trialing of longer goods vehicles and long freight trains are to identify further options for optimization to make efficient use of existing capacity.

Exploit the strengths of all modes of transport by interlinking transport infrastructure in an optimum manner

To enhance the efficiency of the freight transport system as a whole, each mode of transport has to be able to deploy its inherent strengths in an optimum manner. Thus, for instance, the strengths of inland waterway transport for the movement of bulk cargo on inland waterways should be exploited, as should the flexibility and speed of heavy goods vehicles. The railways should be able to contribute their environmental advantages over long distances, in particular, and air-craft should be able to deploy their high speed over especially long distances and with time-sensitive goods.

Promote the compatibility of transport growth with environmental protection and climate change mitigation

The Federal Government has set itself the objective of reducing greenhouse gas emissions by 40 percent against 1990 levels by 2020. In 2008, the transport sector was still responsible for more than 16 percent of all greenhouse gas emissions in Germany. If the livelihood of future generations is to be preserved, transport must also make a significant contribution towards achieving our environmental protection and climate change objectives.

Support good conditions of working and training in the freight transport industry

The freight transport and logistics sector employs more than 2.7 million people. Given the increasing demand for freight transport and logistics services, this sector will continue to offer good employment opportunities. In some cases, the working conditions are considered to be problematic, because they sometimes involve a high degree of physical work, working hours are frequently un-predictable, and the workforce is required to show a high level of mobility and flexibility. It is there-fore imperative to ensure that working conditions are socially balanced and that the training of skilled workers is secured on a long-term basis.

METHODOLOGY

This research is based on analysis of the contents of the action plan. The method or strategy used for this research is actually a brief overview of the action plan drawn up by the ministry to maintain and improve the logistics centers. The Action Plan is designed as selected five main points or goals that are set briefly explained, and each has specific points, which represents a special separate section. Those points in turn, are designed so that each contains three types of questions, including:

- What are the objectives?
- How to achieve that?
- What's new?

Despite the overall development of the action plan a method/strategy is used to inspect the growth of logistics in Germany in the future.

Besides numerous points developed in this field, this paper presents only a few and it is graphically represented Turnover in the transportation and storage sector, Real manufacturing output and turnover in the transportation / storage sector, Turnover split in the transportation and storage sector, Germany 2013 (%), Nominal turnover in services sectors and real manufacturing output.

LOGISTIC CENTERS IN GERMANY – ANALYSIS AND RESEARCH

The logistics sector as such is less clearly defined in the official statistics than other service sectors such as retailing or traditional areas of manufacturing. The “transportation and storage” sector of the service industry however encompasses all the activities that are commonly covered by the term “logistics” (transport, transshipment and storage of goods and related services such as the forwarding business or the operation of freight centers, ports and other infrastructure facilities). Turnover of the transportation and storage sector in Germany reached nearly EUR 290bn in 2014. The sector provided employment for around 2 million people. By comparison, the automotive industry (including suppliers) in Germany generated turnover of EUR 270 bn1 and employed nearly 740,000 people in 2014. The transportation and storage sector registers the highest absolute turnover of the (predominantly) business-related services.

Almost 20% of turnover in the transportation and storage sector is however generated from services for private clients; these are dominated by local public transport and air travel (Deutsche Bank Research, 2015; Heymann,2014). In some cases, it is difficult to draw a line between business-related and personal services. In the aviation segment, for instance, passenger aircraft are also used to transport air freight. The biggest segment in the transportation and storage sector is "warehousing and support activities for transportation", which is dominated by forwarding companies. In second place comes land transport (including transport via pipelines), with road freight again generating the largest share of turnover.

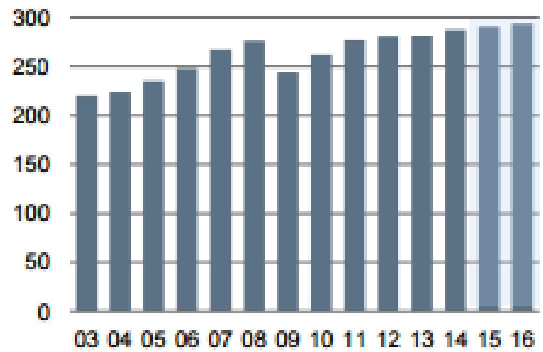

FIGURE 1. TURNOVER* IN THE TRANSPORTATION AND STORAGE SECTOR**, DE, EUR

Source: Federal Statistical Office, Deutsche Bank Research

* The calculation is based on the structural survey in the service sector for 2013. The other readings were based on growth rates from the short-term surveys. Discrepancies with previous turnover figures from the structural statistics are the result of differing statistical definitions. Data for 2015 and 2016 are Deutsche Bank forecasts.

** Nearly 20% of turnover is generated from services for private clients.

Only muted turnover growth of late Turnover in the transportation and storage sector grew only minimally in the last few years. One important reason for the limited growth was probably that domestic industrial output has barely increased over the period stated. Traditionally, industry has been the most important economic driver of the logistics sector. That is why industrial output and turnover in the transportation and storage sector basically follow a similar cyclical pattern. Between 2012 and 2014 logistics came under additional pressure from both domestic investment activity (above all investment in plant and machinery) and Germany's external trade rising only less than average on a long-term comparison. This weighed on new order intake at logistics firms.

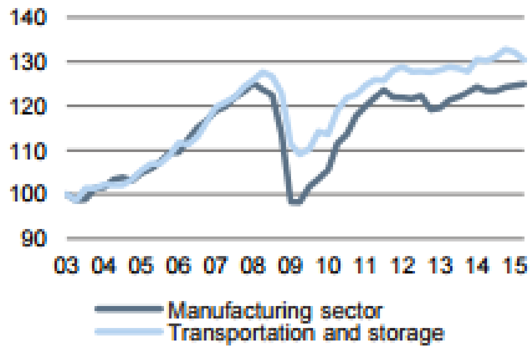

FIGURE 2. REAL MANUFACTURING OUTPUT AND NOM. TURNOVER IN THE TRANSPORTATION/STORAGE SECTOR

Source: Federal Statistical Office, Deutsche Bank Research

The worst performing individual segment of the transportation and storage sector between 2012 and 2014 was water transport services, which is dominated by sea and coastal transport. In 2012 in particular nominal turnover fell by some 10%. Global sea and coastal water transport is still characterized by overcapacities and low freight and charter rates. In addition, it is feeling the impact of global trade growth that is low on a long-term comparison. Prior to the year of recession 2008/09, by contrast, water transport had regularly sparkled by posting particularly large increases in turnover. In the other segments of the transportation and storage sector there were no particularly positive or negative outliers in the past three years (Pro Mobilität, 2015; Heymannet al, 2015). From 2012 until 2014, average nominal turnover growth ranged between 1.5% p.a. in the warehousing and support activities for the transportation segment and 2.3% p.a. in the postal and courier services segment.

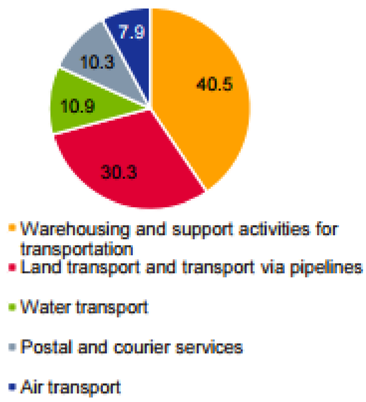

FIGURE 3. TURNOVER SPLIT IN THE TRANSPORTATION AND STORAGE SECTOR, GERMANY, 2013, %

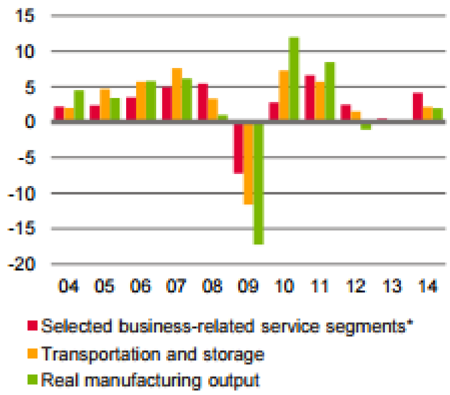

FIGURE 4. NOMINAL TURNOVER IN SERVICES SECTORS AND REAL MANUFACTURING OUTPUT, DE, %

* Includes following segments of the service sector: transportation and storage (NACE code H), information and communication (J), professional, scientific and technical services (M) as well as administrative and support service activities (N).

CONCLUSION AND RECOMMENDATIONS

The logistics sector in Germany is characterized by innovative and diversified companies as well as very good location factors. It is typified by innovative and diversified companies as well as fundamentally very good location factors. There are, however, economic and structural factors which suggest that turnover growth will be relatively moderate over the next few years. Between 2003 and 2008 the sector managed to boost its nominal turnover by 4.6% per year. Following the recession, that is from 2009 to 2014, the growth rate dropped to 3.4% p.a. (while the inflation rate was somewhat lower). In the next five years, by contrast, average annual nominal revenue growth is more likely to be between 2% and 3%. The simpler the respective logistics services are, the more intense the competition remains.

Customer-specific services that in some cases are much more extensive than the traditional repertoire of a logistics firm can help to ease the pressure on margins and open up new growth potential. However, not all companies will succeed in doing this. State regulation will also remain a burden on the sector in future, which applies to the transport business in particular. Policymakers need to remain objective and take into account the respective conditions in foreign markets for reasons of competitiveness. From a political point of view, it is of course essential for the German logistics business that the important domestic customers (above all the industrial sector, but also the distributive trade) are not subjected to excessive burdens. The recent resolutions passed by the grand coalition concerning the labor market and pensions policy as well as the ambitious German energy policy are likely to prompt many companies to be cautious about making extensive investments. This would also impact on the German logistics business.

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