

Road freight transport prices in France

September 2023



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MONTHLY BAROMETER FRANCE

France: road transport prices approach record highs

Despite a complicated economic situation, transport prices seem definitively to be heading towards the summits in September 2023. Soaring energy prices are driving inflation, as the sector faces government green planning.

At the beginning of autumn, France finds itself in the international spotlight for the better... and for the worse! On the one hand, the Rugby World Cup, which began on Friday, September 8 with the victory of the French over the All Blacks, has inspired [a real passion likely to support the economy](#). But at the same time, bed bugs invaded the public debate, French media, [but also international media](#), which is worrying as foreign visitors contributed to the healthy performance of the tourism sector during the summer¹...

In addition to these news items, which in reality cause the country's economy to fluctuate very little, **there are much more structural subjects that are now attracting the attention of the world of road transport**. On 25 September, President Emmanuel Macron presented a detailed strategy aimed at allowing France to "reduce its greenhouse gas emissions by 55% in 2030, protect biodiversity and act for the circular economy", at an Ecological Planning Council meeting. [The plan prepared by the government](#) was considered comprehensive and ambitious by many experts **while raising concerns about its realism** in the face of fears of new social tensions.

[1] [2023 Summer Tourist Season](#), Insee, September 2023.

In terms of economic prospects, France is not doing too badly compared to some of its European neighbours. But after activity that was more dynamic than expected in the spring (+0.5%), **INSEE has announced a slowdown** [2], which should result in a growth rate of somewhere between +0.1% to +0.2% per quarter in the second half of the year. **In September, the business climate remained stable**, at its long-term average for the fifth consecutive month[3]. It progressed in industry to reach 99 (+2 points) thanks to an improvement in the opinions of business leaders about their "personal production prospects". On the other hand, the indicator is declining in retail trade (103, down 2 points), due to a "general business outlook considered less favourably".

SMART by **upply**

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& follow their evolution by road, sea & air freight worldwide

Benchmark freight rates

The laptop screen displays the 'upply' dashboard with the following data:

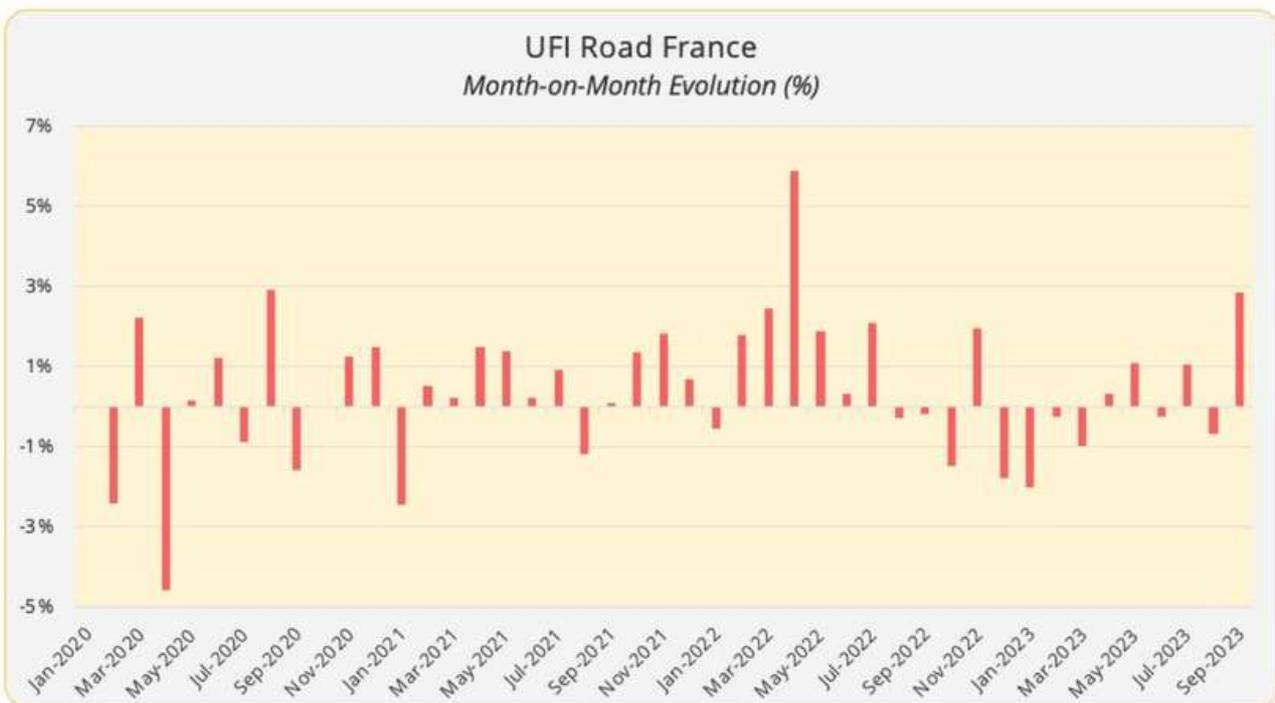
- Median:** 1,599 €
- Confidence index:** A (Very highly confident in our price)
- Last update:** 06/07/2023
- Environmental impact:**
 - CO2: 1.9 kg of CO2
 - NOx: 5.1 kg of NOx
 - SO2: 0.7 kg of SO2
 - PM: 0.1 kg of PM
 - Other metrics: 27,503.6 kg of weight, 0.6 kg of weight, 0.1 kg of weight

[2] [Economic outlook, 7 September 2023](#), Insee, September 2023.

[3] [Business climate in France](#), Insee, September 2023.

French road transport prices almost reaching their all-time highs

Despite this gloomy situation, road transport prices in France rose sharply in September, with **an increase of +2.9% compared to the previous month**. This is the strongest monthly increase in 3 years, apart from April 2022, a period marked by a month-on-month increase in diesel of more than 15% following the outbreak of the Russian-Ukrainian conflict.

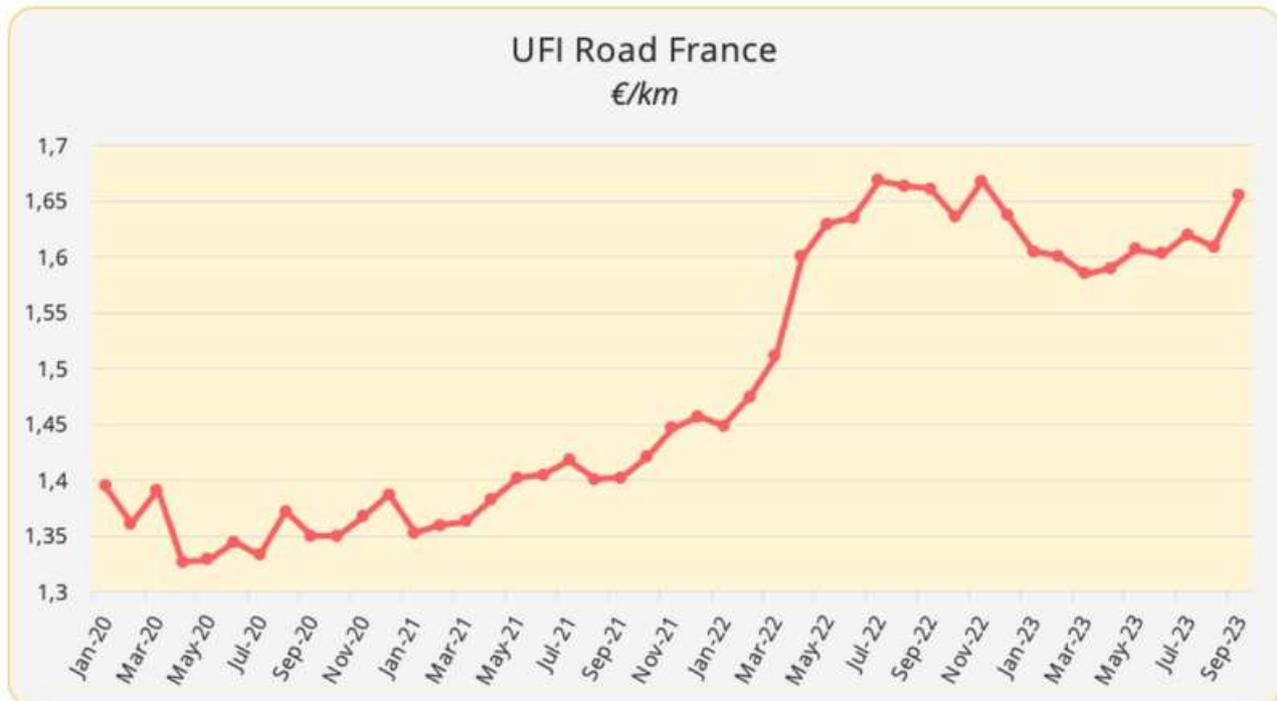


Source: [Uply Freight Index](#) – Road France

Once again, the evolution of fuel prices seems to be a decisive factor. In August, commercial diesel had shown a strong increase (9%), but the spillover effect generally occurs the following month. For almost a year, other factors have fed the inflation of transport costs, minimising the correlation between the evolution of transport prices and that of diesel. It seems that we are therefore returning to a certain orthodoxy in September 2023.

At €1.655 per kilometre driven, the average transport price in France is at its highest value this year. We are approaching the price records of 2022. Moreover, if we apply the same rule of a delayed pass-through of the cost of energy, we should even reach the absolute record of transport prices in France in October 2023. Indeed, the cost of commercial diesel is still increasing, up by 4.3% this month, which should give an increase in prices of more than 1% given the weight of the fuel item in costs.

Pressure on diesel prices is not expected to ease in the short term. "Oil output cuts which Saudi Arabia and Russia have extended to the end of 2023 will mean a substantial market deficit through the fourth quarter," warned the International Energy Agency (IEA), [quoted by Reuters](#). **On the other hand, the level of demand could delay the increase in road transport prices,** given the less favourable economic outlook for the last quarter.



Source: [Uply Freight Index](#) – Road France

A despondent transport demand

Freight transport professionals have already noticed this slowdown. Everyone we talk to is unanimous: **the volumes transported have been declining for several months and in September this decline was even more pronounced.** Container imports are decreasing, notes the trade association Union TLF[4]. Wholesalers' warehouses are full and replenishment requests are therefore sluggish. In the building sector, demand is also falling sharply. The breakdown observed in September therefore constitutes a worsening of the deterioration recorded since the beginning of the year.

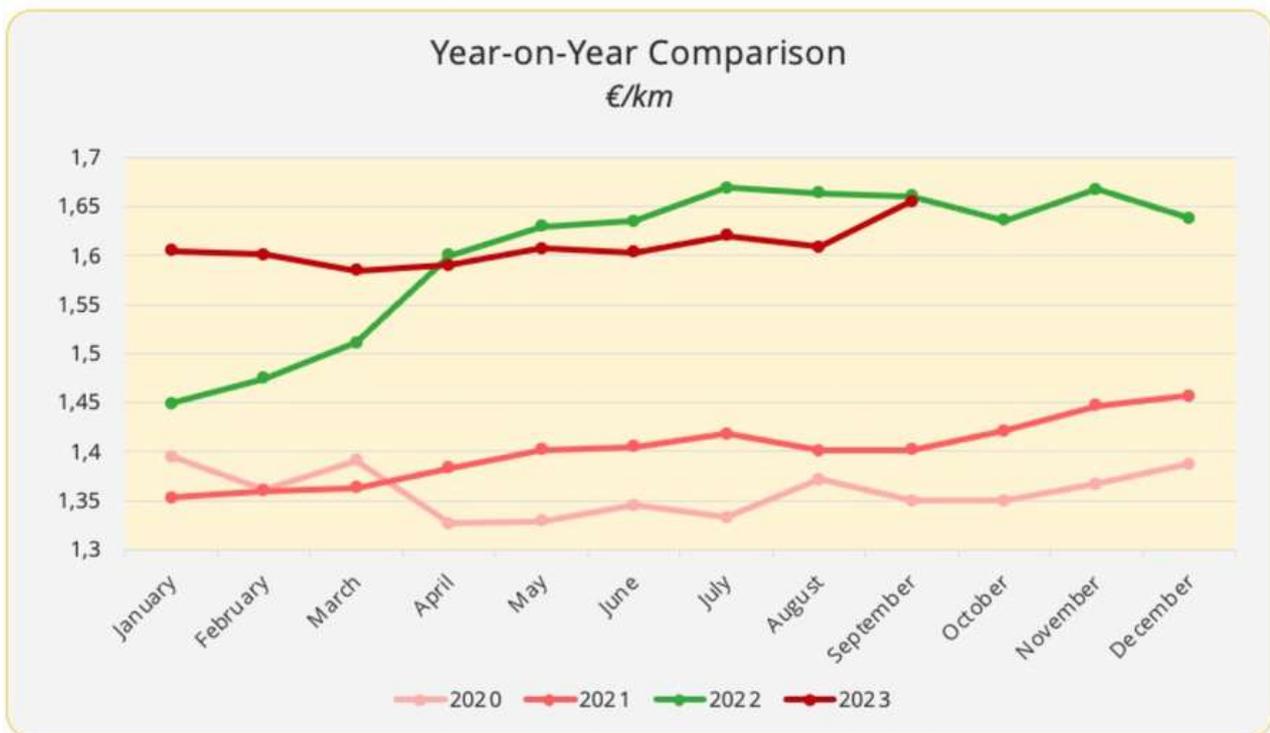
At Upply, we observed a **drop in the number of full trucks in spot transactions over the month of September.** As a result, the over-representation of less-than-truckload (LTL) shipments mechanically raises the prices of our index to such proportions that we have deemed it preferable not to present this graph this month.

In the contract market, the index stagnated (+ 0.13%). **It is as if carriers are absorbing the increases in diesel by trimming their margins,** which provides further confirmation of the slowdown in demand. Large transport purchasing centres have already started their tenders and are benefiting from a mostly buyer-friendly market.

[4] [Indicateurs avancés des transports de fret n°2](#), Union TLF, septembre 2023 (in French).

Cost pressure and price drop

The price curve reached 2022 levels in September and is expected to exceed them in October. This trend is the result of the **very high inflation in costs** (fuel, means of production, staff, etc.) experienced by the road transport market.



Source : [Uapply Freight Index](#) - Route France

But as we have just seen above, this cost inflation is no longer aligned with the transport prices charged by large shippers, with a stagnation in the Contract index. **It could be that we are witnessing the beginning of a margin squeeze.** Cost inflation will continue. When added to OPEC + decisions, the recent events in the Middle East and the protracted war in Ukraine are putting energy prices under strain. The ongoing negotiations on salaries, with a 5.4% revaluation proposal as of 1st December 2023 issued by the FNTR, will also weigh in the carriers' accounts. **Margins will therefore decrease and jeopardise many transport companies.**

Green planning

In Emmanuel Macron's speech, delivered at the end of the Ecological Planning Council on 25 September, **the vision of "French-style" ecology was outlined.** It is the result of the work of a team of about fifteen people, led by the Secretary General for Ecological Planning (SGPE) Antoine Pellion in Matignon.

About fifty levers have been identified, which should allow France to reduce its greenhouse gas emissions by 55% (in 2030 compared to 1990). The switch to electric vehicles, renovation of poorly insulated buildings, change of heating modes, etc.: in all sectors, objectives have been set, and measures put in front of them to achieve them.

The State has announced 7 billion euros in additional budget appropriations over 2024, bringing the envelope for "green" spending to 40 billion next year. **The expected efforts to be made seem high in the transport sector** (passengers and freight). Five areas have been identified to reduce the environmental impact of logistics flows:

- Adopting energy sobriety (lowering the speed and fuel consumption for shipping, controlling demand in terms of logistics, favouring local short circuits);
- Increasing the share of railways from 10 to 18% and inland waterways from 2 to 3%;
- Electrifying HGVs and commercial vehicles;
- Use of sustainable fuels and strengthening technological progress.

For the moment, however, **the State has not given details about the levers it intends to use to achieve these objectives.** However, some already seem difficult to reach.

While waiting for the deployment of this global strategy, **the constraints are multiplying** for transport and logistics professionals. **The latest example is the greening of parking lots.** Article 101 of the Climate Law of 22 August 2021 provides for new obligations. First, a shading device must be placed over at least half of the parking lot (canopies with either solar panels or vegetated roofs). Secondly, rain water management devices must be provided for at least half of the park's ground area.

The trade associations want the implementing decree, which is currently being drafted, to provide for dispensation for truck parks. "Equipping parking lots with canopies significantly increases the difficulty of manoeuvring for heavy goods vehicles that require a large surface area. In this context, the risk of damage to the pillars of the canopies is significant," points out the Union TLF in a consultation document sent to its members. In addition, truck parks are generally equipped with collection devices separating rainwater from hydrocarbons whereas "the imposition of surface coatings, hydraulic infrastructure or vegetated structures condemns this possibility of water treatment", recalls the union of freight forwarders.

In conclusion, the Union TLF purely and simply recommends excluding truck parking lots from the system due to technical and safety constraints. Undoubtedly, reading the ambitions displayed in the green planning program, **other standoffs are to be expected between the government and the transport associations.**

KEY INDICATORS

INDICATORS	September 2023	August 2023	Evolution M / M-1	September 2022	Evolution over 12 months
Business climate (base 100)	100.3	99.9	+ 0.4 %	102.6	- 2.2 %
CNR Commercial Diesel Index	224.45	215.12	+ 4.3 %	242.71	- 7.5 %
CNR's Long Haul semi trailer truck index	165.29	162.83	+ .5 %	163.90	+ 0.8 %

Sources: Insee, CNR

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