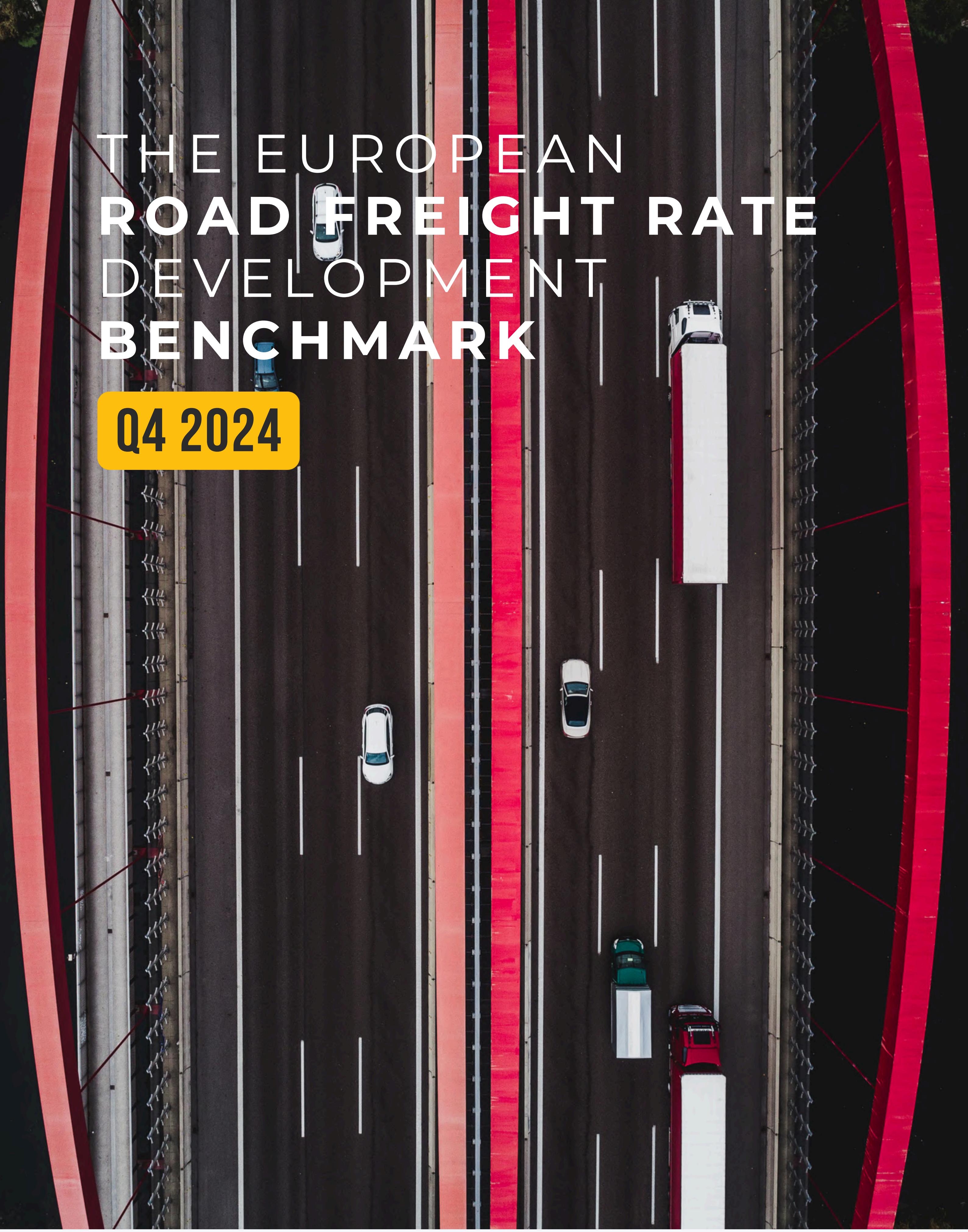
# THE EUROPEAN **ROAD FREIGHT RATE** DEVELOPMENT **BENCHMARK**

Q4 2024



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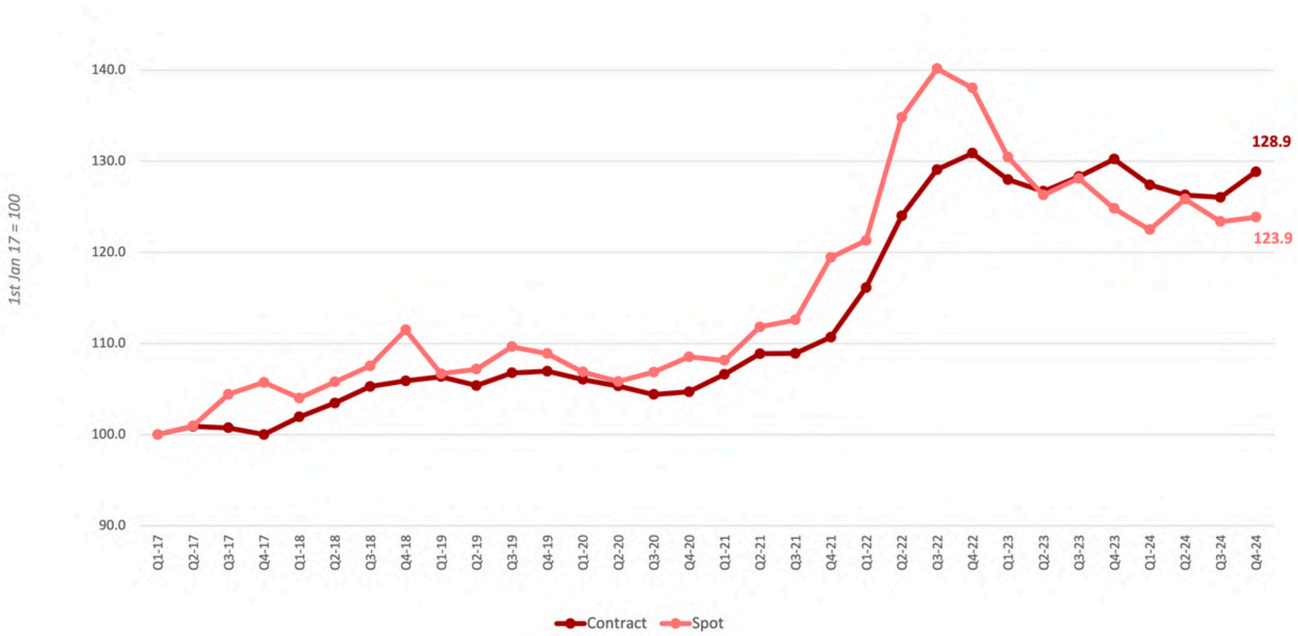
# European Road Freight Market Benchmark

Ti x Upply x IRU European road freight benchmark
European road freight rates index, Q4-2024




*Source: Upply*

## Rate development

The European Benchmark trend has reversed since last quarter, when both contract and spot rates fell. In Q4 2024, both indices increased, although the rise in spot rates was more marginal than that of the contract market.

The contract rates index remained above spot rates, increasing by 2.8 points quarter on quarter (q-o-q) in the last quarter of 2024 to 128.9 index points. Contract rates are now down 1.4 index points year on year (y-o-y).

Spot rates have remained relatively stable, increasing only marginally by 0.5 points q-o-q to 123.9. Spot rates are now down 1.0 point y-o-y.

The gap between spot and contract rates is diverging, with contract rates rising faster than spot rates. The spot index first fell below contract rates in Q2 2023 and has remained below the contract index for seven consecutive quarters. Currently, the gap stands at 5.0 index points, slightly smaller than a year ago when the gap was 5.4 index points.

## Market Story

- ***Demand-side influences on rates***

As contracts rise and spot rates marginally increase, European road freight is gradually recovering after a significant decline. The EU remains in a state of stagnation: in Q3 2024, seasonally adjusted GDP increased by 0.3% in the EU, compared with the previous quarter, according to Eurostat.

Interest rates have eased, with the European Central Bank lowering them three times since May 2024. Further cuts of 125 basis points are expected by the end of 2025, according to the European Commission Autumn Forecast. Despite these improvements, high interest rates and lingering inflation led households to save more and spend less. The savings rate rose to 14.8% by mid-2024, three percentage points above the pre-pandemic average. Consumption remains restrained but is set to gradually recover as inflation slows and real incomes improve. Consumer demand for goods was subdued in 2023 as spending shifted towards services in contrast to previous years, according to Eurostat, as the top expenditure increase for households was the restaurants and accommodation services category, increasing 4.6% in 2023 versus 2022.

As demand shifted from goods to services, decreased demand for goods has led to transport volumes falling y-o-y, as retail trade, excluding motor vehicles, fell 0.8%. Quarter-on-quarter demand recovered from a sluggish Q3 2024, as unadjusted retail trade volumes increased 3.8% in the buildup to the holiday season. European port throughput reflected some recovery, with Antwerp seeing a 9% y-o-y increase in Q3 2024 and Rotterdam growing by 3%. Most businesses report inventory levels as low or as desired. Restocking efforts in combination with higher port volumes have had an upwards pressure on rates.

Despite improving consumer demand, Europe's manufacturing sector continues to struggle with high energy prices and weak international competitiveness. Production volumes fell 0.3% q-o-q and 0.8% y-o-y. Electricity and fossil fuels account for 7% to 9% of the industry production costs directly, according to the European commission. The difficulties in production are likely to lower contract demand for road freight as European industries struggle to keep up their long-term production levels.

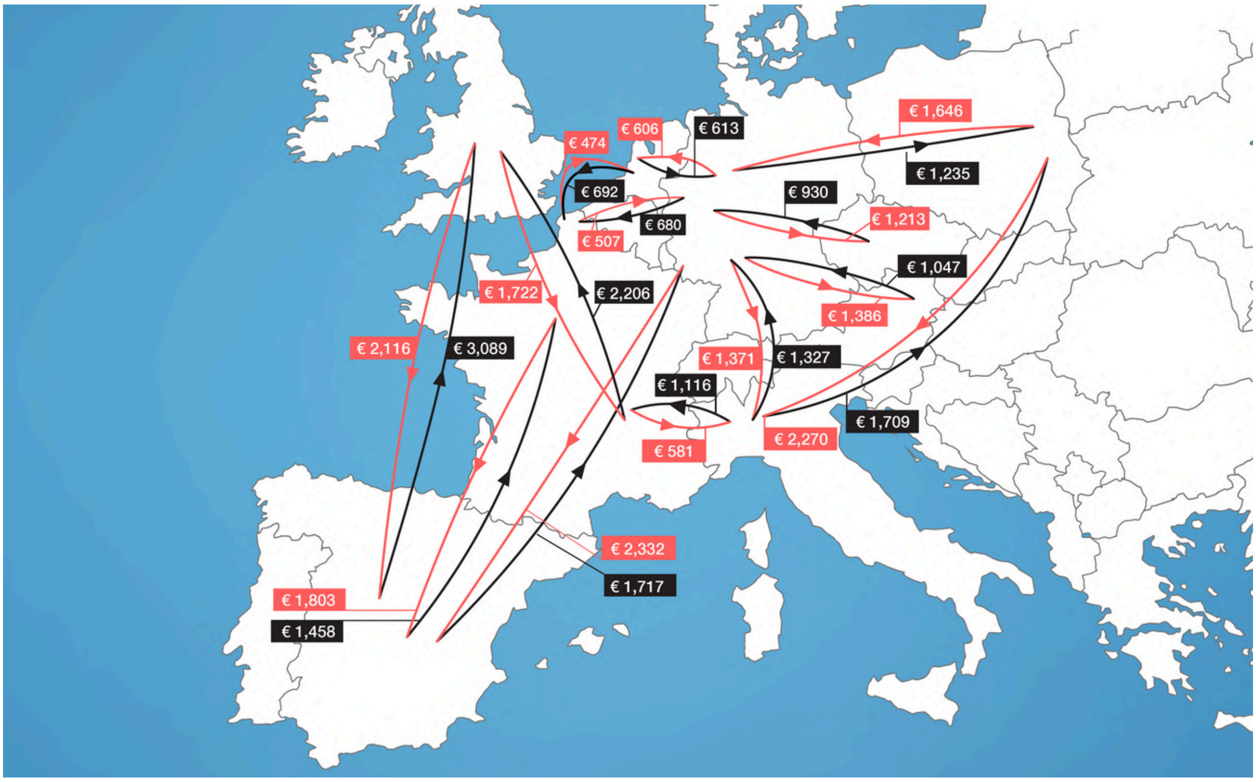
New capacity entering the market has been constrained, as highlighted by ACEA's Q3 2024 data on heavy-goods vehicle (HGV) registrations. New HGV registrations dropped by 29% in the EU. Diesel trucks accounted for 95.3% of registrations in the first nine months of 2024, despite a 7.3% y-o-y decline. Electrically chargeable truck registrations fell by 6.6%, maintaining a 2.2% market share

- ***Supply-side influences on rates***

In Q4 2024, costs rose across all components except diesel, which fell by 11.7%. Labour costs in the EU27 increased by 5%  y-o-y, with driver wages being the fastest-growing cost component. Persistent driver shortages, 500,000 vacancies (12% of all positions), continue to challenge the industry and are likely to push both contract and spot rates higher, due to available capacity constraints coupled with the rising costs of drivers as they are in short supply.

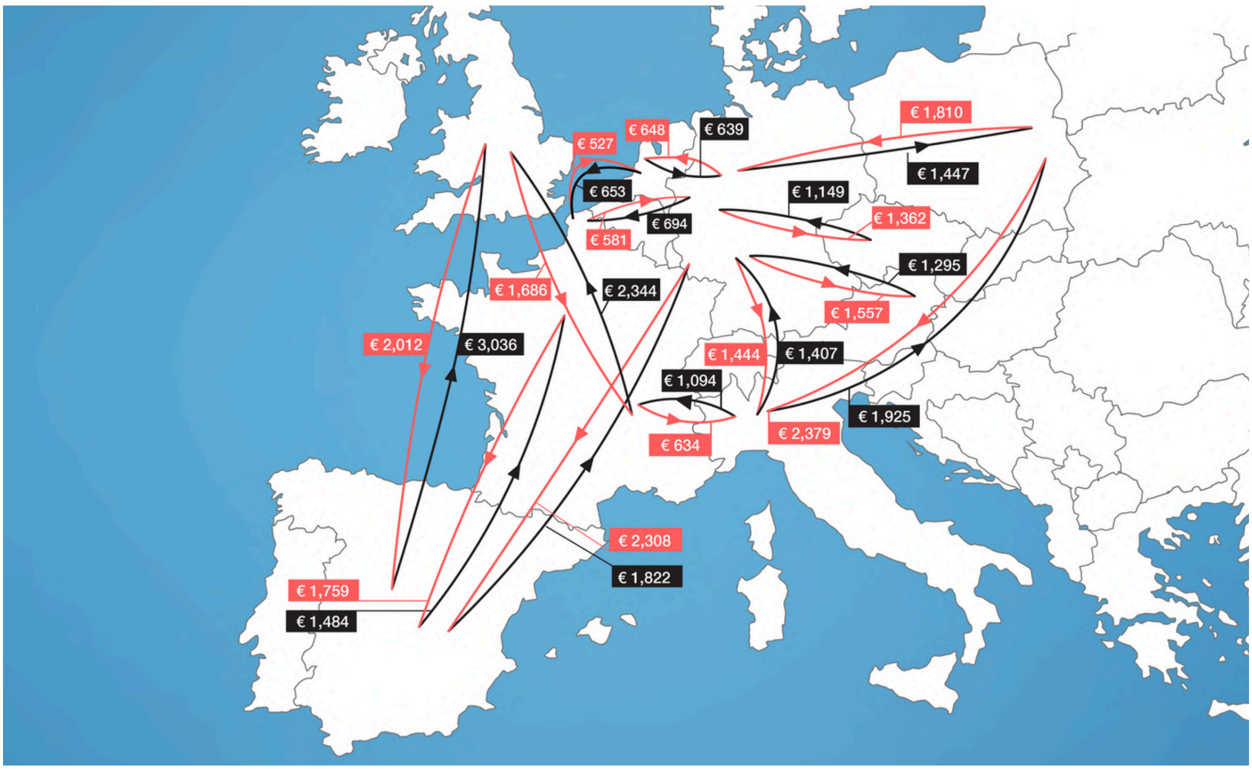
As a result, whilst diesel eased supply pressure on rates, the cost base is now extremely high, and labour costs continue to push it further. This has created an environment of low profit margin which can facilitate a few more cost falls, and small cost increases or supply disruptions are increasing prices even whilst demand remains weak.

## Ti x Upply x IRU European Road Freight Benchmark Map – Q4 2024
## Contract Rates




*Source: Upply*

## Ti x Upply x IRU European Road Freight Benchmark Map – Q4 2024
## Spot Rates



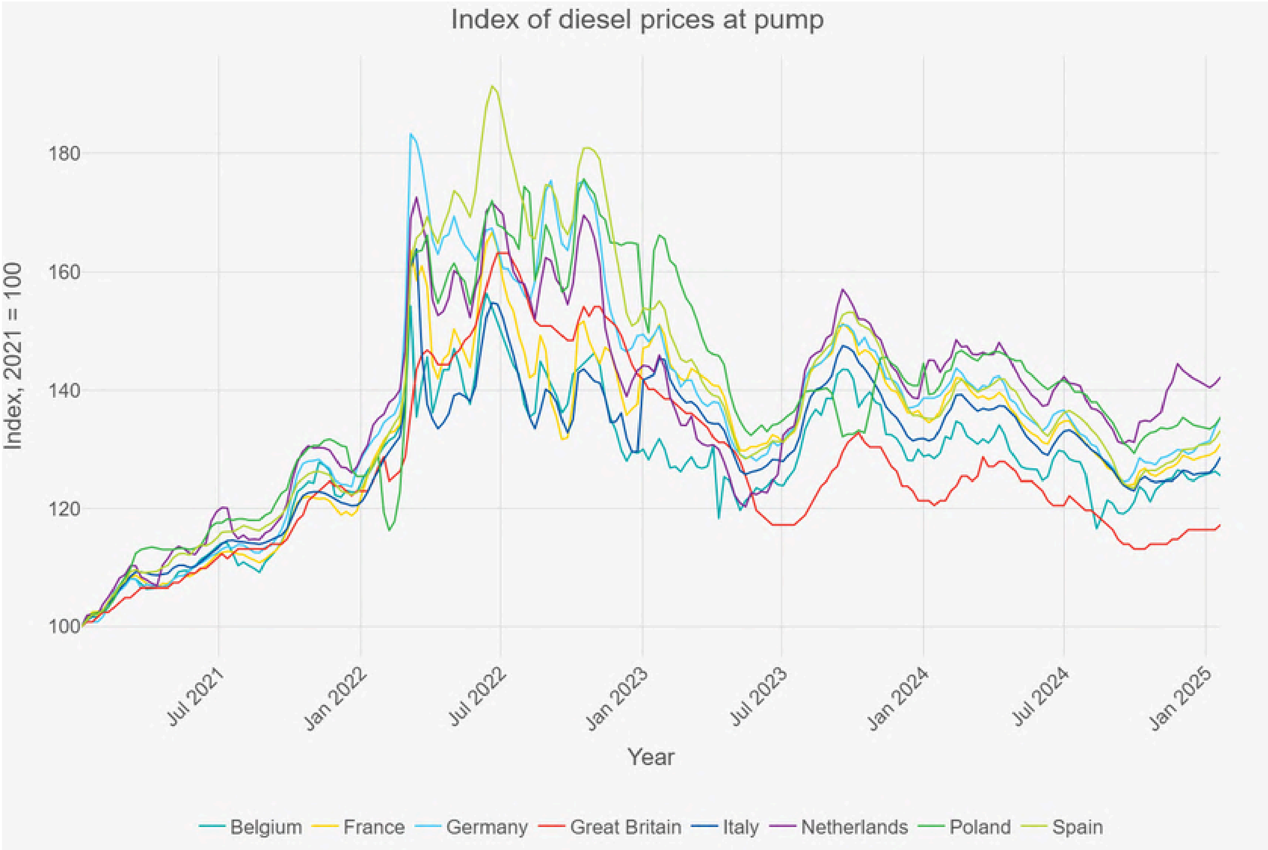

*Source: Upply*

# Operator costs

## Fuel prices

- ***Diesel***

**Index of diesel prices at pump [1]**
**EU weighted average diesel price: €1.57/L (30/12/2024)**




Source: xavvy, index of average weekly [1] diesel price at the pump (including taxes) by country (in local currency)
Index, 2021 = 100

After falling to its lowest value since January 2023 at the end of September (reaching €1.50/L), the EU weighted average diesel price reached €1.57/L on 30 December (+4.6% versus September). However, it was still well below peaks seen in 2023 (1.79/L at the end of September 2023).

[1] Access diesel and alternative fuel prices at pump in more than 65 countries with up to 10 years historical data at IRU Intelligence - fuel prices service.

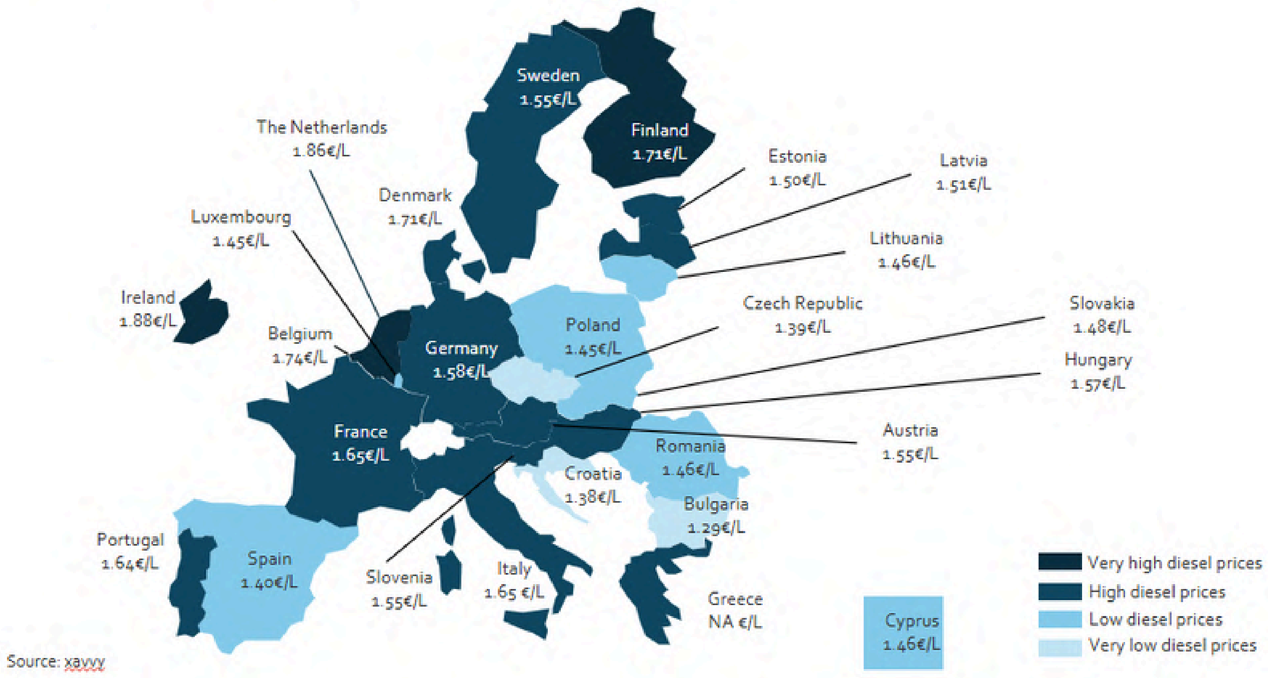
Diesel prices increased early October pushed up by crude oil prices, as the escalation of the conflict in the Middle East raised the possibility of oil supply disruptions. The Brent crude oil spot monthly average price increased by $2/barrel (b) in October versus the previous month, and the EU average diesel price reached €1.53/L. Both crude oil and EU diesel price slightly fell in the second half of October, after the military response to missile attacks of 1 October did not target oil infrastructure. Additionally, signs of weakening oil demand growth (especially in China) also weighed on prices.

From November and until the end of the year, crude oil prices have slightly decreased, with the Brent crude oil spot price averaging $74 per barrel (b) in December, unchanged from November and $1 less than its October average. This has been despite the announcement of OPEC+ members on 5 December on their agreement to extend voluntary cuts [2] (which were set to be gradually phased out from January 2025 on a monthly basis) until April 2025. However, the EU diesel price has followed a reversed trend, slightly increasing over the same period, due to a stronger US dollar (+7.2% USD-EUR exchange rate between end of September and end of December, reaching levels not seen since end 2022) making oil prices for non-dollar countries more expensive.

In early January, crude oil prices and EU diesel prices increased sharply, reaching a weekly average of $78/b and 1.60/L, respectively, by the second week of January. However, they started to decline mid-January after the announcement of a 42-day cease-fire agreement between Israel and Hamas, easing supply concerns in the Middle East.

[2] 2.2 million b/d voluntary cuts (announced in November 2023 by 8 members of OPEC+), that were set to expire at the end of June 2024 but have been continuously delayed. Initially, the group planned to gradually phase them out from on a monthly basis from October 2024 until the end of September 2025 (even if the phase out remained subject to market conditions), but the beginning of the phase out was postponed to January and has been postponed again to April 2025.

## Diesel prices at pump (monthly average, December 2024)




- ***CNG and LNG prices [3]***

Diesel powertrains currently account for 99% of trucks in the EU. However, the transition to net-zero emissions has sparked interest in alternative powertrains such as compressed natural gas (CNG), liquefied natural gas (LNG), and battery- electric vehicles (BEV). Without forgetting that current diesel powertrains can leverage HVO to reduce their emissions by over 80+%. In Q3 2024, 63,000 trucks using alternative powertrains were registered in the EU, with CNG trucks being the largest in number (56%), followed by BEV (25%) and LNG (18%). For the first time, BEVs became the leading alternative powertrain sold at truck dealerships, surpassing CNG with new registration shares of 2.1% and 1.9%, respectively [4].

[3] Access diesel and alternative fuel prices at pump in more than 65 countries with up to 10 years historical data at IRU Intelligence - fuel prices service.
[4] https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/european-union-eu27/vehicles-and-fleet

Local natural gas production in the EU has been declining over the last decade, highlighting the bloc's reliance on imports. The geopolitical landscape, particularly the war in Ukraine, has impacted natural gas imports and affected CNG and LNG pricing, which soared in 2022. LNG experienced sharper spikes, especially in Germany and Italy. Although prices for both fuels have since decreased, they remain higher than pre-2022 levels. LNG has shown more stability in recent years. But it still costs more than CNG in most markets. CNG and LNG prices are currently facing an upward trend, which will also be influenced by future taxation linked to the EU emissions trading system (ETS2).

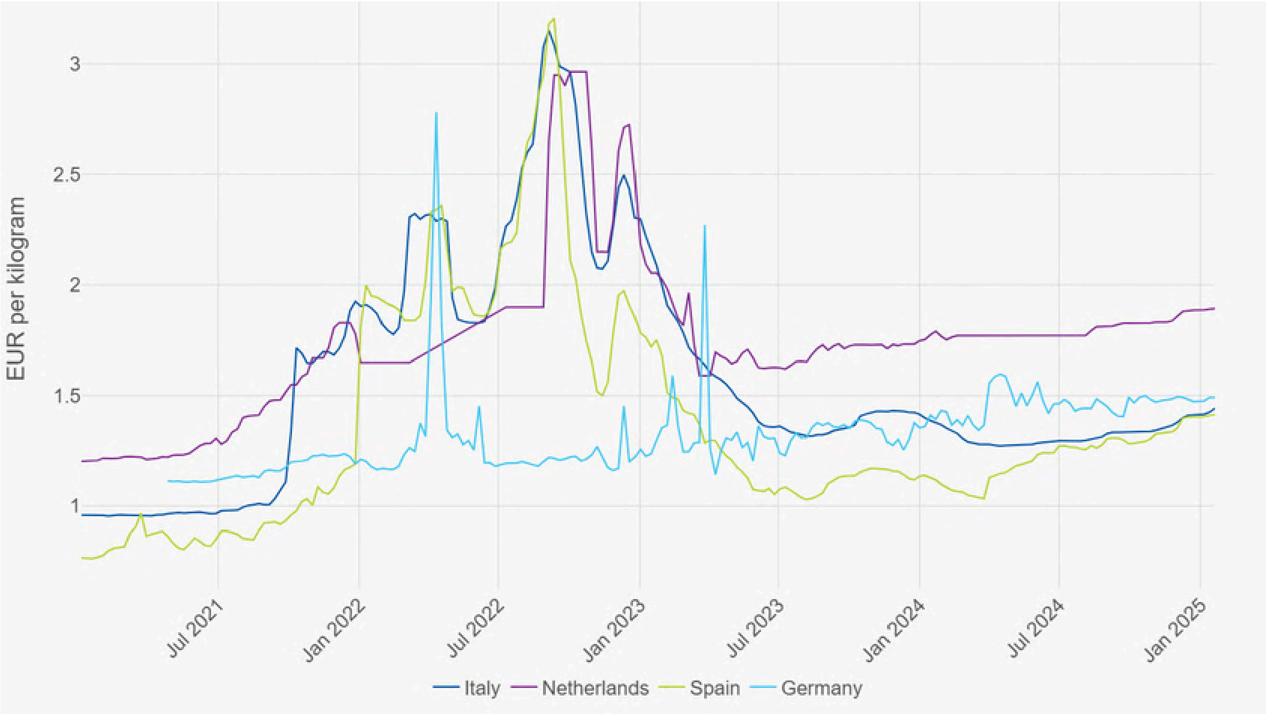
Over the past months, natural gas prices have increased due to a confluence of factors:

- Particularly cold weather has caused a sharp increase in heating demand, causing EU gas inventories to be depleted at the fastest pace since 2021. At the same time, declining wind energy generation has forced utilities to replace reduced renewable energy with gas-fired plants. This has driven the EU's gas storage levels below the 90% target capacity.

- Gazprom unexpectedly stopped supplies to Austria in November, sparking concerns about broader disruptions. In addition, the pipeline transit agreement between Russia and Ukraine, which supplies 5% of EU gas imports expired at the end of 2024. This will especially impact countries in Eastern and Central Europe (especially Hungary and Slovakia). The European Commission has laid out several solutions to help affected countries, including filling needs through supplies of Greek, Turkish and Romanian gas via the Trans-Balkan route.

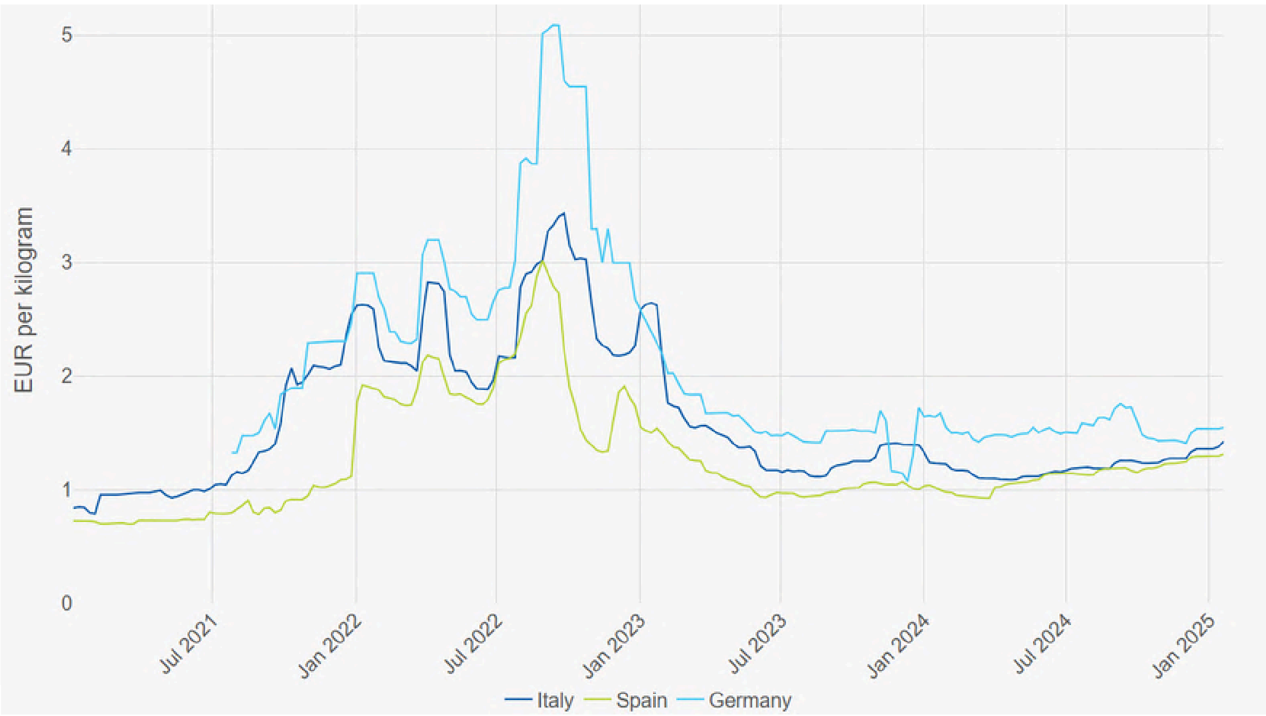
According to the industry organisation Gas Infrastructure Europe, the volume of gas in the EU's storage facilities decreased by about 24% from the end of September to the end of December. At the end of December, gas storage was at 72% of total capacity, versus 86% in December 2023.

## CNG prices at pump




Source: xavvy, average weekly CNG price at pump (including taxes)

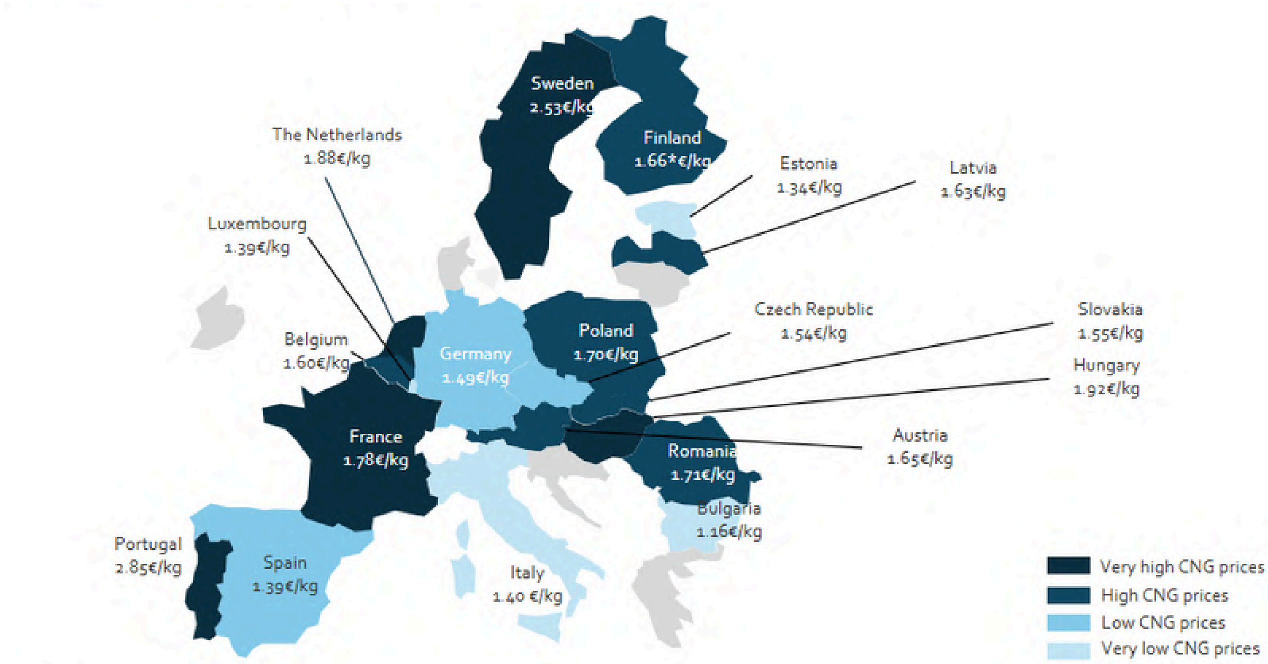
## LNG prices at pump




Source: Xavvy, average weekly LNG price at pump (including taxes)

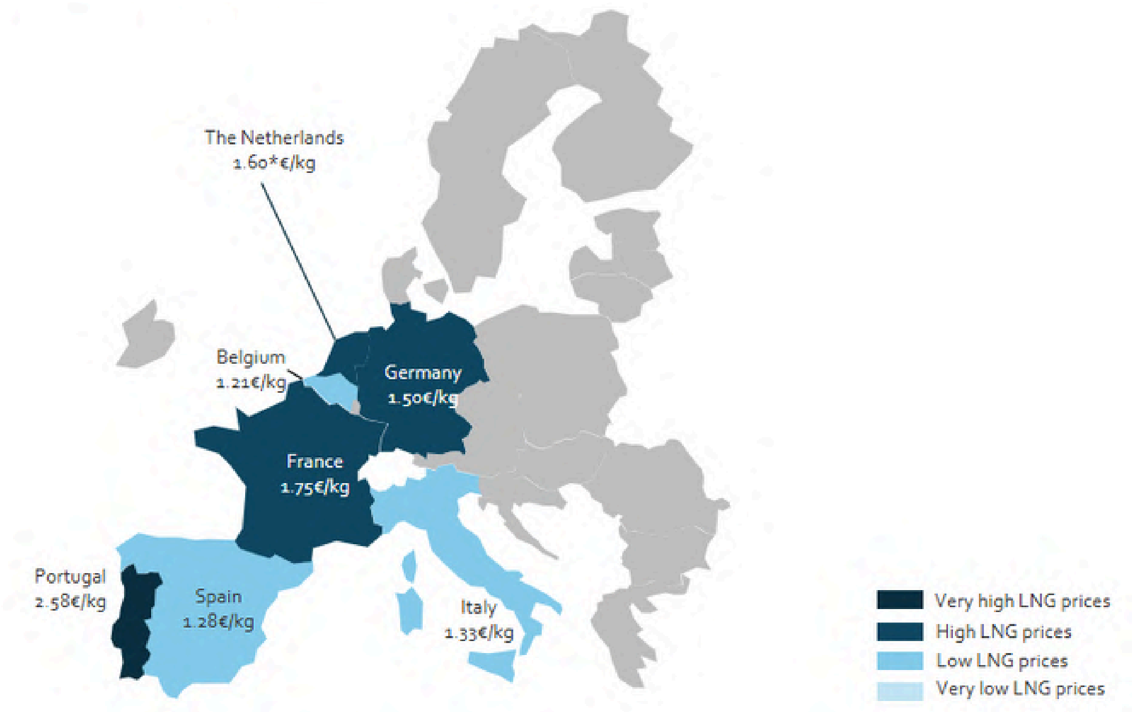
CNG and LNG prices, influenced by raw material costs, distribution and taxes, show significant national disparities. In 2023, Spain had the lowest CNG price, followed closely by Italy (which explains the popularity of CNG trucks in both countries), while Sweden had the highest due to higher taxes.

## CNG prices at pump (monthly average, December 2024)




Source: Xavvy, including taxes. Please note that for Finland, prices are for November 2024

## LNG prices at pump (monthly average, December 2024)




Source: Xavvy, including taxes. For Netherlands, showing monthly average November 2024

- ***HVO prices [5]***

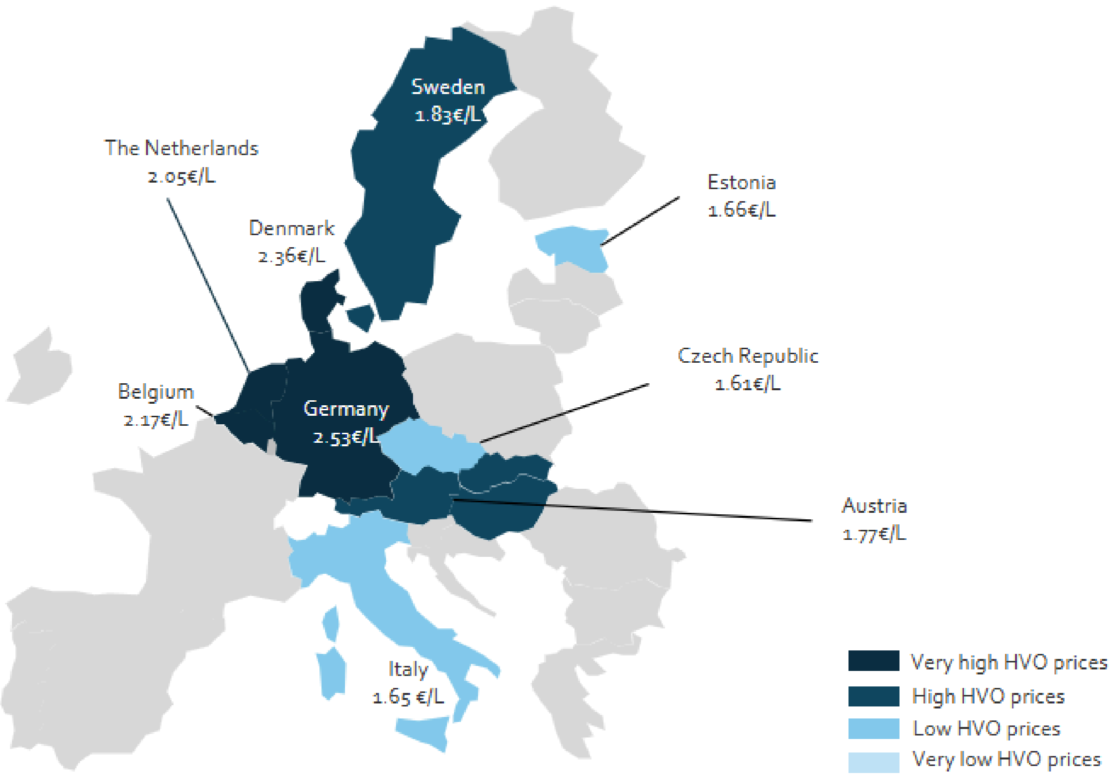
HVO, also referred to as renewable diesel, is a biofuel made from waste products such as cooking oil, animal fat, tallow, fish oils and technical corn oil. It is considered an alternative fuel because, on a well-to-wheel accounting basis, it emits about 0.52 kg of CO2 per litre, on average, in the EU, which is 85% less than diesel.

The advantages of HVO, compared with diesel, include less tailpipe pollutants (better trade-off between particulate matters and nitrogen oxides) and compatibility with a modern diesel engine. However, its disadvantages include a higher price and more limited availability. Not all EU countries allow the distribution of HVO at public refuelling stations (Cyprus, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Portugal and Slovenia do not have public HVO refuelling stations.) There are also disparities in the density of HVO refuelling stations within the EU. The Netherlands has the greatest density, while France and Romania have the lowest density of HVO refuelling stations, with five and two public stations distributing HVO, respectively. However, the situation is evolving rapidly, as the number of stations in Europe tripled between March and July 2024.

The next map shows the monthly price for HVO at the pump in December 2024. In general, HVO is between €0.10/L to €0.60/L more expensive than diesel, except in Italy where HVO and diesel had the same price per litre due to government subsidies.

[5] Access diesel and alternative fuel prices at pump in more than 65 countries with up to 10 years historical data at IRU Intelligence - fuel prices service.

## HVO prices at pump (monthly average, December 2024)




Source: xavvy, including taxes and subsidies

## Other developments impacting costs

As part of Mobility Package 1, transport operators have the obligation to retrofit all vehicles registered in the EU and intended for cross-border operations with the Smart Tachograph Version 2 (G2V2). Depending on the current type of tachograph installed in the vehicle, there are two applicable deadlines:

- Deadline 1 – replace the analogue and digital tachograph (G1) by 31 December 2024

- Deadline 2 – replace the first generation of the smart tachograph (G2V1) by 19 August 2025

Following IRU's call, based on clear evidence that a significant number of transport operators would not be prepared to continue cross-border operations as of 1 January due to delays in the retrofit with the G2V2, the enforcement of the deadline for retrofitting cross-border vehicles with analogue or first-generation digital tachographs (G1) has been postponed from 1 January to 28 February 2025. This decision follows a consensus reached by Member States in EU the Road Transport Committee, providing operators extra time to meet the G2V2 requirements [6].

During this grace period, transport operators who that have not yet retrofitted their vehicles will not face sanctions. Instead, efforts will be made to further raise their awareness of the retrofitting requirement. This measure aims to help operators and manufacturers address the retrofit backlog and minimise disruption to cross-border transport and EU supply chains.

The European Commission has invited Member States to share their national implementation plans and methods for informing operators [7].

[6] Meeting minutes are available on the European Commission's website
[7] Updates on national implementation plans and methods are periodically updated in IRU's Flash Info Service. It is an online service providing selected relevant real-time country information notably on road traffic, strikes, blockades and roadworks affecting commercial road transport.

# Outlook

## Demand side and rates

Europe is increasingly adopting nearshoring strategies to minimise risks and reduce costs, which is shifting manufacturing and shipping demand gradually to Poland, Romania, and  Türkiye, this trend is likely to continue in the medium to long term. In terms of consumer demand, Inflation remains a factor but rising wages and improving purchasing power are helping to slowly revitalise demand.

EU regulations aiming at guiding the industry towards reaching sustainability targets, such as the ongoing implementation of the Eurovignette Directive (with Denmark being the latest country to introduce mileage charging in January 2025), as well as the implementation of ETS II for road transport from January 2027, will increase costs and exert upwards pressure on rates.

In conclusion, it is expected that the demand landscape throughout the continent is shifting in line with nearshoring requirements, which can have an upwards pressure on rates. Demand for new capacity has cooled after a period of disruption so it is not expected to put pressure on rates in the short to medium term. However, CO2 regulations will drive a further increase in zero-emission vehicles in the long term.

## Supply side

- ***Fuel costs***

According to the United States Energy Information Agency (EIA) forecasts, crude oil prices will rise modestly in the coming months due to the extension of OPEC+ production cuts, leading to global oil inventory withdrawals of 0.5 million b/d on average in Q1 2025. As a result, they expect Brent crude oil prices to increase to an average of $76/b in Q1 2025, up from their $74/b December average.

However, following this initial upward pressure in early 2025, markets are expected to return to inventory builds and thus decreasing oil prices from mid-2025, as growth in global oil production outpaces growth in oil demand. OPEC+ countries are expected to increase production by Q2 2025, and production growth from non-OPEC + will also continue (even if at a slower pace than in previous years), offsetting a weak growth in global oil demand. EIA expects Brent crude oil prices to average $72/b in December 2025 and $74/b in 2025.

Significant uncertainties remain within this forecast:

- OPEC+ members could continue to delay the phasing out of voluntary cuts (now set to start in April 2025).

- Changes in economic growth and other factors could significantly change the global oil consumption forecast (which now shows growth that remains below its pre-pandemic average)

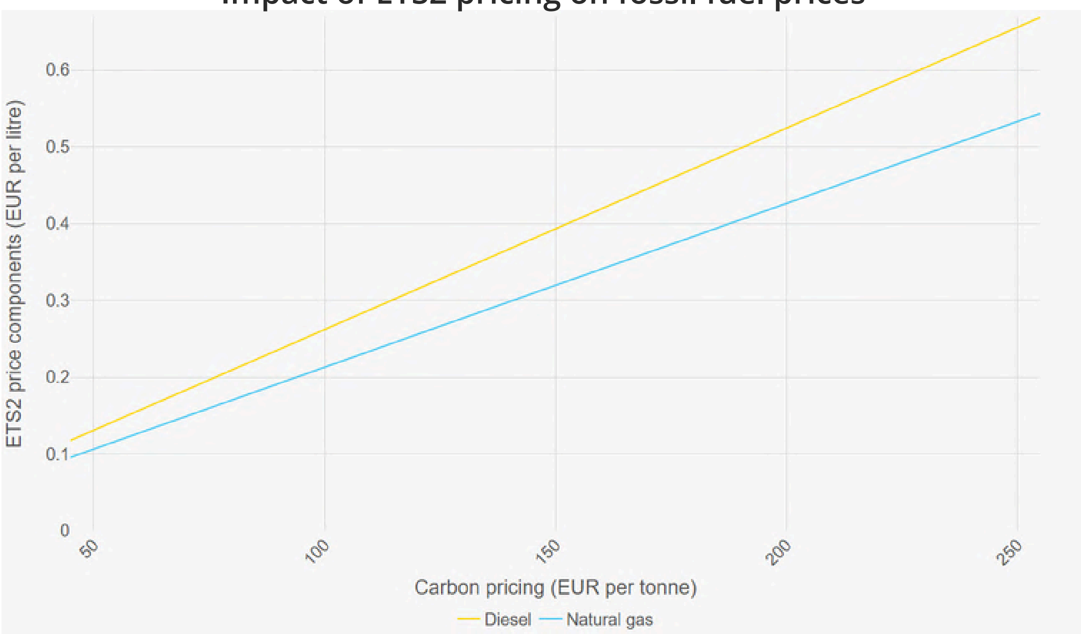
- The Middle -East conflict has injected significant uncertainty and volatility into oil markets and future developments have the potential to influence oil prices. The current 42-day cease- fire is the second since the beginning of the war, longer and more consequential than the first (weeklong pause one a year ago) has the potential to end the fighting, but tensions could escalate again. Nevertheless, should this happen, there have not been any oil supply disruptions so far, and even if there were, there is a significant surplus of crude oil production capacity available which could cover any potential.

- This forecast was completed before the United States issued additional sanctions targeting Russia's oil sector on 10 January, which have the potential to reduce Russia's oil exports to the global market.

The European Commission has recently implemented several regulations and directives to guide industries towards achieving carbon neutrality by 2050: CO2 standards for new vehicles, the Eurovignette Directive for toll taxes (see section on tolling costs for more details), CountEmissionsEU for CO2 reporting, and Euro 7 for pollutant emissions. Most of these regulations will impact vehicles' total cost of ownership, but they will not directly affect fuel prices at the pump. However, with the integration of road transport (private cars and commercial vehicles) into ETS2 by 2027, an increase in fossil fuel prices based on their carbon content is anticipated. In the long run, this also means less demand for diesel powertrains.

Based on the tank-to-wheel approach, burning 1 litre of diesel emits 2.62kg of CO2, while 1kg of natural gas, either LNG or CNG, emits 2.31kg of CO2. Integrating road transport into ETS2 means that the carbon content of fossil fuels used by trucks will have a price set by a carbon exchange market, starting at a minimum of €45 per tonne of CO2, with no maximum value. HVO is not expected to be affected by such taxation and is thus expected to become more competitive pricewise. The graph below shows the link between carbon pricing and fossil fuel taxation for diesel and natural gas, excluding additional value-added taxes that EU countries might apply.

**Impact of ETS2 pricing on fossil fuel prices**




Source: IRU

- ***Tolling costs***

Tolling costs are expected to continue increasing in 2025.

On one hand, the implementation of Directive (EU) 2022/362 amending the Eurovignette Directive is still underway.

- Denmark is the latest country to implement it, passing from a time-based fee to distance-based one, with CO2 class differentiation, joining Germany, Austria, Czechia and Hungary. In Denmark, trucks with a gross combined weight (GCW) greater than 12 tonnes are subject to the new CO2 component first, while trucks of 3.5 tonnes and above as of 1 January 2027. As of 1 January 2025, the toll applies to the main part of the state road network, and parts of the municipal road network (in total approximately 10,900km). It is the intention of the Danish government that the road toll will apply to the entire Danish public road network as of 1 January 2028 (approximately 75,000km). Low-emission zones where trucks will pay a greater CO2 component are being set in Copenhagen, Frederiksberg, Odense, Aarhus and Aalborg. This new toll will be reduced by approximately 19% in 2025–-2027, and by approximately 12% in 2028 due to a recent political agreement.

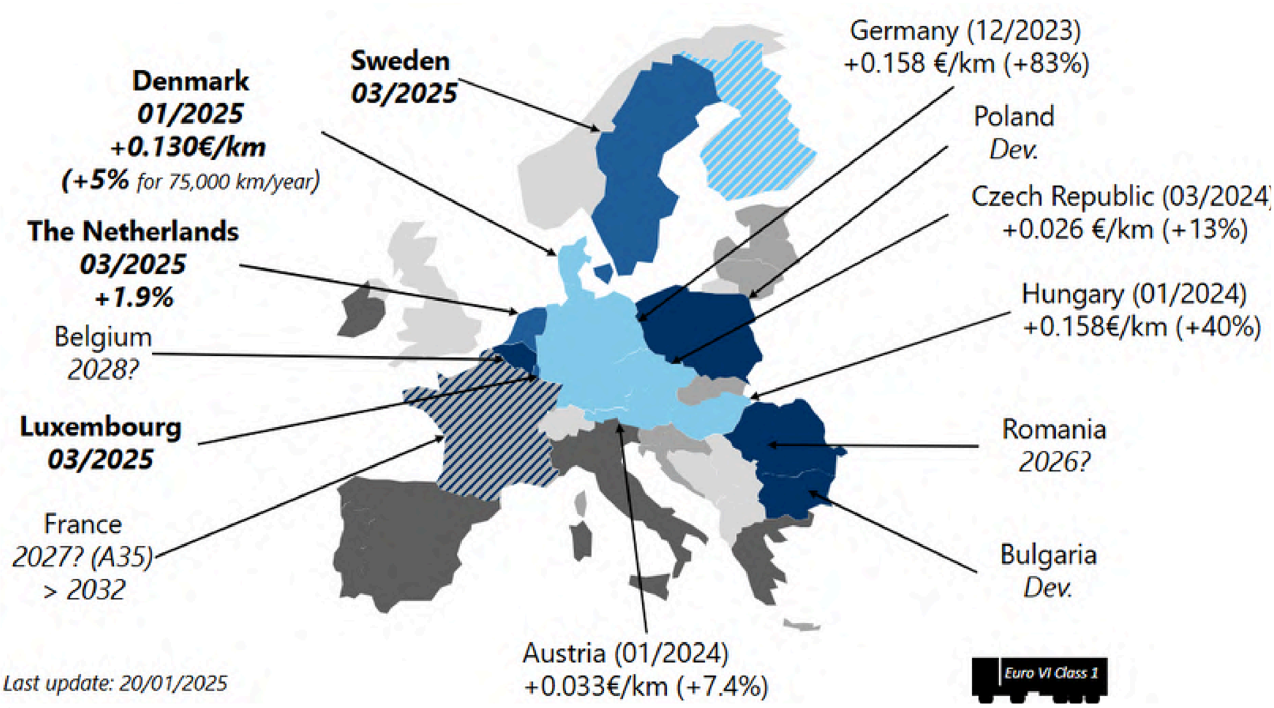
- The Netherlands, Sweden and Luxembourg are expected to communicate the new CO2-based prices differentiation in March this year.

- Poland, Bulgaria, Romania, and Belgium are actively discussing plans for implementation in the near future. Meanwhile, other countries are either awaiting the expiration of their current concession contracts or have received reminders from the Commission to take action and advance the process [8].

[8] In May 2024, 16 Member States (Belgium, Bulgaria, Croatia, Cyprus, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovenia, Slovakia and Spain) received a formal notice from the EU Commission to move on the implementation of the Eurovignette Directive in their countries. Changes might then come soon for these countries.

## What is the updated of CO2 toll implementation across Europe?

*Tolling increases by country for a Euro VI Class 1 truck*



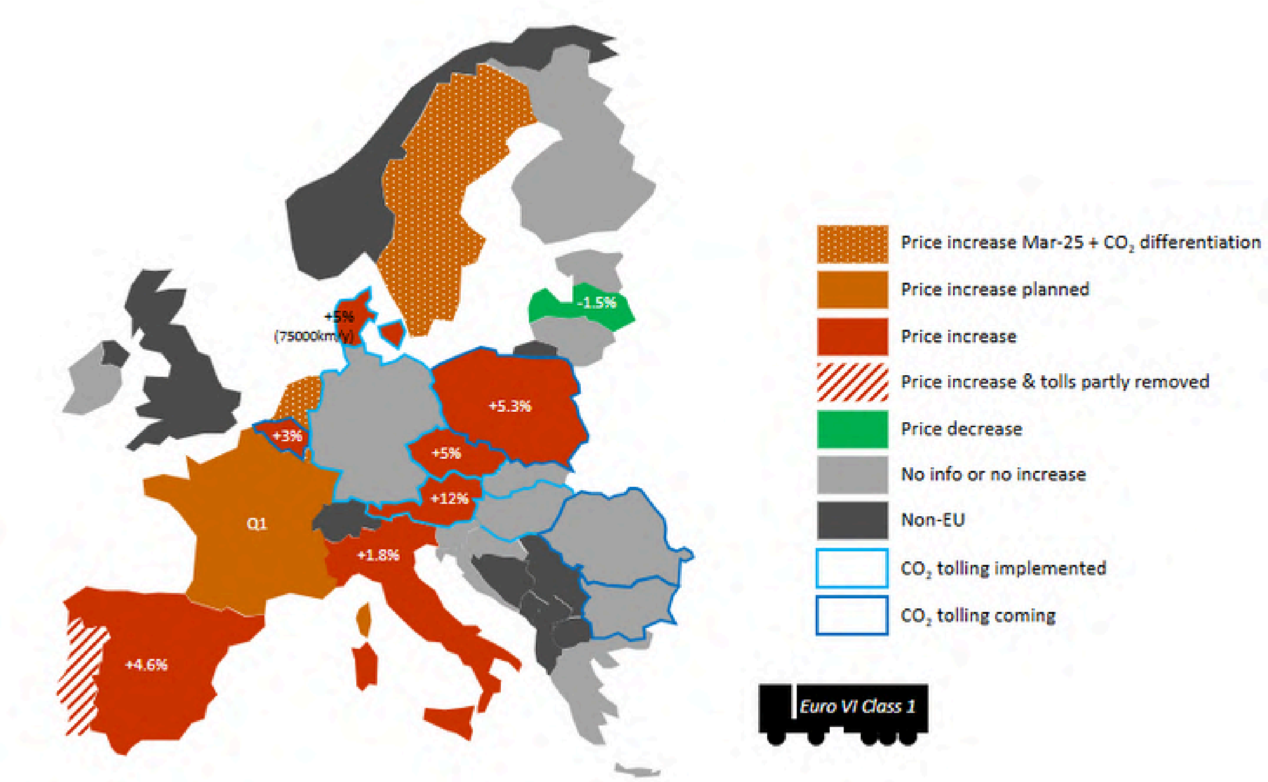

*Source: IRU*

- Does not apply truck tolls
- Implemented
- Implementation plan shared
- Discussions on-going but no concrete implementation plan yet
- Partly implemented
- Existing concessions exempt until renewed or substantially amended
- Discussions on implementation of new tolling obligations not yet started

Additionally, several members have increased their tolls at the start of 2025, while other increases are expected this year. To date, the changes compared to 31/12/2024 are shown below:

Tolling schemes update 2025

*Tolling increases 2025 versus 31/12/2024 for a Euro VI Class 1 truck in 2025*




*Source: IRU*

The percentages shown are for a class 1 Euro VI articulated vehicle, made of two axles road tractor and three axles semi-trailer. Austria has seen the starkest increase (+12%). Among the other changes, Belgium's 3% is for the Wallonia region, with prices now indexed to inflation rate. Latvia is seeing a price decrease for this specific vehicle, which is not true for older trucks. Portugal partly removed tolls on its highways while it increased the price on others. The increase shown for Denmark corresponds to the implementation of the Eurovignette Directive.  A price hike in tolls is expected later in 2025 for France, as well as the Netherlands, Sweden, and Luxembourg. These countries will announce the new CO2-based price differentiation in March.

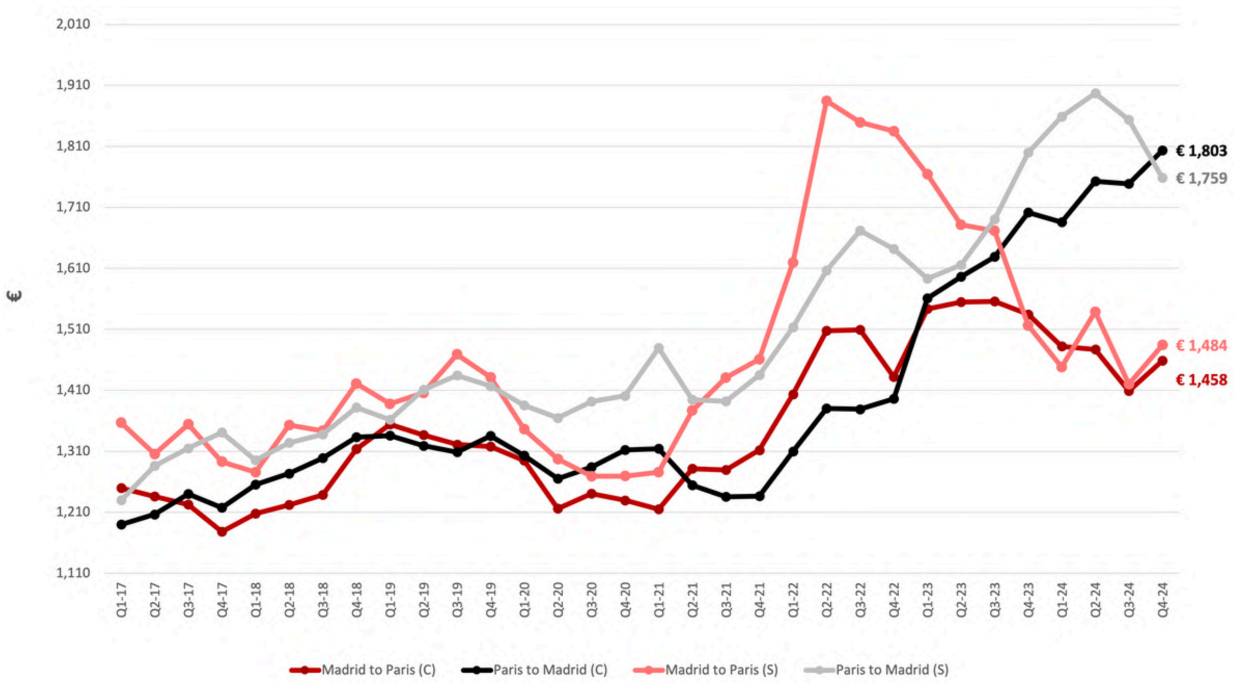
- ***Other developments impacting costs***

The EU regulation on CO2 standards for new vehicles sets its first targets for July 2025, focusing on road tractors and heavy lorries. Truck manufacturers have to lower their sales-based emissions by 15% compared to the 2019–2020 baseline. To date, only one manufacturer is on track to meet its EU targets. This will potentially lead to a price increase for new trucks due to the potential fines manufacturers will have to face [9]. Another possible implication is the lowering of zero-emission vehicles' retail price, but it still needs to be observed.

[9] https://theicct.org/publication/eu-co2-emissions-trucks-manufacturers-2021-reporting-dec24/

## Spain - France

Paris - Madrid Road Freight Rates




*Source: Upply*

### Rates

On the head haul route from Madrid to Paris, contract rates rose by 3.5% q-o-q to €1,458 (€1.15/km), while spot rates increased by 4.5% q-o-q, reaching €1,484 (€1.17/km). Year on year, contract rates declined by 5.0%, and spot rates fell by 2.1%.

On the backhaul route from Paris to Madrid, contract rates increased by 3.1% from the previous quarter to €1,803 (€1.42/km), while spot rates dropped by 5.1%, settling at €1,759 (€1.38/km). Compared to the same period last year, contract rates rose by 6.0%, while spot rates decreased by 2.3%.

Spot rates were 1.8% higher than contract rates on the head haul, and 2.5% lower than contract rates on the backhaul. The gap narrowed from last quarters, when the spot rate was 6.0% above the contract rate.

## Market story

In Q3 2024, European consumers reported cautious optimism. Stabilising household finances and reduced inflation concerns drove this increase in optimism. This is reflected in the French demand environment, as INSEE data showed that household consumption in France slightly increased spending across categories q-o-q. Food consumption increased by 0.8% q-o-q but remained down 0.1% y-o-y. Consumption of engineered products rose by 0.9% q-o-q but remained 0.6% below Q3 2024 levels. In contrast, household durables declined 0.8% q-o-q but remained up 1.3% y-o-y.

Spain's manufacturing landscape outperformed the Euro area consistently in H2 2024, as Spain's manufacturing PMI rose to 53.3 in December, marking 11 consecutive months above the 50.0 growth threshold. Strong export demand from Europe and North Africa boosted production and new orders. The Bank of Spain raised its 2024 growth forecast to 3.1%, indicating a positive demand environment. This has increased the volume expectations for longer-term contracts and provided significant upwards pressure on the contract market in both directions. The rate of growth of Spanish demand has slowed considerably, retail volume growth between July and November 2024 averaged -1.4% y-o-y, this is in contrast to +4.3% in the preceding five months. With the additional effect of reduced economic activity due to flooding this has significantly reduce the demand side pressure on rates and facilitated a large 5.1% drop in backhaul spot rates pushing them below contract rates for the first time on this route.

On the other hand, Spanish vehicle production and exports saw significant declines, impacting road freight demand. According to the Spanish Association of Automobile and Truck Manufacturers, vehicle production in November dropped by 18.1% y-o-y, and exports fell by 4.4% in 2024 due to weak European market demand.

Despite the cautiously positive indicators for market conditions on this route, some challenges remain as it is a difficult demand and manufacturing environment across the continent. The ripple effect can be felt across routes, this is evident in the y-o-y declines of spot and contract on the head haul, and the y-o-y spot decline on the backhaul.

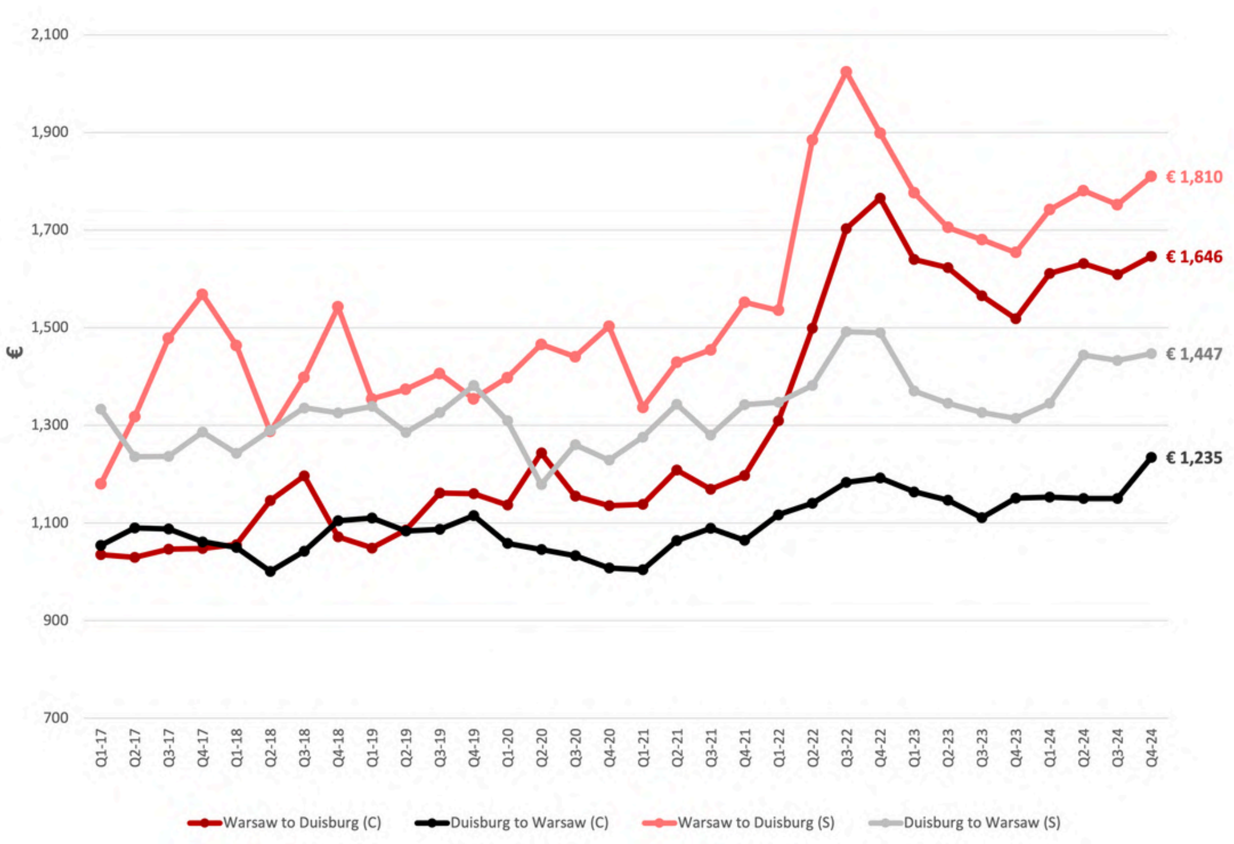
On the backhaul, the significant y-o-y rise in contract rates can be attributed to the elevated cost base versus the last year of operating a French truck. Operating costs for French trucks have risen across all components, except for diesel costs, which fell by 1.0% q-o-q and 11.2% y-o-y. Driver costs remain the largest cost increase, while maintenance, tolls, and insurance costs have also seen moderate quarterly growth.

### Outlook

According to the CaixaBank, the broader economic outlook for Spain is relatively optimistic. Household purchasing power is recovering steadily, therefore demand is unlikely to lag on this route, buoying rates up. Looking ahead, spot rate rises are likely to remain marginal, despite the rise in costs, as demand remains muted and cannot facilitate a significant spot rate rise in the short term. In the medium to long term, contract rates will continue to rise as manufacturing recovers in the head haul, and the extent of the rise will depend on a variety of factors that will likely depend on manufacturing demand rather than costs going forward. Meanwhile, French Economic activity remains subdued and is unlikely to add or reduce any significant pressure on rates. However, a high costs base and eroded profit margins are increasing the likelihood of some price rises.

## Poland - Germany

Duisburg – Warsaw Road Freight Rates




*Source: Upply*

### Rate

On the head haul route from Warsaw to Duisburg, contract rates rose by 2.3% to €1,646 (€1.52/km), q-o-q. Spot rates saw a similar increase of 3.3%, reaching €1,810 (€1.68/km). Year on year, contract rates increased 8.4%, while spot rates increased by 9.4%.

On the backhaul route from Duisburg to Warsaw, contract rates rose by 7.3% q-o-q to €1,235 (€1.14/km), while spot rates increased by just 1.0%, remaining relatively stable at €1,447 (€1.34/km). Compared to the same period last year, spot rates rose by 10.1%, and contract rates increased by 7.3%.

On the head haul, the gap has widened between spot and contract rates slightly, with spot rates now 9.9% higher than contract rates this quarter, compared to 8.9% in the previous quarter. In contrast, the gap between spot and contract rates narrowed on the backhaul in Q4. Spot rates were 17.2% above contract rates in Q4 2024, down from 24.6% in the previous quarter.

**Market Story**

Rising costs in Germany and Poland, except for diesel, have added upwards pressure on road freight demand and pricing. Germany's steep MAUT (toll) increased the operating costs of carriers in Germany, causing a knock-on increase in rates or deterring some carriers form operating on German routes all together, in turn reducing the available capacity and increasing supply side pressure on rates.

As of December 2023, the toll increased by around €0.158/km, and a CO2 surcharge of €200 per ton of CO2 was added for commercial vehicles. As of July 2024, the next stage of the road toll reform came into force, and the obligation to pay for toll roads in Germany extended to users of vehicles with a maximum total weight of 3.5 to 7.5 Tonnes.

Inflation in Poland remains elevated, averaging 4.8% in Q4 2024, up from 2.8% in Q1 2024, following inflation of 11.8% in 2023. Recent increases are once again causing price pressures across the economy. Polish labor costs for transport employees rose by 16.0% y-o-y in Q4 2024, the second-highest increase in the EU after Romania. As a result, the cost base for polish operation continues to grow and add upward pressure to both spot and contract markets.

Passenger car production in Poland increased 35.6%, according to Statistics Poland, averaging 14,000 units per month, versus last quarter's 10,000 units per month. However, this figure fell 45% y-o-y. new orders struggled, decreasing to 95.10 points in November 2024, down from 97.40 points in October 2024. German demand remained particularly weak, driving the fastest decline in Polish export orders in three months.

Domestic demand recovered slightly. However, the downturn in new orders failed to offset falling production output, limiting rate growth for both the spot and contract rate and the demand is lagging.

On the backhaul, the strongest area of growth in German manufacturing was the manufacture of transport equipment, up 7.5% q-o-q, up 2.0%, however, still 3.0% below pre-pandemic levels. New orders for manufacturing were up quarter on quarter, by 3.0%, however down 0.8% y-o-y.

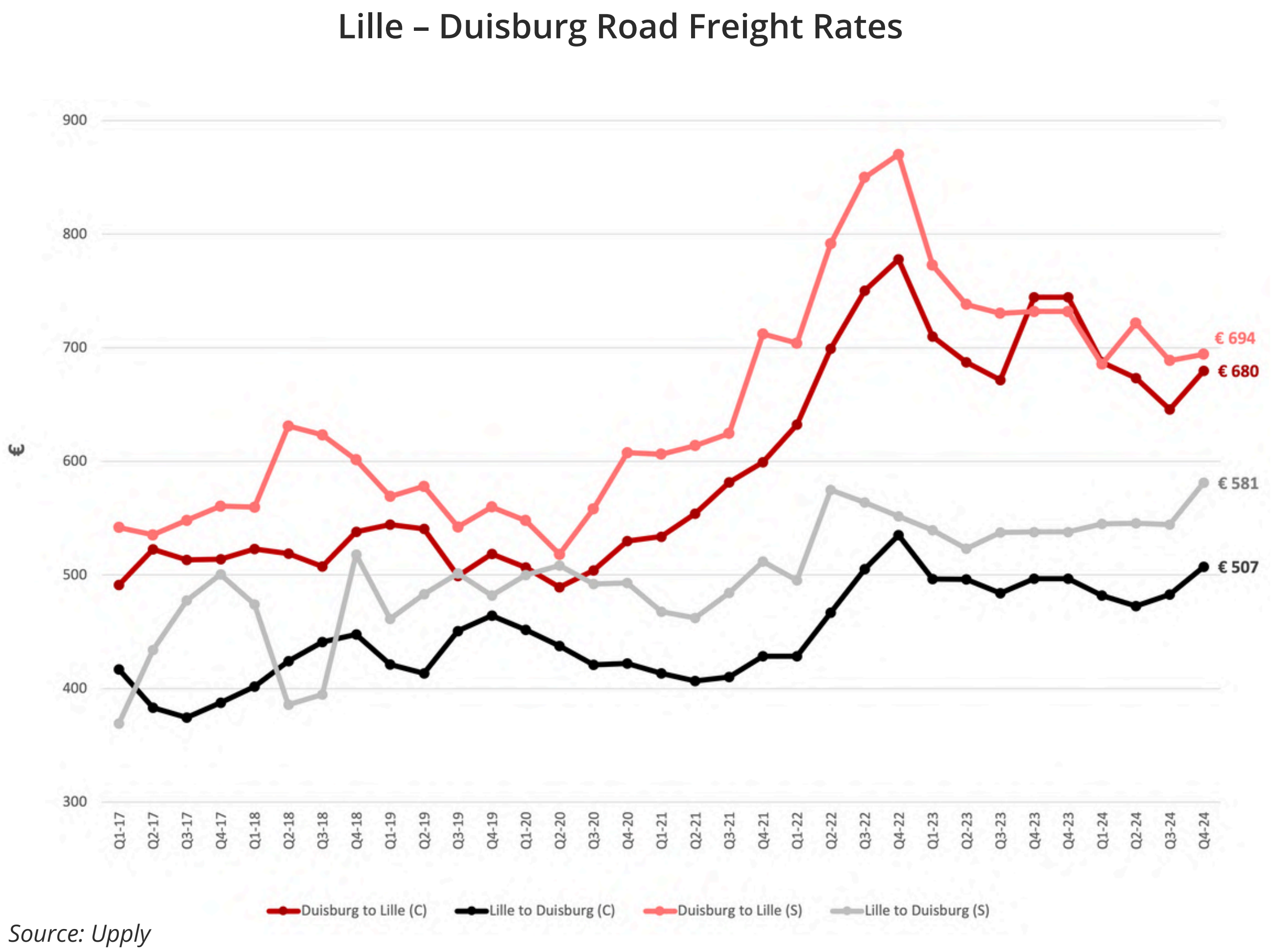
German consumer behavior showed mixed trends towards the end of the year. According to data from Destatis, retail trade excluding motor vehicles and motorcycles grew by 8.0% q-o-q and 1.6% y-o-y. However, the retail sales of food, beverages, and tobacco declined by 0.6% quarterly and 3.0% y-o-y, while clothing sales rose by 6.7% q-o-q but fell by 3.9% compared to the previous year. Despite this, GfK reported a slight recovery in consumer sentiment in December, with both income expectations and willingness to buy increasing, while the willingness to save decreased. The consumer climate is expected to improve modestly at the start of the new year, with the willingness to buy stabilising at a low level and gaining 0.6 points to reach -5.4, an improvement of more than three points compared to the same period last year. As a result, German consumer spending is adding little pressure to the upwards movement of rates on this lane.

According to Eurostat data, consumer spending in Poland showed mixed trends in the fourth quarter. Car sales experienced a strong increase, rising by 11.8% compared to the previous quarter and 12.7% y-o-y. Sales of food, beverages, and tobacco grew modestly, up 0.9% q-o-q and 1.0% y-o-y. Household goods saw significant growth, increasing by 7.4% q-o-q and 15.1% y-o-y. However, retail trade, excluding motor vehicles, declined by 1.9% y-o-y despite a 2.4% quarterly rise. These figures suggest a cautiously improving demand environment.

## Outlook

Overall, rising costs on the Warsaw-Duisburg route are exerting upward pressure on rates as carriers pass these increases on to customers. This is likely to keep rates elevated in 2025 as profit margins now provide very little room for further falls. Germany's sharp MAUT toll increases, along with rising labor costs in Poland, are key contributors to this trend.

## France – Germany




*Source: Upply*

### Rates

On the head haul route from Duisburg to Lille, contract rates rose by 5.3% in Q4 compared to the previous quarter, reaching €680 (€2.25/km). Spot rates remained relatively stable, increasing by just 0.8% to €694 (€2.30/km). Year on year, contract rates fell by 8.7%, while spot rates declined by 5.2%.

On the backhaul route from Lille to Duisburg, contract rates for Q4 2024 increased by 5.0% q-o-q to €507 (€1.68/km). Spot rates rose by 6.8% over the same period, reaching €581 (€1.92/km). Compared to the same quarter in 2023, spot rates increased by 8.0%, while contract rates saw a smaller rise of 2.1%.

On the head haul, the gap between spot and contract rates narrowed this quarter, with spot rates now just 2.1% above contract rates, compared to 6.7% last quarter. On the backhaul, the gap between spot and contract rates widened, with spot rates now 14.6% above contract rates, compared to 12.7% last quarter.

**Market Story**

According to Destatis, new orders in Germany dropped by 5.4% between October and November, driven by a sharp decline in large orders exceeding €50 million. Year on year, orders fell by 1.7%. The demand for German goods declined by over 8% since 2020. Retail sales also contracted by 0.6% in November, indicating weak consumer spending. As new order numbers are low, production output numbers are set to continue declining. Therefore, the industry will continue to demand smaller volumes of road freight in Q1 2025, which keeps pressure from the manufacturing sector low. This is evident in the y-o-y rate decreases observed in the head haul.

On the backhaul, the French manufacturing sector contracted in December, with PMI dropping to 41.9. As a result of a weak demand environment, it is clear that costs are the major driving factors for price increases between Germany and France.

Truck operating costs in Germany saw broad increases. Tyre expenses rose by 2.8% q-o-q and 2.4% y-o-y. Maintenance and repair costs climbed by 1.1% compared to the previous quarter and 5.4% y-o-y. Insurance costs experienced the steepest surge, up 4.0% from the previous quarter and a significant 33.7% y-o-y. In addition, labour costs for transport employees in Germany rose 5.0% in Q3 2024, according to Eurostat.

As previously mentioned, operating costs for French trucks are up q-o-q in all cost components. Except for Diesel costs, which decreased y-o-y by 11.2% and q-o-q by 1,0%. Driver costs remain on an upward trajectory, the CNR Long Haul driver index rising by 5.1% y-o-y in Q4 2024 (+0.1% q-o-q), down from +7.9% in the previous quarter. They remain the biggest increase in cost component. Maintenance costs increased 3.0% y-o-y, tolls and axel taxes increased 2.8% and vehicle insurance and finance costs increased 3.2%, according to CNR. Labour costs for transport employees in France grew 4.0% in Q3 2024, according to Eurostat.

Since 1 January 2025, the implementation of the French Low Emission Mobility Zones (ZFEs), under the Climate and Resilience Act, has entered a new phase. Some cities have tightened traffic restrictions, and the scheme has been extended. Now 42 conurbations are potentially affected, including Lille. For the moment, only HGVs registered before 1 October 2001 are banned in the Lille conurbation. Two conurbations that regularly exceed regulatory air quality thresholds are "effective ZFE territories", Paris and Lyon. Agglomerations that comply with the regulatory air quality thresholds, but with a concentration that regularly exceeds the value recommended by the World Health Organization, are "vigilance territories". The pressure on hauliers to equip themselves with less polluting fleets will therefore increase, which may weigh on capacity and costs. However, urban areas have developed a pragmatic and cautious approach. For example, the Grenoble Alpes metropolitan area is planning to review its timetable for Crit'Air 2 light commercial vehicles and heavy goods vehicles. The ban on these vehicles should be postponed from July 2025 to July 2028.

The balances of opinion associated with the level of order books are improving, as they are up –18.4 in December, from -21.10 points in November and -25.10 points in October of 2024. As output increases in the short to medium term, this will have upwards pressure on rates as the demand environment for the backhaul recovers due to exports and an increase in input ordering.

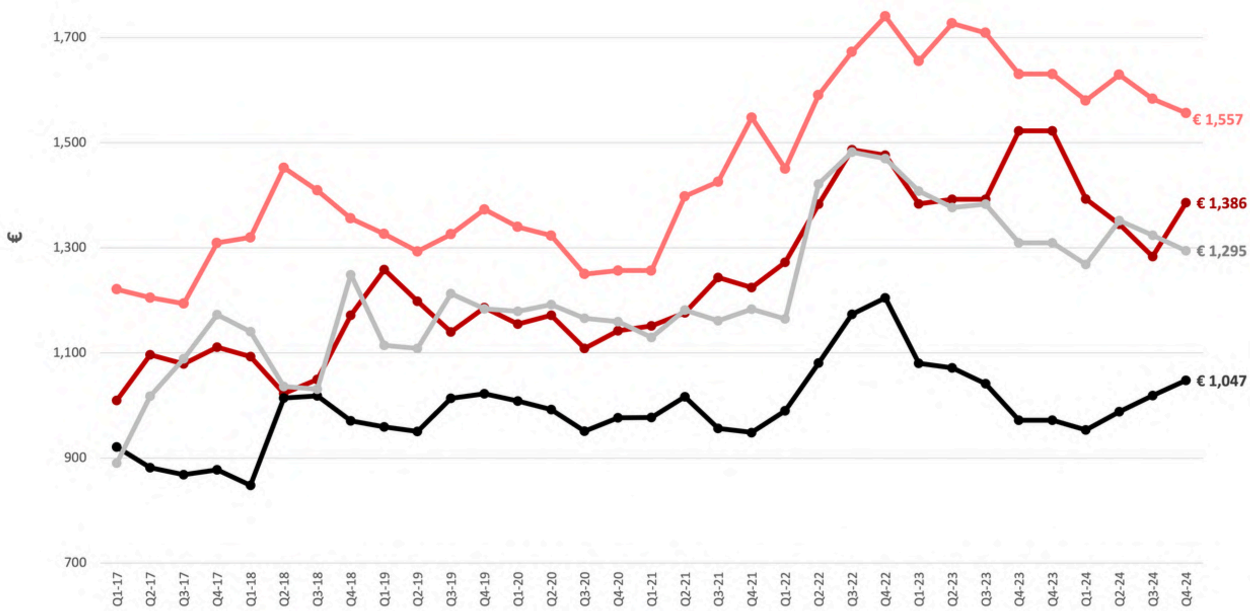
In addition, although France's GDP grew by 0.4% q-o-q in Q3, the Bank of France anticipates slight positive economic growth in Q4. By the end of 2024, the Bank projects overall economic growth of 1.1%, with household consumption of engineered goods experiencing a modest 0.9% q-o-q increase.

**Outlook**

Economic activity remains rather stagnant on both sides of this lane and is providing little upwards pressure on rates. Although the current environment for demand is weak, high costs are continuing to push rates upwards, and as such, they will remain at this sustained level as high costs are passed on to customers. Carriers now face an elevated cost base with low price levels resulting in thin margins. In 2025, significant price drops are unlikely; however, any growth in demand is expected to drive price increases as carriers seize a rare opportunity to boost profits.

## Austria - Germany

**Wien – Duisburg Road Freight Rates**




*Source: Upply*

### Rates

On the head haul route from Duisburg to Wien, contract rates rose by 8.0% q-o-q in Q4 2024, reaching €1,386 (€1.45/km). Meanwhile, spot rates dipped slightly by 1.7%, settling at €1,557 (€1.63/km). Year-on-year reveals, contract rates are 9.0% lower than the same period last year, while spot rates have fallen by 4.6%.

On the backhaul route from Wien to Duisburg, contract rates in Q4 2024 increased slightly by 2.8% from the previous quarter, reaching €1,047 (€1.10/km). In contrast, spot rates declined by 2.2%, dropping to €1,295 (€1.35/km). Compared to the same period last year, contract rates have risen by 7.8%, while spot rates have edged down slightly, decreasing by 1.1%.

On the head haul, the significant rise in contract rates narrowed the gap between spot and contract rates to 12.3% in Q4, down from 23.4% in Q3, with spot rates remaining higher.

## Market Story

Germany's Manufacturing PMI for New Export Orders rose slightly to 43.7 in December 2024 but continued to indicate a sharp contraction, extending a 34-month decline due to weak demand, particularly from European markets. While chemicals and consumer non-cyclicals showed some resilience, the automotive and machinery sectors remained weak. This reduced export demand translates into lower road freight volumes, reducing customer competition for road freight, freeing up more carrier capacity and in turn putting downward pressure on freight rates.

In Austria, manufacturing output fell by 3.2% q-o-q in Q3 2024, according to Statistics Austria. However, new orders rose by 6.9%, recovering from a 0.6% contraction in the previous quarter, with consumer durable goods experiencing a 12.5% increase. Conversely, the manufacture of motor vehicles, trailers, and semi-trailers fell sharply by 18.4%. Despite this improvement in new orders, the Average PMI declined by 0.2 index points q-o-q and 1.2 index points month on month, signaling ongoing contraction in the manufacturing sector. Reports from S&P highlighted weakening demand, with firms expecting lower output and experiencing declines in input costs and factory gate charges. High costs, particularly wages, and competitive pressures have constrained the ability to raise freight rates, signaling continued challenges for Austria's road freight market amidst weak manufacturing activity and limited price growth in spot rates.

Truck operating costs in Austria showed varied increases across components. Tyre costs rose by 1.6% in Q4 compared to Q3 and 2.5% compared to the same period last year. Maintenance and repair costs increased by 0.7% q-o-q and 6.3% y-o-y. Insurance costs saw smaller changes, rising by 0.2% q-o-q and 4.2% y-o-y.

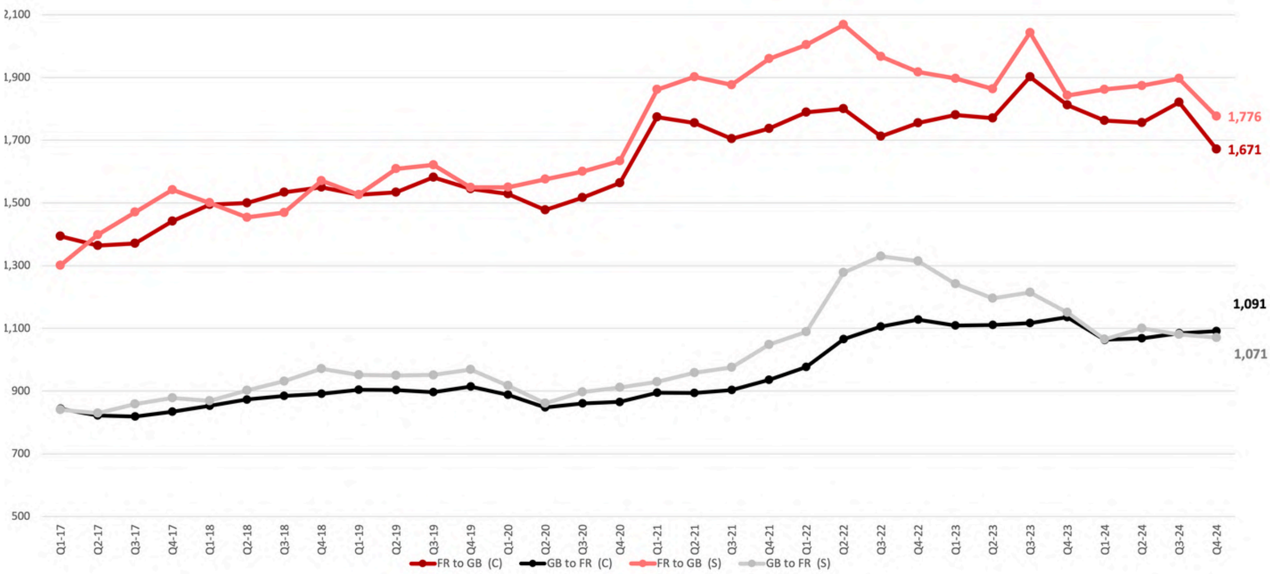
As mentioned previously, German truck operating costs are also on the rise, increasing across the board. Tyre costs rose by 2.8% in Q4 compared to Q3 and by 2.4% compared to the same period last year. Maintenance and repair costs increased by 1.1% in Q4 versus Q3 and by 5.4% compared to the same period last year. Insurance costs experienced the sharpest rise, increasing by 4.0% in Q4 compared to Q3 and by 33.7% compared to the same period last year.

## Outlook

An improvement in new export orders PMI in Germany, coupled with the rise in new orders in Austria, signals that there is potential for a gradual recovery in export demand that can push rates up in the short to medium term as industrial output increases to fulfill orders. If these trends continue, future road freight volumes could gradually rise, reversing some of the downward pressure on rates. Although operating costs are not rising as fast as in the previous quarters, the elevated cost base y-o-y can push contract rates up as contracts come to renewal.

# France - UK

## France - UK imports and exports




*Source: Upply*

### Rates

Contract and spot road freight rates between France and the UK continued to decline in Q4 2024. France–UK contract rates fell by 8.2% compared to the previous quarter, dropping from €1,821 (€3.05/km) to €1,671 (€2.81/km). Year on year, rates fell 7.8% from €1,812 in Q4 2023.

Meanwhile, UK–France contract rates showed a slight quarterly increase of 0.6%, rising from €1,085 (€1.68/km) to €1,091 (€1.69/km). However, these rates declined by 3.9% from €1,135(€1.75/km) y-o-y.

France–UK spot rates fell 6.3% q-o-q, from €1,896 (€3.18/km) to €1,776 (€2.99/km), and dropped 3.6% y-o-y from €1,843(€3.1/km). UK–France spot rates showed marginal quarterly stagnation, decreasing by 0.9% from €1,080 (€1.68/km) to €1,071 (€1.65/km). However, UK–France spot rates fell more sharply y-o-y, declining by 6.9% from €1,150 (€1.77/km). The lackluster busy season contributed to the weak rate environment on both head haul and backhaul routes.

## Market Story

According to ONS's latest UK trade release, total goods exports fell slightly by £0.1 billion (0.4%), with a £0.7 billion (4.6%) decline in exports to non-EU countries. However, this was largely offset by a £0.6 billion (4.1%) increase in exports to the EU.

In October 2024, imports from the EU exceeded those from non-EU countries by £4.4 billion, while exports to the EU were just £0.1 billion higher than exports to non-EU countries. France ranked as the UK's fourth-largest trading partner in the four quarters ending Q2 2024, accounting for 6.0% of total UK trade.

However, UK exports of goods to France decreased by 6.6% in the 12 months to October 2024, while imports of goods from France declined by 8.8% compared to the same period the previous year. France remains a key UK trading partner, but trade volumes have fallen, and that is reflected in the downwards trend in rates q-o-q.

Year on year, UK Diesel costs have fallen by 9.8%, and there was no immediate change to fuel duty announced in the autumn budget. According to the Road Haulage Association's Annual Cost Movement Survey, there was a 3.51% rise in overall operating costs, including fuel. In addition, France diesel costs fell by 11.2% y-o-y. Fuel represents between a quarter and a third of a truck's operating costs, and fuels costs have been on a downwards trend in both the head haul and the backhaul of this route. Fuel costs are typically passed down to consumers through rates. Therefore, the reduction in fuel prices helps ease cost pressures, exerting downward pressure on overall rates, as observed this quarter.

As of April 2025, UK operating costs are set to rise following announcements in the autumn budget. The HGV Levy will increase to £597, and the Road Fund to £580, bringing the total to £1,177, a 3.6% increase. However, this represents a significant 110% rise compared to pre-August 2023 rates, when the levy was not applied.

In addition, the UK government has delayed the final phase of its Border Target Operating Model (BTOM) to 31 January 2025, citing readiness concerns with the required technology. Originally set for 31 October 2024, the new safety and security declarations for EU imports have been postponed, though businesses already filing declarations for non-EU imports are encouraged to begin early. Additionally, border checks on some medium-risk EU fruit and vegetable imports are deferred to 1 July 2025, while checks on low-risk produce have been canceled entirely to avoid potential shortages and price increases.

This delay will likely increase the administrative burden on businesses, as the added paperwork and logistical difficulties could reduce capacity on this route, further driving up rates. These factors are expected to raise costs for businesses relying on EU–UK trade routes, intensifying the disruptions that have followed Brexit.

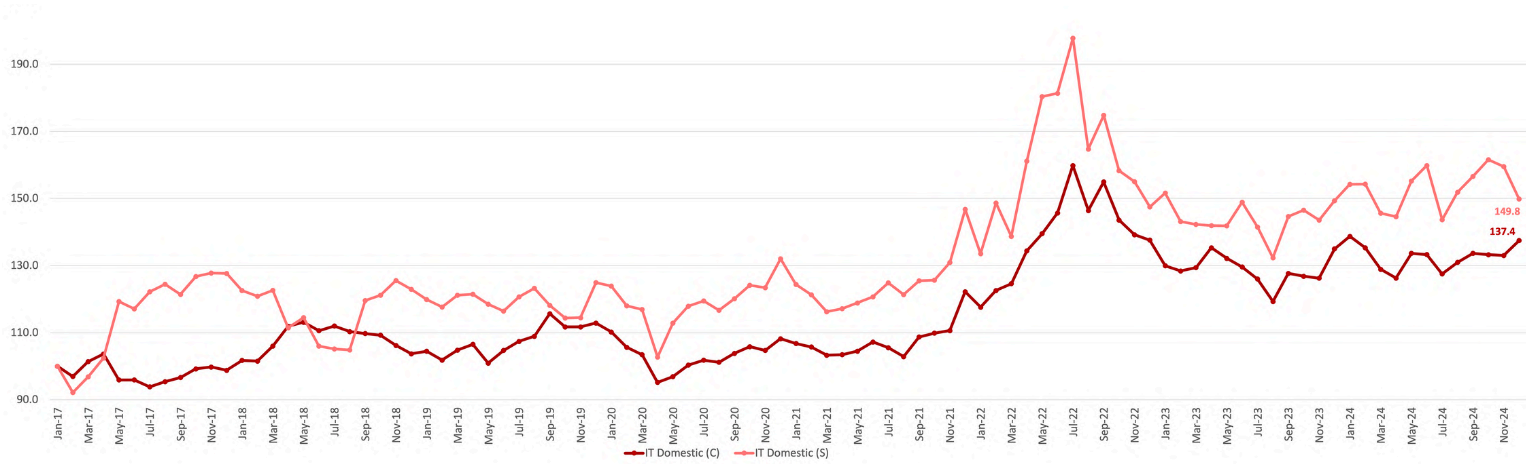
**Outlook**

Although costs, specifically fuel, were a mitigating factor preventing rate rises this quarter, the longer-term outlook for costs remains difficult for operators.

The consumer demand outlook on this route is mixed. In the UK, rising costs are largely affecting the demand landscape. Across sectors, companies are preparing for price increases, which could drive down consumer spending, particularly in retail and hospitality. The volume of goods traded may decrease due to these factors, which could reduce the pressure on both contract and spot prices for UK imports as fewer goods enter the country in the short run. However, consumer demand in France is on a slightly easier route to recovery. In 2025, French exports are set to increase 2.7%, and French imports are set to increase 1.8% throughout the year, according to the latest IMF trade predictions.

A potential recovery in consumer demand in France could nudge rates back up for French imports in 2025. Cost factors relating to operations and border controls can drive rates up for UK imports, and revitalised consumer demand in France can have an upwards pressure on rates for rates as well.

Italy Domestic Rates




*Source: Upply*

## Rates

Domestic contract rates in Italy rose by an average of 3.9 points in Q4 compared to Q3.

As of December 2024, domestic contract rates reached 137.4 points, climbing 4.4 points since November. Conversely, spot rates fell by almost 10.0 points to reach 149.8 in December.

Year on year, contract rates were up by 2.5 points, while spot rates saw a more limited rise of 0.6 points.

## Market Story

IItaly's consumer spending showed signs of steady growth in late 2024. According to ISTAT, consumption increased 4.4% in Q3 2024. In addition, in the three months to November 2024, the value of retail sales increased by 0.6%, while sales volume was up 0.3%, when compared to the previous three-month period.

However, despite this sustained consumer demand in H2 2024, on a y-o-y basis, the value of retail trade rose by 1.1%, while volume slightly dropped by 0.2%.

Within the non-food product category, y-o-y performance showed mixed results. The largest growth was observed for cosmetic and toilet articles, which increased by 4.1%, while the largest falls were recorded for computers and telecommunications equipment, contracting by 2.8%, and shoes, leather goods and travel items decreasing by 2.7%. Overall, consumer demand was not enough to sustain spot rates.

On the industrial side, there has been a slowdown. The Italian government has committed €1.6 billion to support the automotive supply chain in 2024 but will not offer car purchase subsidies in 2025. Meanwhile, automotive output in Italy is expected to have fallen below 500,000 vehicles in 2024, a significant drop from 751,000 in 2023. Stellantis announced that it is expanding its manufacturing in Italy, with increased production expected to start in 2026, specifically targeting hybrid and compact vehicle production, despite weak demand for electric vehicles and increased competition from Chinese manufacturers.

In line with this, Italian manufacturers reported a decline in operating conditions, with further reductions in output and new orders as 2024 closed. The slowdown in production and demand can put downwards pressure on rates, as less manufacturing output will translate into fewer goods being transported.

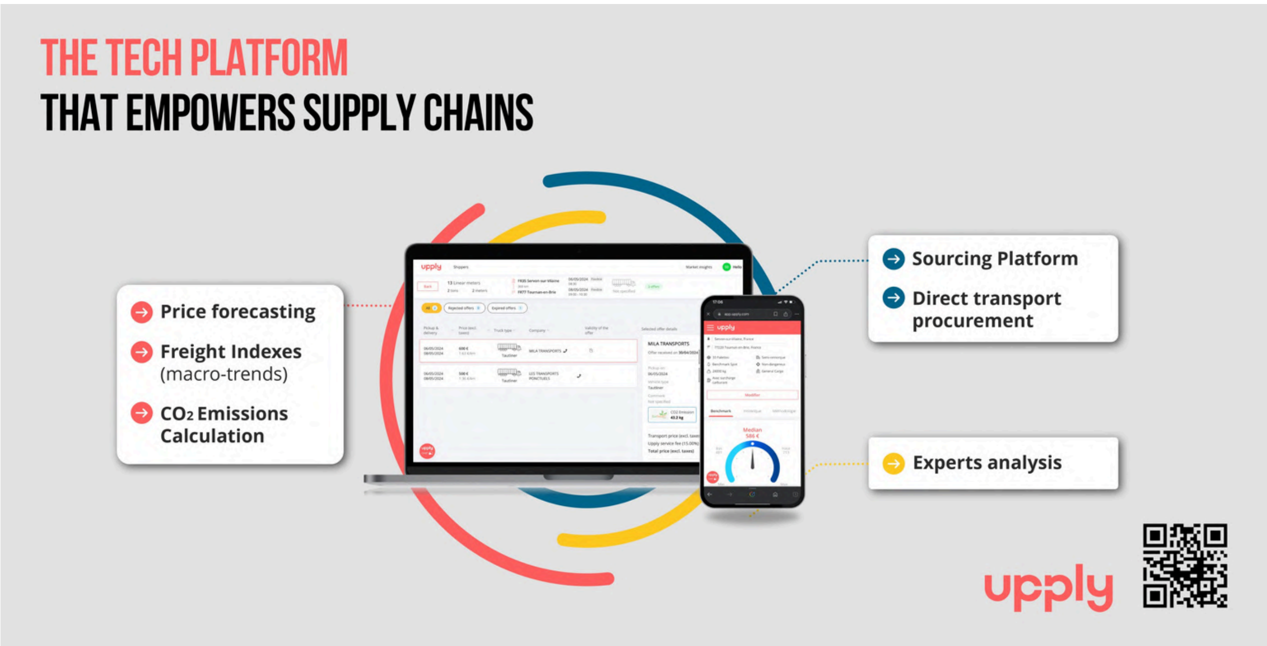
The sustained decline in new orders also led to faster inventory depletion, on the other hand, this can boost rates up as inventory restocking takes place after the busy season.

Looking forward, the Italian manufacturing sector might face other challenges. Northern Italy is home to factories that supply the components to German auto manufacturers, and as the German Auto sector cools, it could greatly reduce demand for these Italian manufacturers, therefore reducing volumes exported and push rates down.

Truck operating costs in Italy saw moderate increases across components in the latest quarter. Tyre costs rose by 0.2% in Q4 compared to Q3 and 2.1% compared to the same period last year. Maintenance and repair costs increased by 0.6% q-o-q and 3.0% y-o-y. Insurance costs showed the largest rise, increasing by 1.2% q-o-q and 7.1% y-o-y. The increases in costs are in line with the slight upwards trajectory in contract rates since July of this year.

**Outlook**

Volume data in the Italian market paints a mixed picture, with a steady increase in consumer spending at the end of 2024. Production remains weak but government investment could prevent volume falls in 2025. The cost base remains elevated but there are little signs of growing cost pressure. In the absence of unforeseen shocks, steady growth in domestic Italian road freight rates is expected to continue.



# Methodology

The rates are the result of Upply's own econometric and statistical modelling, which is based on the analysis of more than 750 million prices.

Upply provides Truck Load (LTL & FTL) weekly rates estimations based on observed transactions for each major European trade lanes, associated with a confidence index.

These rates are computed from Upply's key partners and users data.

To complete the analysis presented here, Ti selected a representative sample of the largest European road freight corridors by volume.

Ti then used the median rates provided by Upply on each corridor, averaging weekly rates over each quarter. Ti's team of senior analysts provide additional insight into the drivers and trends behind price movements with support from Upply.

Note that data is subject to re-statements and that new lane samples can be chosen from one quarter to the next.

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