

## **GLOBAL FINANCIAL CRISIS AND ITS EFFECTS ON FREIGHT FORWARDERS**

As the rest of the world, we pass through a common crisis, which started in the mortgage sector in the USA and was defined as "The Crisis of the Century" by the UN and "The Most Deadly Financial Shock ever since 1930s" by the IMF.

While the big economies started to enter into a recessionary phase steadily, we know how much of while the G-7 countries and emerging giant economies such as China, Russia Brazil and India which cannot handle the crisis , the petroleum rich Gulf Cooperation Council countries have also been effected from this current crisis.

The stars of the capitalist world have lost their luster. We should all remember the giant companies which gone bankrupt, nationalized, sold out under their real values, lost values tremendously and in need of government subsidies.

If we look at the Central and Eastern European states which are very close to our region, we see that they started to be affected dramatically by the crisis from September, 2008. The Council of Europe Development Bank, which has previously stated that this region could bypass the current crisis, diminished its aforementioned growth rate expectations for the region.

It is assumed that the recession in the Central and Eastern Europe will be followed by an increase in the unemployment. Numerous factories in various cities ranging from Budapest to Warsaw suspended their productions. Behind this lies the decrease in exports, investments and shrinking bank credits.

If we look at our region, Bulgaria and Romania are assumed to be amongst the countries which will be most dramatically effected. Moreover, it is observed that Greece decided to raise its deposit guarantees € 3 million 100 thousand for the coming 3 years and introduce a stimulus package of € 28 billion volume in order to strengthen its banking sector and national economy. It is evident that Turkey, an economy amongst the biggest 20 of the world, and its close neighbors in the Balkans are distressed by this phase of recession and depression.

Turkey has relatively tackled the crisis with a few damages, thanks to the current structural characteristic of Turkish banking system and the behavioral patterns of the actors in the market during the crisis. However, it is understood that Turkey will pass through a hang back in its logistics share in global exportation – importation - transit traffic; moreover, it will be very difficult to accomplish the 2008's foreign trade volume which was about 350 billion USD.

Consequently, we are faced with a phase in the world history that all world markets are shaken, the disaster bells ring, even there are hypothesis that free market discourses will be replaced by state interventionist and protectionist ones.

This crisis has also affected the forwarding sector likewise all other sectors. The forwarders began to contemplate on their facility realms due to a decrease in demands in the international market. The questions like "How can we manage to sustain our business volume ? What can be done in those areas of vocational improvement ?" are in the agendas of all companies.

On the other hand, cash flow should be sustained for the steady running of the business. The most important source of the forwarder companies is their qualified human resources. These companies aim to work with their staff for long periods. Unfortunately, this harsh crisis affects the employment structure in our sector. Nowadays, the companies lose their qualified staff. On the other hand, these experienced and qualified employees do not have chance to find a position in another company. Transportation and logistics companies face the threat of bankruptcy, whereas the number of new companies to be founded is awfully insufficient.

This crisis demonstrates that neither companies nor national economies can be managed by old fashioned administrative practices and planning techniques. We need to distribute our produced goods very fast to the targeted markets. We have to benefit from our geographical location in the fields of foreign trade and logistics as being Balkan and Southeastern European countries. For this reason, I hope that we can evade this crisis with the help of rational and efficient measures which will be taken in our sector.

**Kostas SANDALCIDIS**