

Recession is likely or certain, say logistics execs

Nearly 70% of global logistics executives say they are bracing for recession amid higher costs, slowing demand, and ongoing supply chain disruption arising from China's battle to contain Covid, Russia's war in Ukraine, and the impact of climate change.



Source: [williamwilliam via Unsplash](#)

Ninety percent of the 750 industry professionals surveyed for the [2023 Agility Emerging Markets Logistics Index](#) also say their shipping, storage and other logistics costs remain well above pre-pandemic levels of early 2020.

"Carriers and shippers are feeling the effects of higher energy prices, tight labour markets and broader inflation even though freight rates have fallen and ports have cleared cargo backlogs," says Tarek Sultan, Agility vice chairman. "Three years after the start of the pandemic, there is still a lot of volatility in supply chains. Now there's fresh uncertainty as consumers and businesses pull back on spending and hiring."

The survey and Index are Agility's 14th annual snapshot of industry sentiment and ranking of the world's 50 leading emerging markets. The Index ranks countries for overall competitiveness based on their logistics strengths, business climates and digital readiness -- factors that make them attractive to logistics providers, freight forwarders, air and ocean carriers, distributors and investors.

China and India, the world's two largest countries, held their spots at No. 1 and 2 in the overall rankings. UAE, Malaysia, Indonesia, Saudi Arabia, Qatar, Thailand, Mexico and Vietnam rounded out the top 10. Turkey, No. 10 in 2022, dropped to 11th. No. 24 South Africa and 25 Kenya were the highest among countries in sub-Saharan Africa.

Arabian Gulf countries – UAE, Qatar, Saudi Arabia and Oman -- again offered the best business conditions. Malaysia, with the 4th best environment for business, was the only non-Gulf country in the top 5.

China and India were tops for domestic and international logistics. India jumped four spots to No. 1 in digital readiness, followed by UAE, China, Malaysia and Qatar.

Farther down, there was more volatility in the rankings than in any prior year of the Index. Conflict, sanctions, political tumult, economic missteps and continued Covid fallout damaged the competitiveness of Ukraine, Iran, Russia, Colombia, Paraguay and others. Among countries leaping forward in certain categories: Bangladesh, Pakistan, Jordan, Sri Lanka and Ghana.

2023 index highlights

Survey

- **Net-zero commitment** – 53% of logistics executives say their companies have committed to net-zero emissions, and another 6.1% say their businesses have achieved net-zero.
- **Climate change** - Half say climate change is a concern their businesses must plan for, while another 18% say it is already affecting them.
- **Emerging markets** – 55% say they will be more aggressive in emerging markets expansion and investing or leave their existing plans untouched despite fears of recession.
- **Digital forwarding** – Respondents say the biggest advantage is improved tracking and visibility; the biggest disadvantage is error/exception management, respondents say.
- **Ukraine** – 97% indicate that their businesses have been hurt by higher costs or other supply chain challenges as a result of the Russia-Ukraine conflict.
- **China** – There is an even split between companies planning to reduce their reliance on Chinese sourcing and those planning to expand in China. But only 11% of respondents say their company's manufacturing footprint is the same as before Covid.
- **Gulf economies** – Innovation, technology and good conditions for small businesses are seen as the most important factors in lessening Gulf countries' reliance on oil and gas.
- **Africa** – Logistics executives see big benefits for Africa from the African Continental Free Trade Agreement (AfCTA), despite slow implementation.

Country rankings

- In the Middle East and North Africa, overall rankings were: UAE (3); Saudi Arabia (6); Qatar (7); Turkey (11); Oman (12); Bahrain (14); Kuwait (15); Jordan (16); Morocco (20); Egypt (21); Tunisia (32); Lebanon (33); Iran (36); Algeria (41); Libya (50).
- Rankings in Sub-Saharan Africa: South Africa (24); Kenya (25); Ghana (29); Nigeria (34); Tanzania (37); Uganda (43); Ethiopia (45); Mozambique (46); Angola (48).

- Overall Index rankings in Asia: China (1); India (2); Malaysia (4); Indonesia (5); Thailand (8); Vietnam (10); Philippines (18); Kazakhstan (22); Pakistan (26); Sri Lanka (30); Bangladesh (35); Cambodia (38); Myanmar (49).
- Rankings for Latin America: Mexico (9); Chile (13); Brazil (19); Uruguay (23); Peru (27); Colombia (28); Argentina (31); Ecuador (39); Paraguay (40); Bolivia (44); Venezuela (47).
- In Europe: Russia (17); Ukraine (42).

Transport Intelligence (Ti), a leading analysis and research firm for the logistics industry, has compiled the Index since it was launched in 2009.

John Manners-Bell, chief executive of Ti, says: "It is not possible to overstate the challenges faced by emerging markets countries in the past couple of years. Geopolitical tensions have combined with financial uncertainty and the lingering effects of the pandemic to create an ever more complex business and investment environment. The role that the Index plays in providing insight into this volatile, uncertain environment landscape is more critical than ever."

2023 Agility Emerging Markets Logistics Index: [Agility.com/2023Index](https://www.agility.com/2023Index)

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