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

Q1 2025

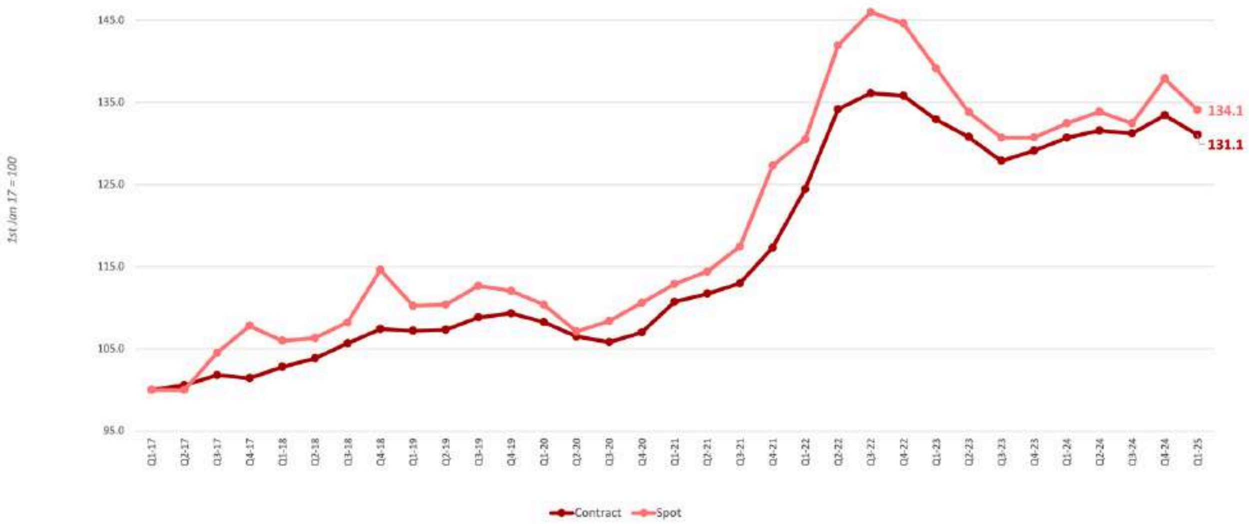
May 2025

CONTENT

01.

EUROPEAN ROAD FREIGHT RATE BENCHMARK INDEX

Ti x Upply x IRU European Road Freight Rates index Q1-2025



Source: Upply

BENCHMARK SPOT AND CONTRACT

Data

The latest data from the European Benchmark Rates Index shows that both contract and spot rates are softening across the region.

The European Benchmark Rates Index shows that contract rates stand at 131.1 in Q1 2025. Since their peak in Q3 2022, contract rates have dropped by 5.0 points from a high of 136.1. Compared to last quarter's 133.4, contract rates declined by 2.3 points, the biggest fall since Q3-2023. Year-on-year, they rose slightly by 0.4 points.

Spot rates in Q1 2025 stood at 134.1 index points, down from 137.9 in the previous quarter. Year-on-year, spot rates rose more noticeably by 1.6 points. Since their peak of 146.0 in Q3 2022, spot rates have declined by 11.9 points.

The gap between spot and contract rates now stands at 3.0 index points, narrowing by 1.4 index points from a 4.4-point gap last quarter as a result of noticeably sharp fall in spot rates.

Market Story

The peak period has been followed by a return to low European demand. The start of 2025 has weighed down rates as consumer demand remains subdued, costs have slowed their growth, and industry sentiment is dampened as the world engages in a trade war which brings constant uncertainty and reduced international demand for European manufacturers. The result is reduced demand pressure on all sides, leading to rate falls in both spot and contract markets.

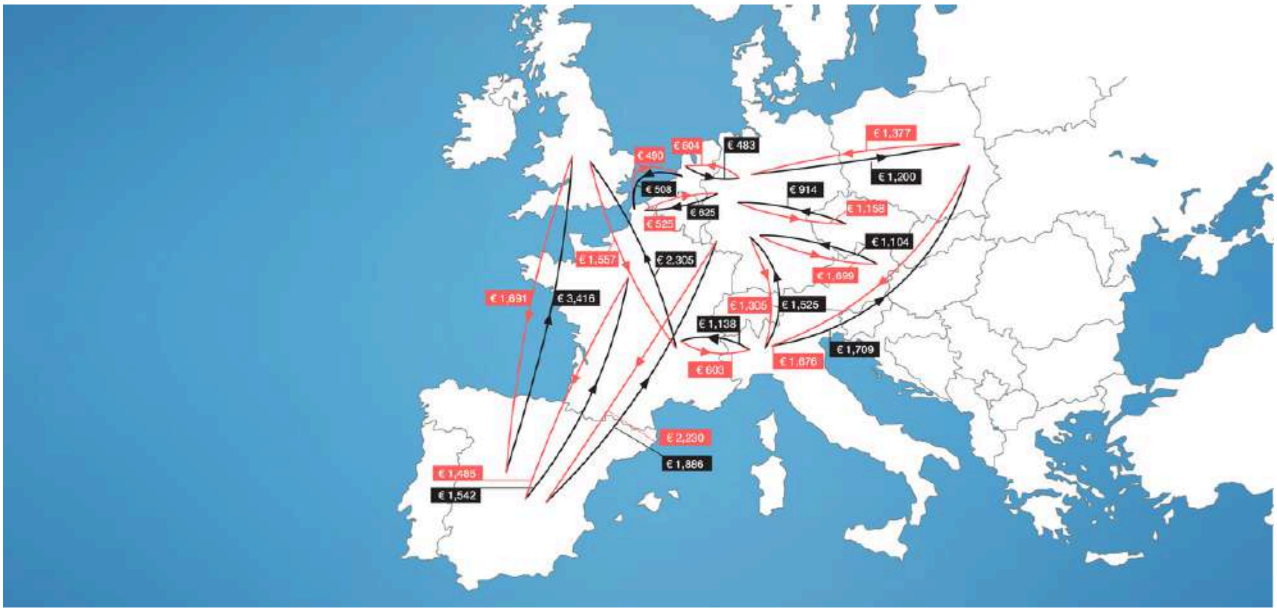
Consumer spending in Europe has remained stagnant, increasing only 0.6% quarter-on-quarter, according to Eurostat, with 61% of households maintaining similar income, savings, and spending levels compared to the previous quarter, according to a consumer survey by McKinsey. A consistent number of consumers (74%) reported "trading down", mainly by buying less or choosing cheaper retailers. Apparel was the top category consumers were willing to spend on. At the start of 2025, spending patterns followed usual seasonal trends, slowing down after their peak in Q4, which puts a downward pressure on rates, particularly spot rates.

Geopolitical changes and global economic instability have renewed focus on strengthening local and regional economies. This has led to initiatives such as "Buy European" which encourage the support of European goods, businesses, and alternatives to non-European options. As a result, there is potential for increased demand for dedicated contracts, with a preference for long-term agreements rather than fluctuating spot rates, in the medium to long term.

While costs have stabilised, they remain high across Europe. Driver wages have dropped 2.0% quarter-on-quarter but are still 13.8% higher than this time last year. Diesel prices rose 4.8% this quarter but are down 3.5% year-on-year. Maintenance and repair expenses are up 1.1% quarter-on-quarter and 4.2% year-on-year, while tolls increased slightly, up 0.7% across the continent. Tyre costs saw a modest rise of 1.4% year-on-year and 0.1% quarter-on-quarter.

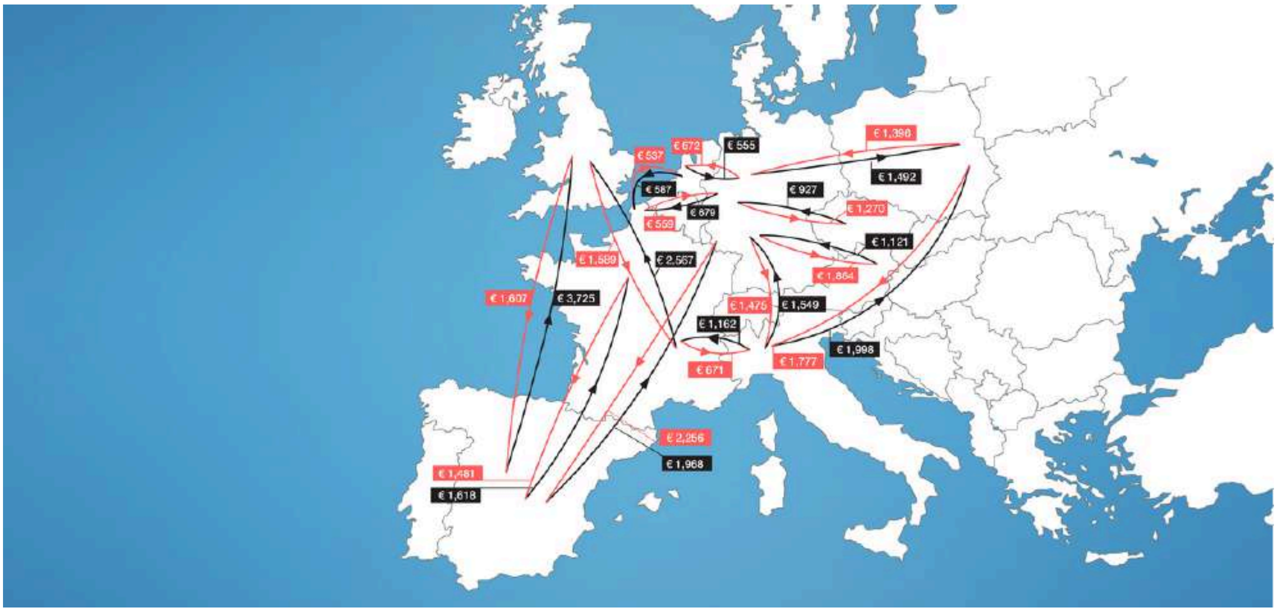
Contract rates remain slightly higher than a year ago, even though they declined this quarter. With demand slow to pick up after the peak season and the broader European economy still sluggish, it's no surprise that both contract and spot rates dipped in Q1 2025.

Ti x Upply x IRU European Road Freight Benchmark Map – Q1 2025 Contract Rates



Source: Upply

Ti x Upply x IRU European Road Freight Benchmark Map – Q1 2025 Spot Rates



Source: Upply

02.

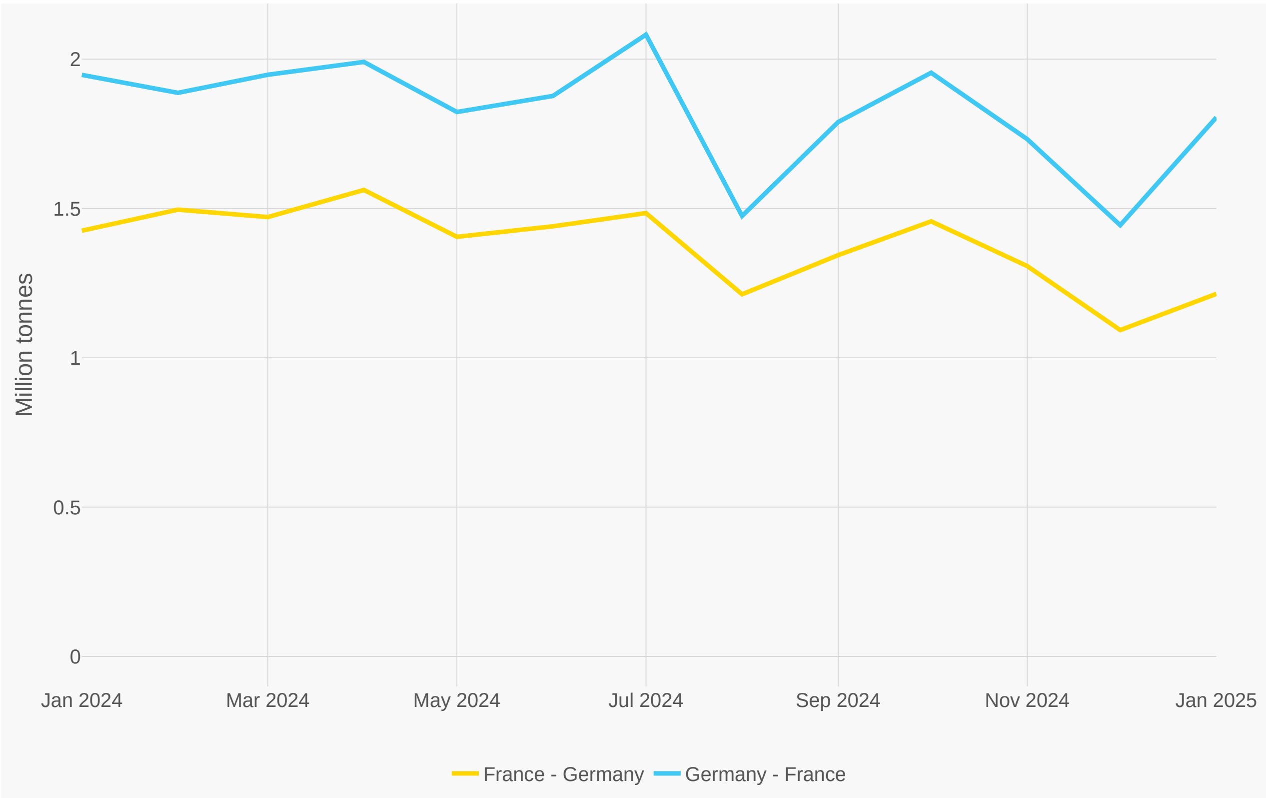
VOLUME DEVELOPMENT

ROAD FREIGHT VOLUME

Market Story

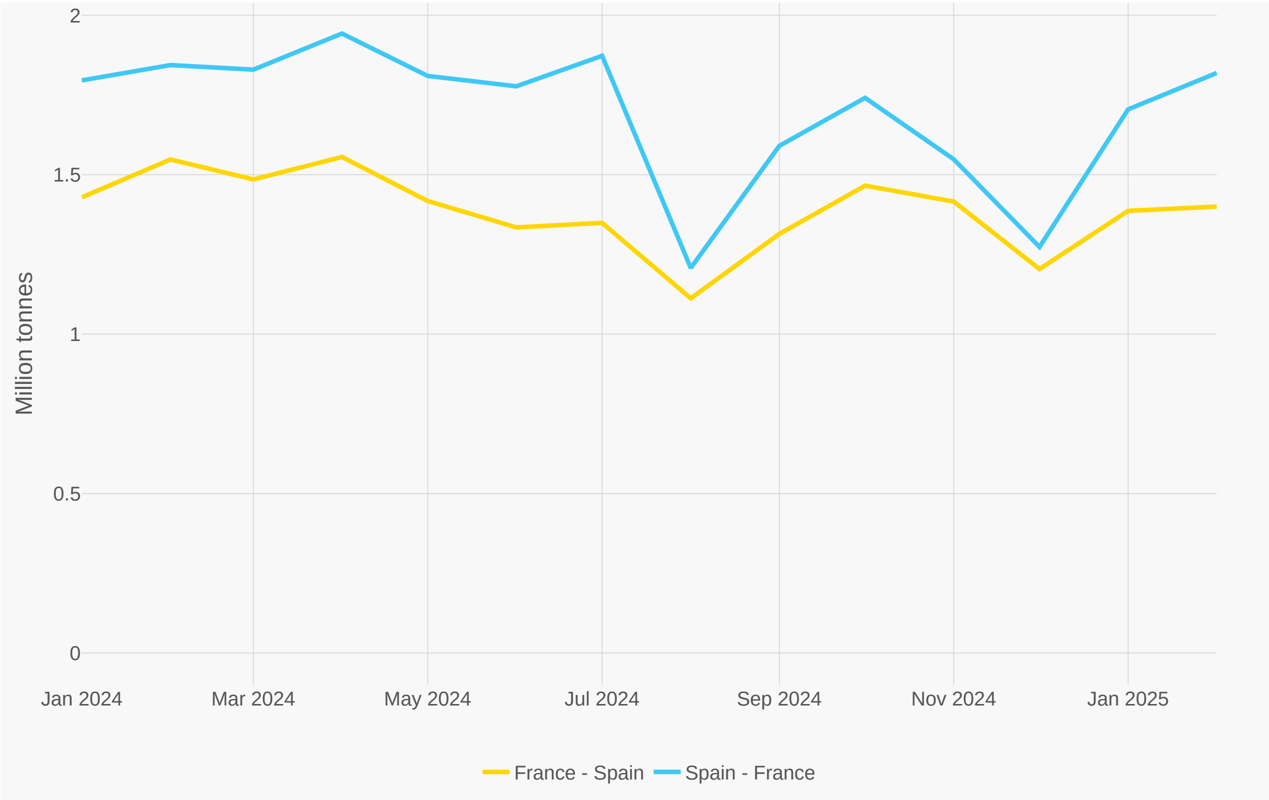
Trade by road on the largest EU corridors remained subdued in Q4 2024, with volumes falling below the year's average despite a brief rebound in October. However, recent Eurostat data points to a recovery in early 2025. Between December 2024 and February 2025, industrial production rose by 0.5% in France, 0.7% in Poland, and 1.0% in Germany, signaling renewed industrial momentum in key EU economies. This rebound is reflected in road freight volumes, which have started to pick up again across major corridors. The latest available data, covering January and February 2025, suggests the beginning of a new upward cycle in road trade activity in Q1 2025; however, volumes remain below levels seen during the same period last year.

Trade by road between Germany and France



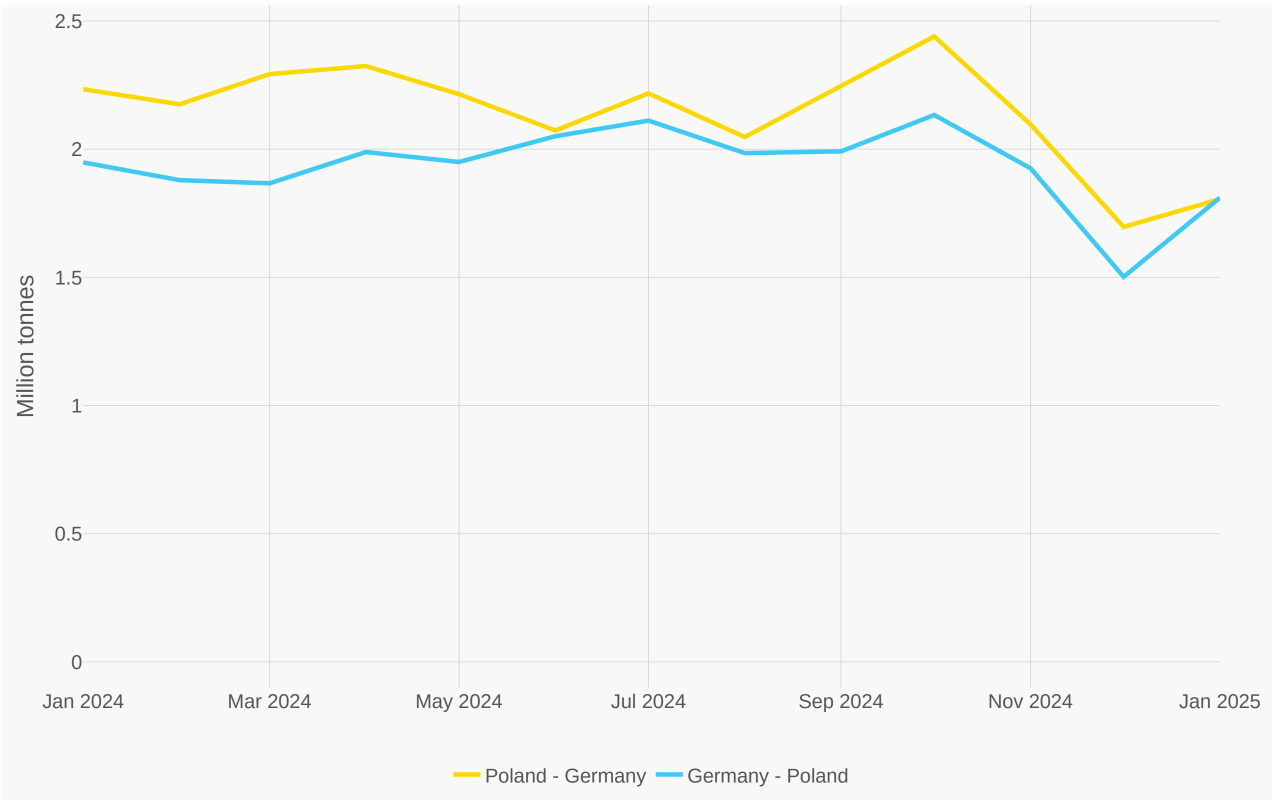
Source: EUROSTAT (DS-059318)

Trade by road between Spain and France



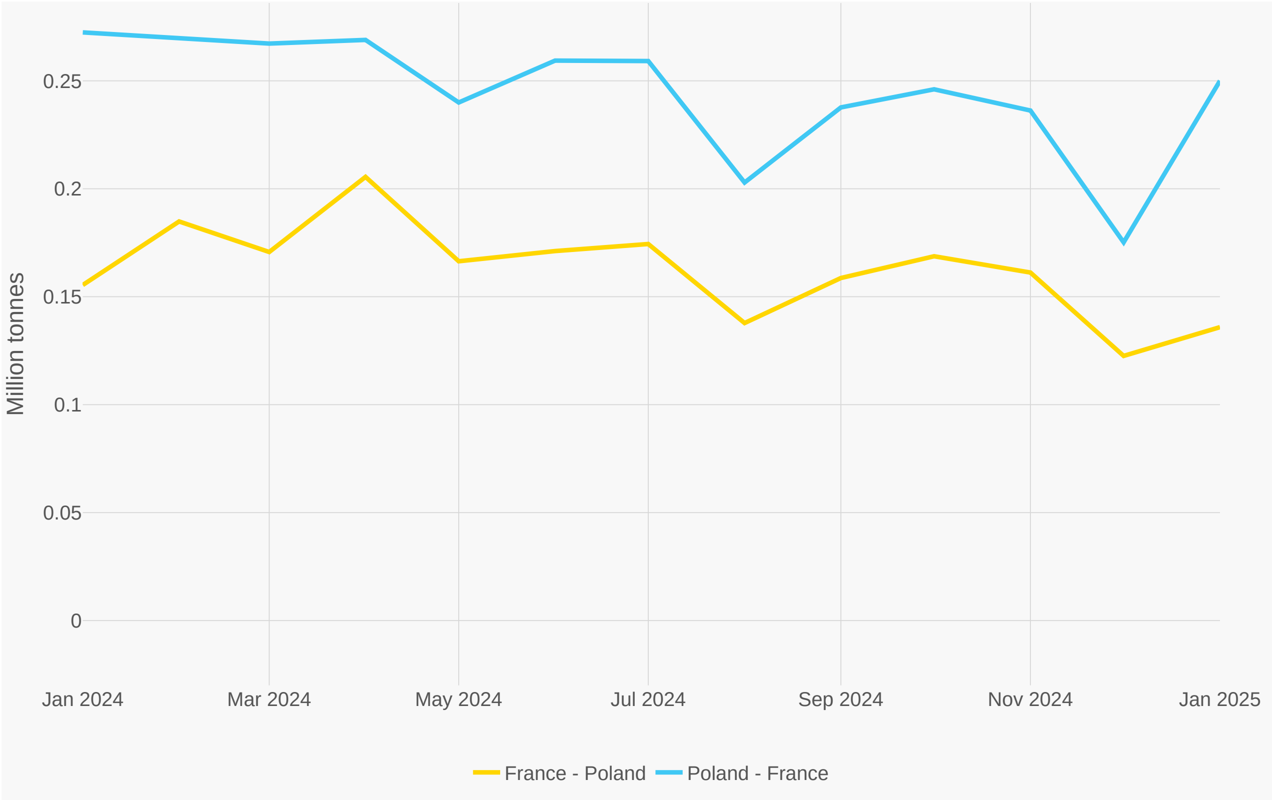
Source: EUROSTAT (DS-059318)

Trade by road between Germany and Poland



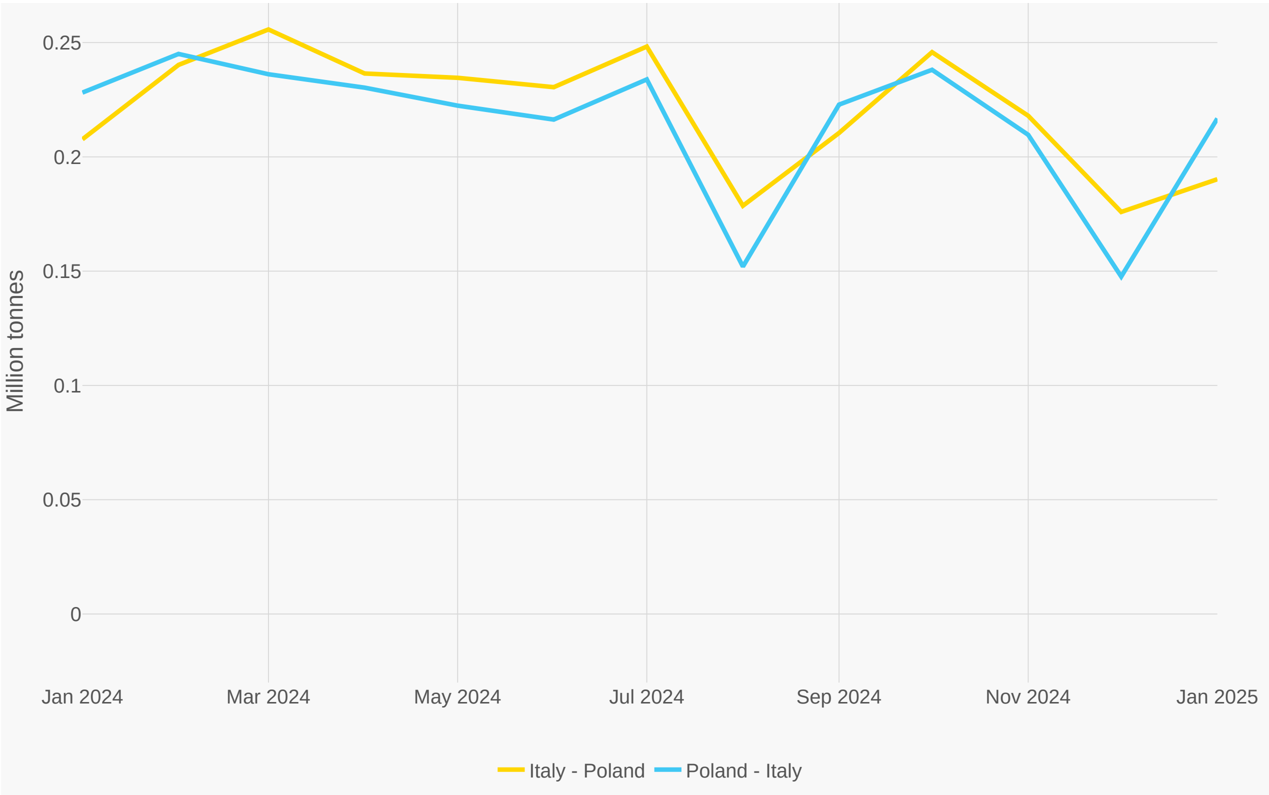
Source: EUROSTAT (DS-059318)

Trade by road between Poland and France



Source: EUROSTAT (DS-059318)

Trade by road between Poland and Italy



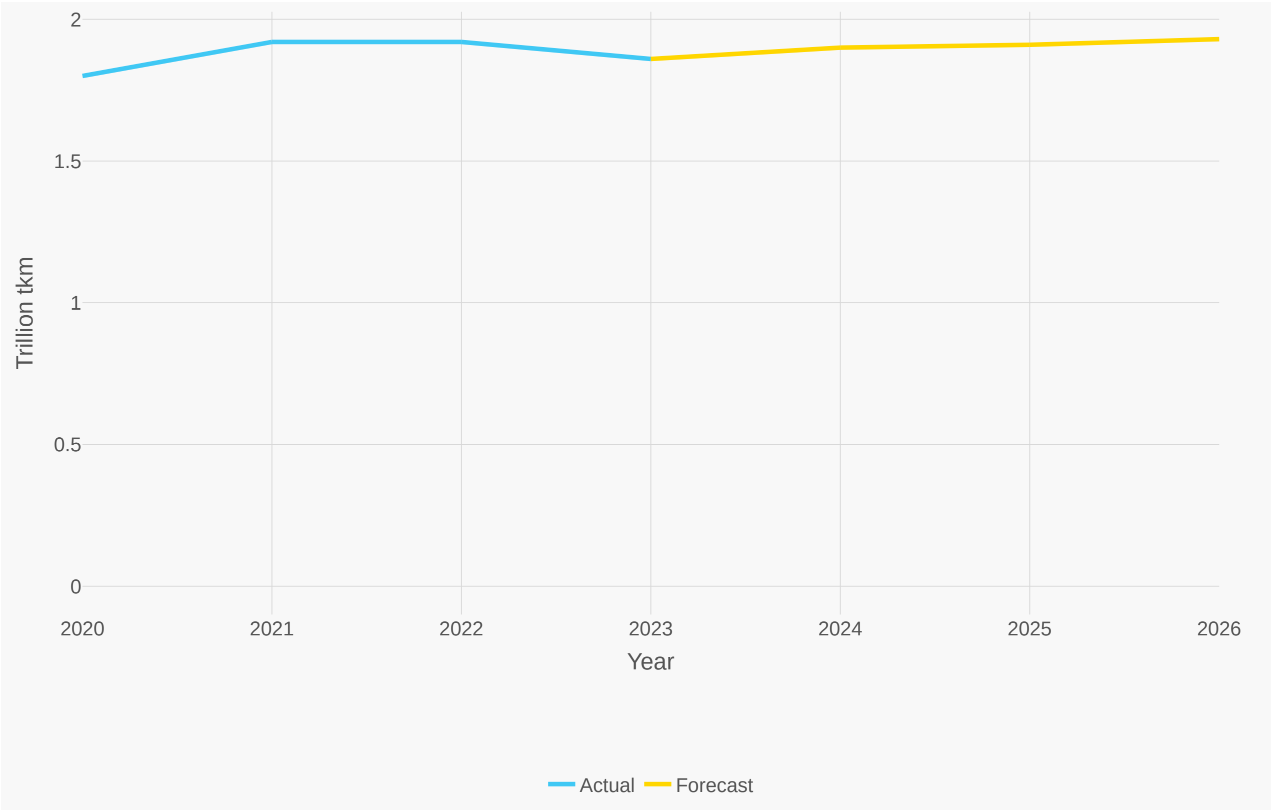
Source: EUROSTAT (DS-059318)

Outlook

Emerging from a period of high inflation, 2025 should see the return of strong consumption levels, carried by higher purchasing power, backed by the high saving rates from the past few years and lower inflation rates. Growing and strengthening consumption, bilateral trade agreements and economic activity in manufacturing should boost EU trade in the long run, provided that potential new tariffs do not significantly impact trade. Road freight volumes are expected to be on the rise, with 2025 road freight figures rising to the 2022 level, the latest peak over the last decade.

Road freight activity in the EU is forecasted to show only modest recovery in 2025, supported by steady industrial output and improving producer sentiment in Q1 2025. Eurostat data shows inflation continued its downward path, easing to 2.5% in March 2025. Furthermore, Industry sentiment, improved, with the producer confidence index climbing from -11.0 in January to -7.1 in March, and industrial production rebounding to an index value of 99.2 in February, approaching the 2021 baseline. This signals a gradual reactivation of the manufacturing sector, likely to support road freight volumes over the coming quarters.

EU road freight volumes over time



Source: IRU forecast ***[1]***

[1] Download the IRU Intelligence Briefing, A breakdown of the latest EU road freight volumes and forecast to 2030, here

The broader picture of a potential EU recovery is being held back by ongoing tariff uncertainties and policy disruptions, which continue to weigh on trade flows and rates momentum.

Headline HICP inflation has risen in recent months but is expected to ease slightly through 2025 and settle near the ECB's 2.0% target by early 2026. With inflation pressures dissipating, unit labour cost growth is also set to slow, therefore, driver costs in particular will contribute less to road freight rate cost growth looking forwards.

In the medium term, the outlook is more positive. Real GDP is projected to strengthen, driven by growth in consumption, improved investment, and recovering foreign demand. Economic activity in the euro area is expected to expand by 0.2% across the first three quarters of 2025. Household spending is forecast to rise by 1.4% year-on-year in March, and annual private consumption growth is projected to improve from 0.9% in 2023–2024 to 1.3% over 2025–2027. These trends point to gradually improving demand conditions, which could support a rebound in freight volumes and rate stability in the medium term.

However, in the short term the uncertainty tariffs create will have different consequences. Businesses will increasingly blend contracts for baseline capacity with spot market use for flexibility. As a result, the uncertainty could dampen the effect of increased demand on the contract market and amplify increased demand pressure on the spot market.

03.

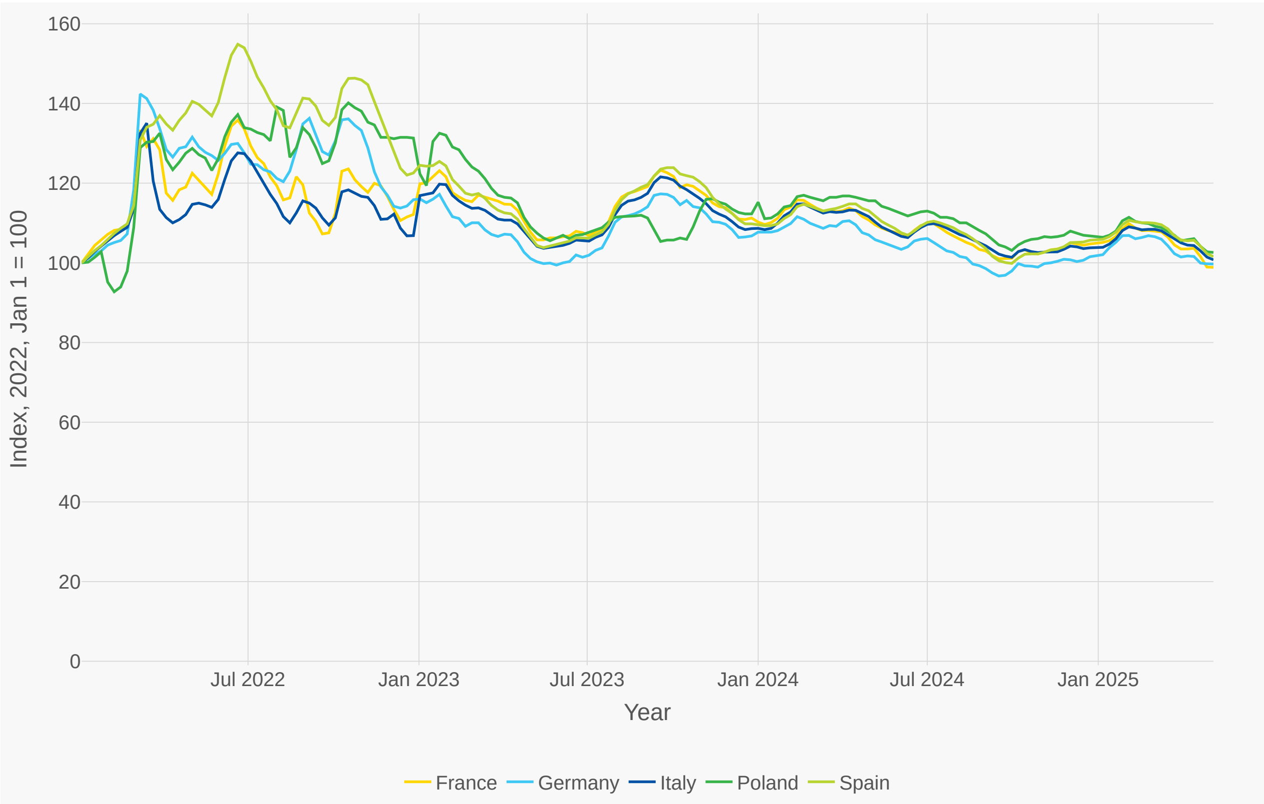
SUPPLY SIDE ISSUES

ROAD TRANSPORTATION COSTS

1. Fuel prices

Diesel prices increased by 4.8% quarter-on-quarter but are decreasing lately as the trade situation brings uncertainty to businesses, slowing down global demand for oil. At the same time, OPEC+ and non-OPEC countries are starting to raise their production levels, resulting a faster growing pace for production than demand, thus lowering market oil prices, a trend already observed at the pump for diesel. Quarter-on-quarter, the Brent rose by 1.2%, largely due to a sharp increase until mid-January, seeing since then a slow decline. The forecast for next months is a difficult exercise as tensions around trade could go both ways. End of April, the Brent reached about 64 USD, a 13% decrease month-on-month. 2025 EIA's forecast expects an average Brent at 68 USD, a -16% decrease year-on-year.

Index of diesel prices at pump

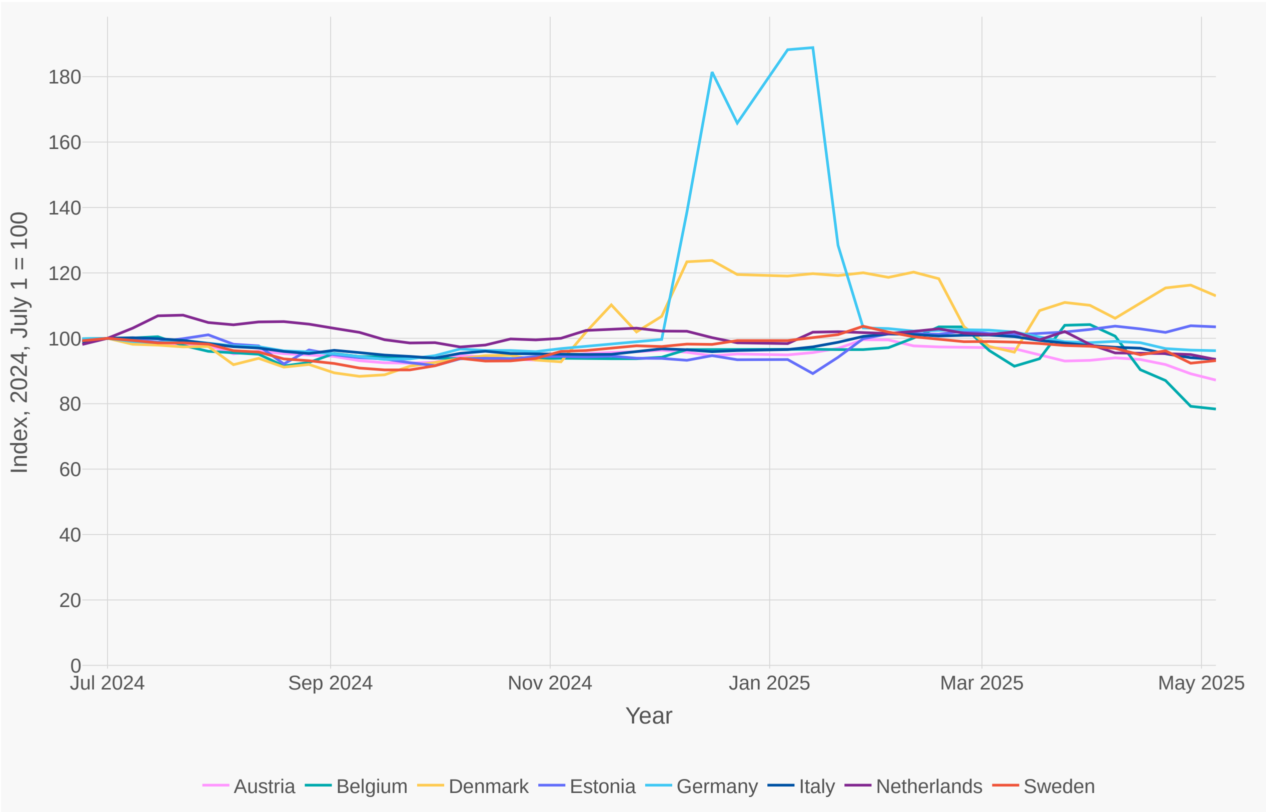


Source: IRU fuel prices service ***[2]***

[2] Access weekly price updates for diesel and alternative fuels in more than 65 countries and a one-week forecast IRU Intelligence, Fuel live prices

With HVO prices now more widely available at public fueling stations, the report is now tracking their indexes through times starting from Q3 2024. On a quarter-to-quarter comparison, prices saw the same trend than diesel, this biofuel being 5 to 10% more expensive than diesel at the exception of Italy, where there is a price parity thanks to a more favourable taxation.

Index of HVO prices at pump

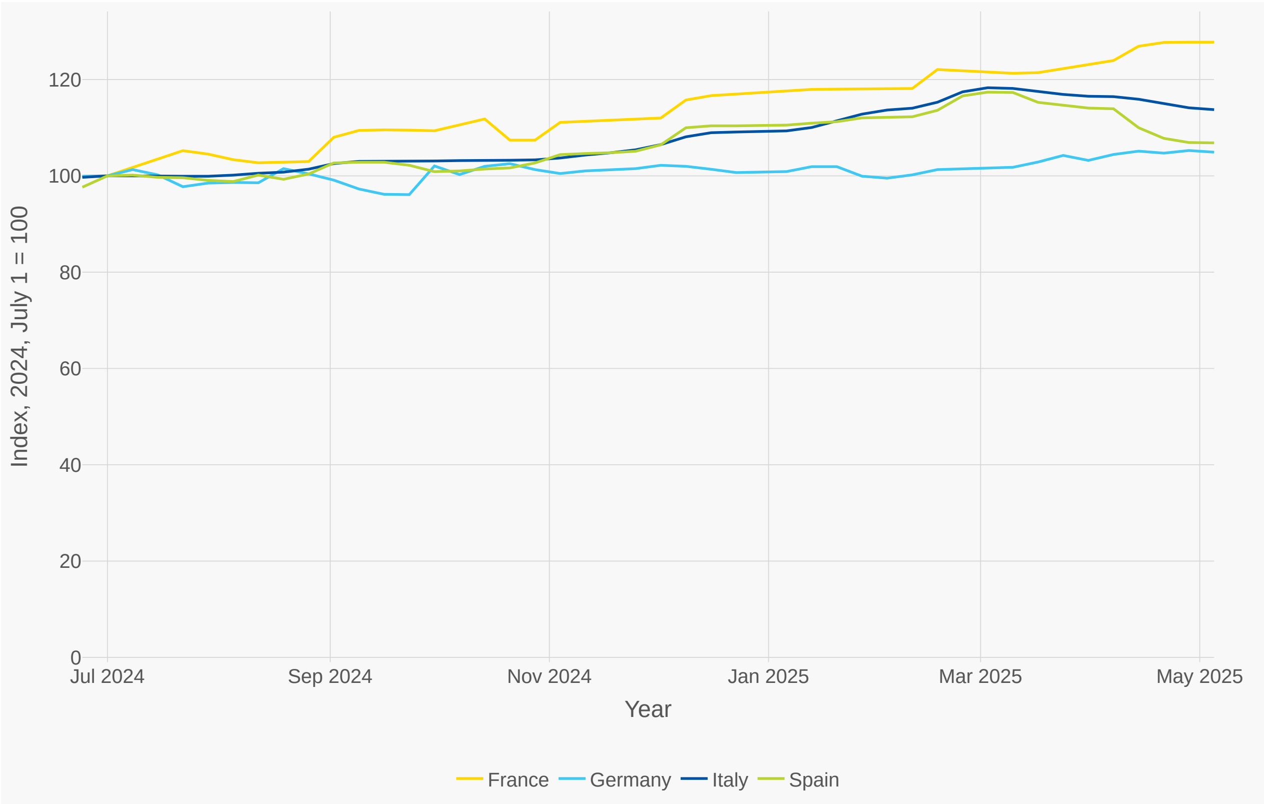


Source: IRU fuel prices service ***[3]***

[3] Access weekly price updates for diesel and alternative fuels in more than 65 countries and a one-week forecast IRU Intelligence, Fuel live prices

CNG prices are indexed on natural gas prices. Since mid-February, the EU Dutch TTF fell by -30% end of March, with prices still going down reaching 32 EUR/MWh in April, a -20% decrease month-on-month. The price is expected to remain low as US export of LNG to China might be redirected to the EU because of the trade war, increasing supply levels. However, natural gas stock within the EU fell at a low point after last winter, despite being mild, reaching as low as 38% of storage capacity, while it was 61% a year ago, marking a greater demand of gas to refill the EU stocks.

Index of CNG prices at pump



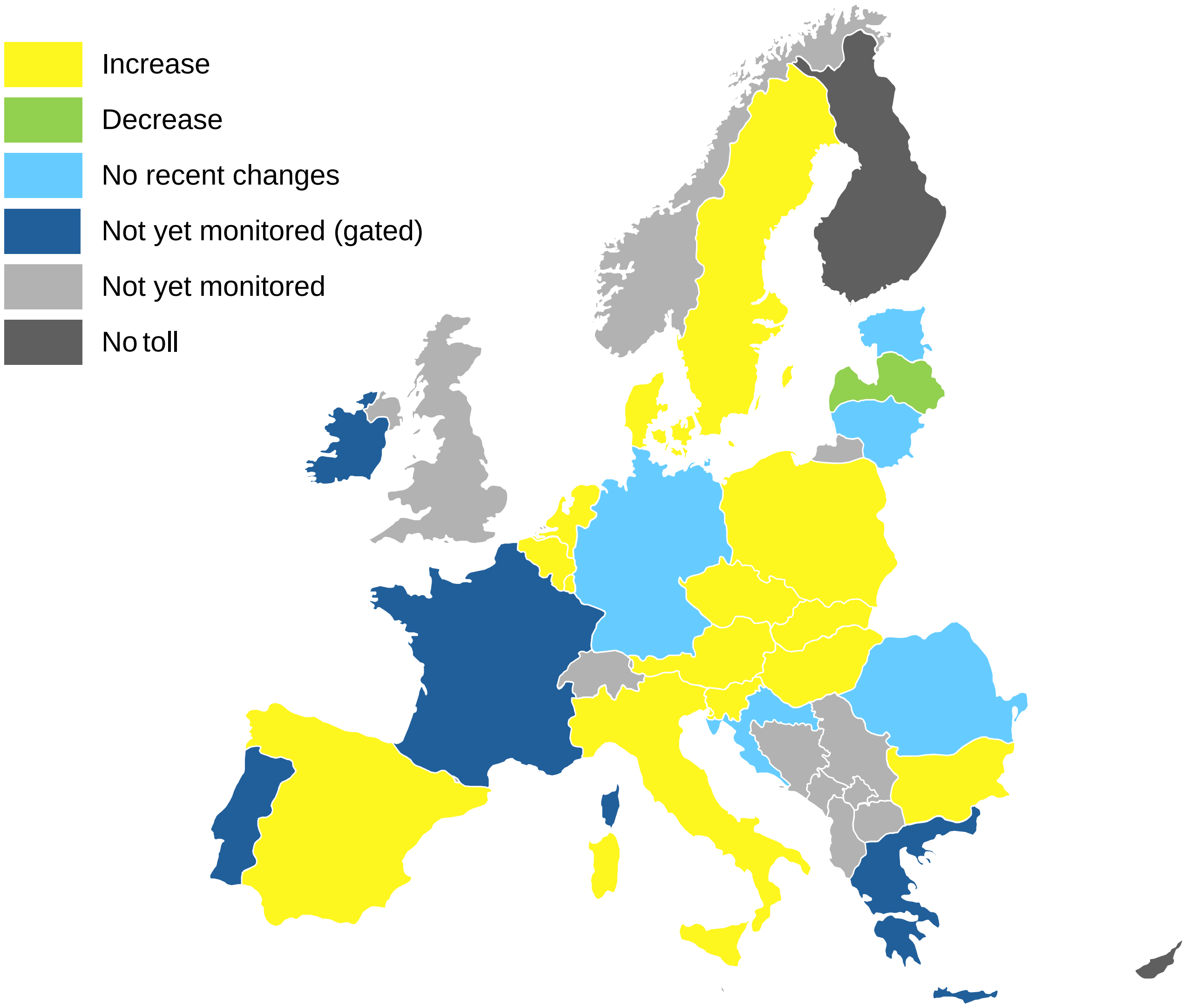
Source: IRU fuel prices service ***[4]***

[4] Access weekly price updates for diesel and alternative fuels in more than 65 countries and a one-week forecast IRU Intelligence, Fuel live prices

2. Tolling costs

On tolling, Q1 2025 saw an increase in numerous countries, at the exception of Latvia, but only for EURO VI articulated vehicles, other trucks combination seeing an increase of the applied tolls. Toll increase ranges from +1.8% in Italy to +20% in Bulgaria on a year-on-year comparison. Denmark changed in January its tolling scheme, applying now a digital distance-based fee instead of a time based, making the country the last to become compliant with the latest Eurovignette revision. The Netherlands, Luxembourg and Sweden applied end of March 2025 a CO2 component to their time-based fee, raising prices by +2% for EURO VI Class 1 articulated vehicles. These three countries are preparing to move toward digital distance-based fee calculation, expected to be in 2026.

European Union latest tolling prices trend



Source: IRU Intelligence Monitoring, Tolling status in the EU ***[5]***

[5] Download the IRU Intelligence Monitoring, Tolling status in the EU, April 2025 here

Additionally, in France, the implementation of an Ecotaxe in Alsace, which could be similar to Eurovignette, was voted on 21 October 2024, leading to a potential deployment in 2027. It will target, in particular, the A35 highway, largely used to avoid the LkW-Maut in Germany. For other highways, the implementation of Eurovignette Directive will depend on concessions renewal.

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.

3. Other developments impacting costs

Driver wages increased by +5.1% year-on-year for Spanish drivers for international operations, according to the Spanish Ministry of Transport. Agreements in Lombardy, Italy, first end of Q4 2024 and then end of Q3 2025 increased driver wages by more than 500 EUR per month to notably cover the time spent waiting vehicles loading and unloading at hubs. These rises follow last year +4% year-on-year labor costs increase across the EU27 in Q4 2024, with the highest increases reported in Greece (16%), Bulgaria (15%), Latvia (15%), and Hungary (14%).

CAPACITY OUTLOOK

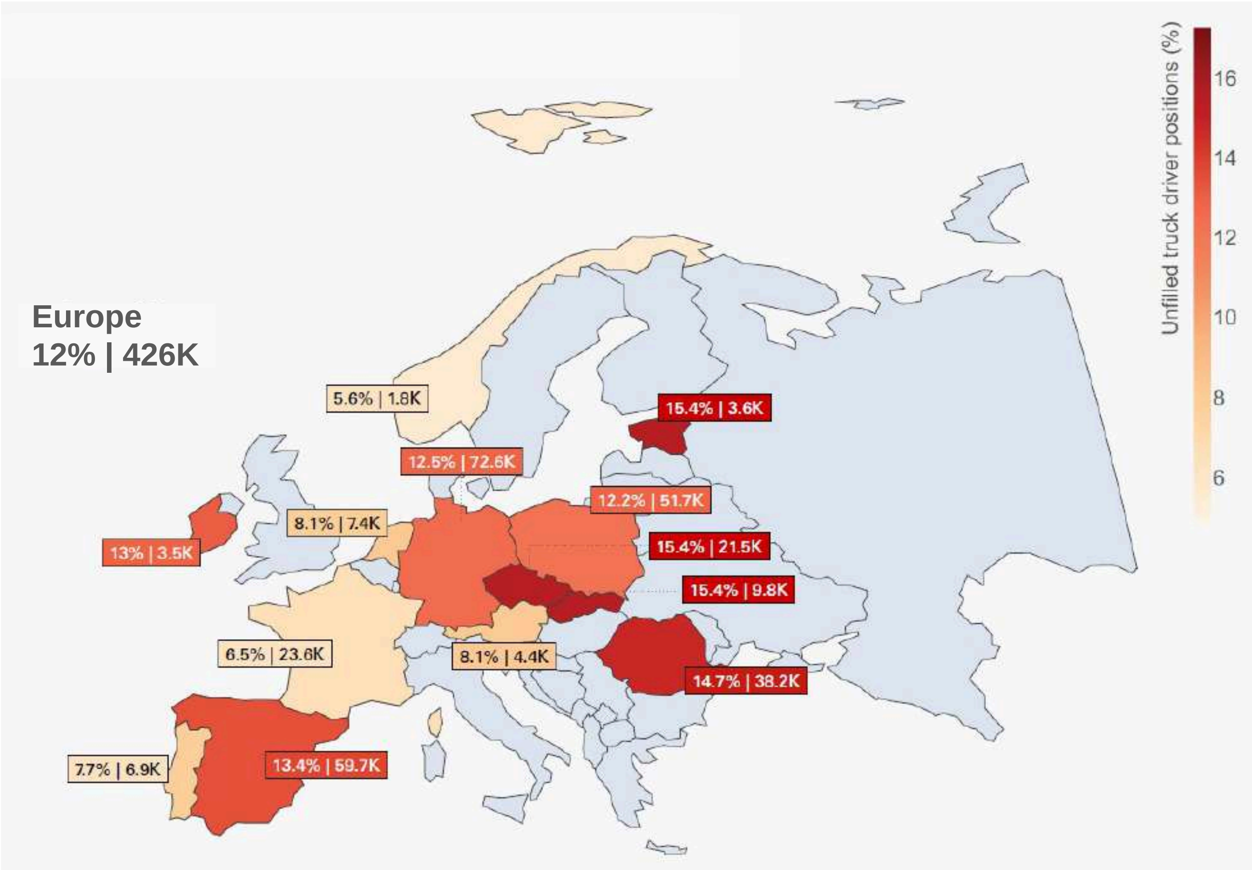
Registrations of HGV fell by 16% between Q1 2025 and 2024, and by 7% quarter-on-quarter. Notably, battery electric truck registrations grew by 51% year-on-year to reach a 3.5% market share. The number of BEV registered to date reaches the milestone of 10,000 units in the EU. Registrations only increased slightly in Sweden and double in Lithuania, but major markets such as Poland, Germany and Spain fell heavily. Truck prices are on the rise (+1.2% in Spain year-on-year) due to the implementation of the smart tachygraph G2V2, GSR2 and the deployment by OEMs of technologies to lower their CO2 sales mix. However, Scania, Volvo Trucks and M.A.N. indicated strong order intakes for 2025.

The smart tachygraph G2V2 will become a mandatory equipment for carriers operating internationally. The deadline to retrofit smart tachygraph from V1 to V2 has been postponed to the 18th of August 2025 for HDV. For LDV with a maximum permissible mass greater than 2.5 tonnes, the deadline to get installed G2V2 has been set on the first of July 2026.

DRIVER SHORTAGE

Driver shortage is on the rise with 426,000 unfilled truck driver jobs in Europe according to IRU's 2024 Global truck driver shortage report. Latest developments in the EU saw an agreement between the EU Commission, EU Council and EU Parliament to harmonize the minimal age for professional truck drivers to 18 years old and open the possibility to start qualification training at 17. The agreement also paves the way for the facilitation of non-EU drivers' mobility to increase the pool of available trucks drivers in the EU.

Unfilled truck driver positions (Europe 2024)



Source: IRU Intelligence Briefing, Global Truck Driver Shortage Report 2024 **[6]**

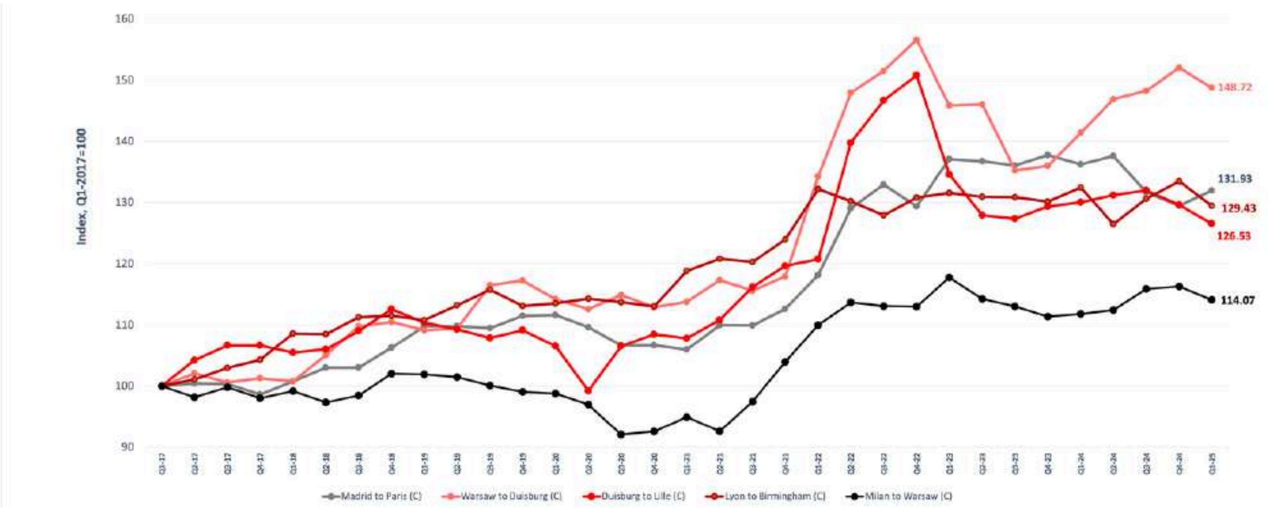
[6] Download the IRU Intelligence Briefing, Global Truck Driver Shortage Report 2024 here

04.

COMPARISON OF INTERNATIONAL LANES

CITY PAIRS - CONTRACT

Headhaul Contract Rates



Source: Upply

Rates Data

With the exception of the Madrid to Paris route, all quoted contract rates indices fell quarter-on-quarter. This represents both a reduced need to secure long-term road freight capacity and reduced cost pressures.

The contract rate index for Madrid to Paris stands at 131.9 index points (€ 1.22/km), up 2.5 points from last quarter’s 129.4 (€ 1.19/km). However, it's down significantly year-on-year from last year's 136.2 (€ 1.26/km), by -4.3 points.

The contract rate index for Warsaw to Duisburg stands at 148.7 index points (€ 1.27/km), declining 3.3 index points from last quarter’s 152.1 (€ 1.30/km). Year-on-year, contract rates on this route have climbed significantly, by 7.3 points, from their index value in Q1 2024 at 141.4 points (€ 1.21/km). This has marked the first rates fall in 6 quarters, since Q3-23.

Similarly, Duisburg to Lille data shows that rates have decreased slightly quarter-on-quarter, by 3.1 index points, from 129.6 points (€ 2.12/km) to 126.5 (€ 2.07/km). Year-on-year, the decrease was of a similar magnitude of 3.5 points, from 130.0 points (€ 2.13/km).

The Lyon to Birmingham route also experienced a decrease, as the index stood at 129.4 points (€ 2.01/km) in Q1 2025, down 4.0 index points quarter-on-quarter. Last quarter the index was 133.5 points (€ 2.08/km). Last year the index was 132.4 points (€ 2.18/km). This marks a decrease of 3.0 points year-on-year.

Milan to Warsaw remained relatively stable, down only 2.2 points quarter-on-quarter, from 116.3 points (€ 1.14/km) to 114.1 points € 1.12/km. Year-on-year however the index increased 2.3 points, from 111.8 points (€ 1.10/km).

Market Story

According to S&P, manufacturing production in the eurozone improved in March, standing at 48.6, up from 47.6 in February, marking the first increase in 2 years and the strongest since Q2-2022. This is promising, however, PMI remains below the 50-point mark, which signals contraction. This follows a sharp decline as recently as December, when manufacturing PMI stood at 45.1, with the downturn easing in the start of Q1-2025.

New orders for goods fell for the 35th consecutive month, but the decline was marginal and the smallest during this period. Export orders also dropped, though at the slowest rate in 3 years. As a result, European manufacturers are securing fewer volumes in long term contracts, reducing demand side pressure on the contract market and facilitating rate falls.

Recent retail volume data from the ONS shows that demand in the UK remains flat. Although clothing store sales increased in February 2025, they didn't fully bounce back from the 2.7% decline in January. The growth in non-food retail was partly offset by a 2.0% drop in food store sales volumes in February, following a 4.8% rise the previous month. Supermarkets were the main contributors to the decline, with grocers citing rising input costs and broader economic pressures, this has had a downwards pressure on rates quarter-on-quarter. Similarly in France, retail trade turnover fell by 0.5% over the latest three-month period, with declines in both manufactured goods and food sales, down 0.4% and 0.6% respectively, according to Banque de France, allowing rates to fall quarter-on-quarter.

In addition, the considerable exposure of Italian exports to the US market is taking its toll. Italy exports mostly machinery and equipment, accounting for 18% of total exports. According to ISTAT, Italian exports slowed significantly in February, with a decrease in shipments to countries outside the European Union. Exports in February increased by only 0.8% compared to the same period last year, compared to January's 2.6%. This will negatively affect volumes on Italian head haul lanes, putting downwards pressure on contract rates.

Overall, contract rates remain under downwards pressure as consumer demand continues to stagnate across key European markets, and the seasonal uplift seen in Q4 2024 has tapered off. In addition to this, industrial new orders remain weak leading to reduced demand for long-term road freight volumes.

Truck operating costs are stabilising after consistent increases. In France, for example, the average CNR index for a long-distance network over the 12 months to the end of March rose by only 0.7%. This is mainly due to lower fuel costs, with the commercial diesel index falling by 7% over the same period. On a quarterly basis, due to a rise in diesel prices in January and February, the commercial diesel index rose by 3.7% in Q1 2025, leading to a small increase of 1.7% in the CNR Long Haul Semi Trailer Truck index. Driver-related costs stabilised, rising only slightly by 0.5% quarter-on-quarter. Long-distance driver travel costs increased by 0.5% due to a revaluation on 1 March 2025. Finally, maintenance costs have seen significant inflation over the past year: +3.4% on average (+4.6% for maintenance and repairs and +0.4% for tyres), according to the CNR.

Outlook

Although tariffs and geopolitical issues have pushed rates down in the short term, they are also driving a shift toward greater local manufacturing, a trend already becoming visible in Europe's automotive sector. The improvement of Manufacturing and Industry demand is likely to have an upwards pressure on contract rates.

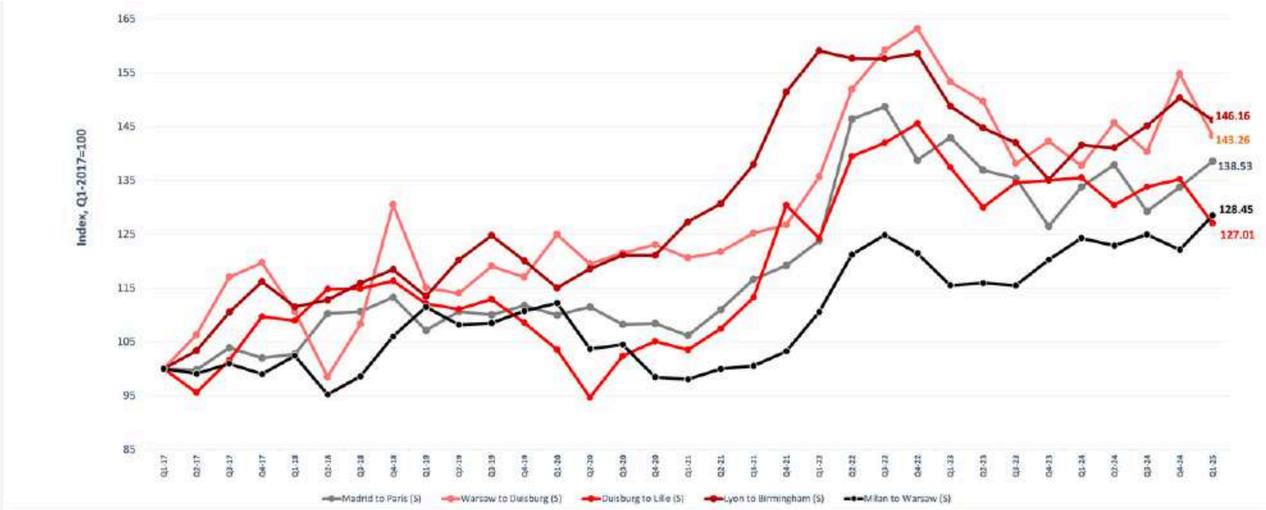
Notably, in January 2025, Volkswagen's ID.4 overtook Tesla's Model Y as the best-selling electric vehicle in Europe, with a remarkable 195% increase in registrations. Looking forward, this signals more demand for European automobiles in the region in the short term.

While Tesla's 46% sales drop is partially attributed to anticipation of a new model, analysts also point to waning brand popularity across the region, and as the demand for European made vehicles is revitalised, the contract rates market is facing more volume demand, pushing rates upwards in the medium term.

European automakers are capitalizing on this momentum, with Volkswagen's ID.7 and Skoda's Enyaq also ranking among the top five, signaling a robust resurgence in domestic manufacturing and demand.

CITY PAIRS - SPOT

Headhaul Spot Rates



Source: Upply

Rates Data

Spot rates on the other have increased on some lanes this quarter.

Madrid to Paris climbed to 138.5 points (€1.28/km) in Q1 2025, rising 4.8 points quarter-on-quarter from 133.7 (€1.23/km). Year-on-year, the index posted the same gain of 4.8 points.

Warsaw to Duisburg recorded 143.3 points (€1.29/km), marking a sharp 11.3 point drop from the previous quarter, down from 154.7 (€1.40/km). Still, rates are up 5.6 points year-on-year, compared to 137.7 (€1.24/km).

Duisburg to Lille saw rates fall to 127.0 points (€2.25/km), a notable 8.2-point decline quarter-on-quarter from 135.2 (€2.39). The year-on-year change mirrors this, with a drop of 8.5 points from 135.5 (€2.40).

Lyon to Birmingham also dipped, falling 4.1 points quarter-on-quarter from 150.3 (€2.31) to 146.2 (€2.24). Compared to the peak in Q4 2022, rates are down 16.8 points, though year-on-year they're up 4.7 points from 141.5 (€2.17).

The Milan to Warsaw route is on an upwards trend, reaching 128.4 points (€1.31/km) in Q1 2025, an increase of 6.3 points quarter-on-quarter from 122.1 (€1.25). Compared to the same period last year, rates rose 4.2 points from 124.2 (€1.27).

Market Story

Spare capacity exists but is falling and reduced spare capacity is adding more upwards pressure to rates slightly.

Even though there's a fall in consumption, costs are keeping rates high. There's a switch from the contract market to the spot market to offer businesses more flexibility hence more demand for the spot market even if volumes remain the same.

French export performance remains weak, with Carrefour reporting a 2.1% decline in revenue both domestically and across its international markets. Similarly, Danone's reported growth for Q1 2025 was limited to just 0.8%, underscoring continued slow demand for food products. Furthermore, according to the Banque de France, the production capacity utilisation rate for the industry as a whole reached 75.4% in March (compared with 75.2% in February), significantly below its long-term average (77.2%). We see the effect of this low demand on the Lyon to Birmingham and Duisburg to Lille.

In Germany, the Federal Statistical Office confirmed that the economy contracted by 0.2% in 2024, marking the second consecutive year of negative growth. This was largely driven by elevated energy costs, reduced export demand, intensified global competition, and persistent geopolitical and economic uncertainty.

The situation was further compounded by the collapse of Germany's coalition government in late 2024. These combined factors have contributed to downward pressure on spot rates in and out of major German lanes, as we observe drops in Warsaw to Duisburg and Duisburg to Lille.

According to Eurostat, seasonally adjusted retail trade volumes (excluding motor vehicles) grew by 3.1% year-on-year in Q1 2025, indicating steady consumer activity. While Spain's manufacturing PMI edged down by 0.2 points month-on-month to 49.5 in March, reflecting a slight contraction due to weaker new orders amid tariff-related uncertainty, there were still encouraging signs. Manufacturing output continued to rise, and employment levels in the sector also improved, Spanish manufacturing and demand remains amongst the strongest in Europe, which will undoubtedly keep rates elevated and exert upward pressure on head haul rates out of Spain, as seen on the Madrid to Paris Lane.

Capacity Oulook

New EU heavy goods vehicle (HGV) registrations rose by 16.3% quarter-on-quarter, indicating anincrease in available transport capacity. Year-on-year, registrations were relatively stable, down just 0.4%. However, the driver shortage remains a major constraint. According to the IRU's 2024 globaltruck driver shortage report, 426,000 truck driver jobs were unfilled in Europe in 2024 — an increasefrom 233,000 in 2023. Labour costs rose by 4% year-on-year across the EU27 in Q4 2024, with thehighest increases reported in Greece (16%), Bulgaria (15%), Latvia (15%), and Hungary (14%).

Outlook

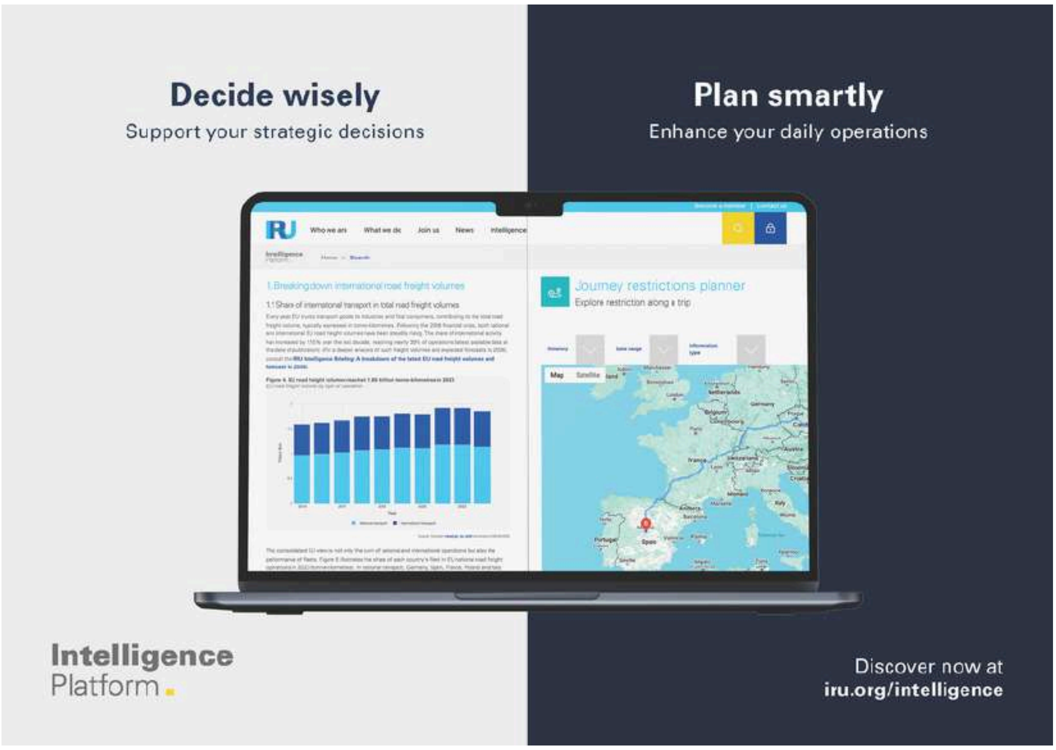
The outlook for the European spot rates is mixed, potentially trending upwards in the medium to long term.

While operational costs continue to ease, consumption remains stagnant and fuel prices fall, we would expect to see declines in rates. However, improved business sentiment from lower interest rates and higher investment in addition to improved global competitiveness vs America following recent tariffs there may be space for some upward pressure on rates.

In Germany, modest economic recovery is forecast, with GDP expected to grow by 0.7% in 2025 and 1.3% in 2026, while inflation is projected to ease gradually from 2.1% to 1.9% over the same period. As German demand improves, the continent is likely to follow suit, as expected boosted demand will apply upward pressure on spot rates.

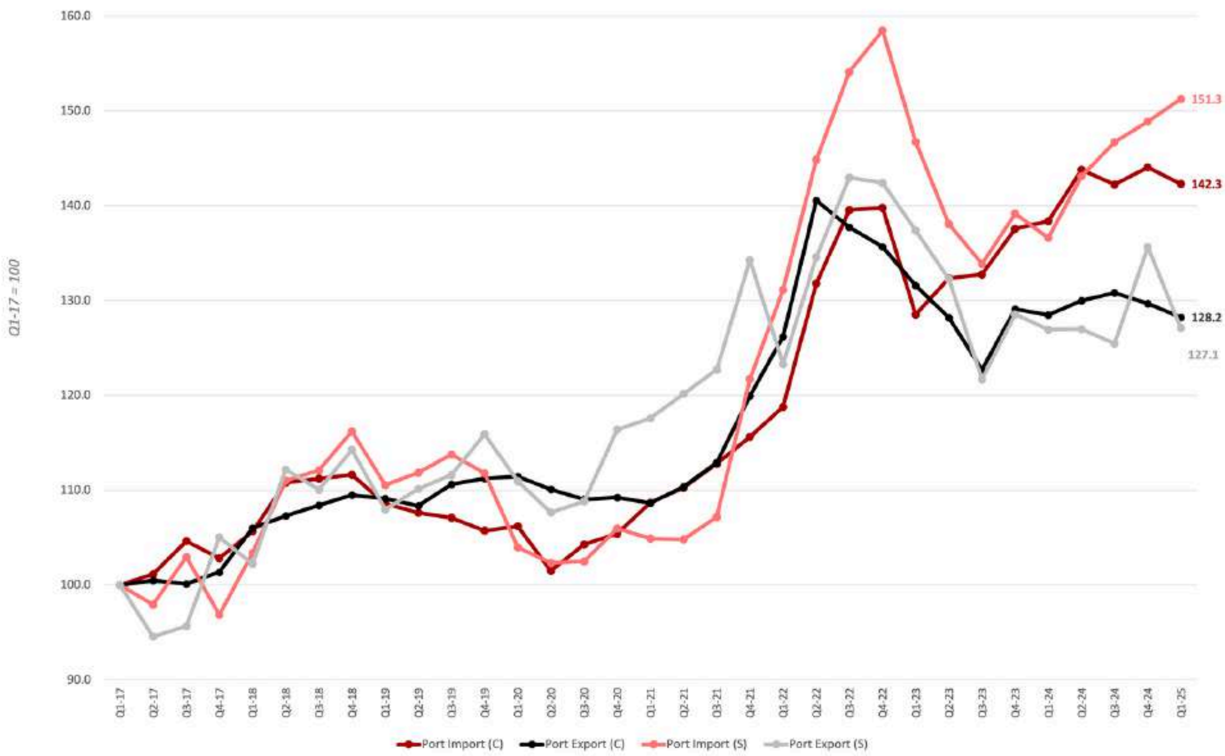
The demand outlook in the UK appears more optimistic. Retail sales have shown strong month-on-month growth, with volumes rising by 1.0% in February 2025 following a 1.4% increase in January. Household goods stores led the growth with a 6.8% monthly surge — their highest since April 2021, this is set to improve demand and push spot rates upwards as more volumes are being pushed into limited capacity in the road freight market.

In contrast, softening consumer demand for luxury goods could weigh on the lanes that include Milan and Paris. This trend is already reflected in LVMH's Q1 2025 results, which showed a 2% year-on-year decline in revenue to €20.3 billion.



PORTS

Contract and Spot Rates to and from Rotterdam and Antwerp



Source: Upply

Rates Data

On import lanes, contract rates (from Rotterdam and Antwerp) fell by 1.7 points quarter-on-quarter, dropping from 144.0 to 142.3. However, year-on-year, they recorded a significant increase of 14.6 points, up from 138.4. In contrast, spot port import rates rose by 2.4 points over the quarter, from 148.9 to 151.3. The gap between spot and contract rates has widened again this quarter, last quarter the difference was 4.8 points, but it now stands at 8.9 index points, the biggest gap since Q1 2023, where the difference was 18.2 index points.

On export lanes, the contract rate index remains higher than the spot index, in Q1 2025. Contract rates are at 128.2, falling slightly by 1.4 points from the previous quarter. Spot export rates have declined by 8.5 points, falling from 135.6 to 127.1. This puts the gap between contract and spot rates at 1.1 index points, with contract rates continuing to lead.

Market Story

Figures from Eurostat show that retail sales through mail order and internet channels saw strong year-on-year growth, highlighting the continued shift toward e-commerce across Europe. Germany led with a 12% increase, followed by Austria at 7.0%, Poland at 6.9%, and Spain at 5.6%. These figures reflect solid consumer engagement with online shopping, even as overall retail growth remained modest.

The new US administration's tariffs and industrial policies are a short and long-term risk to the eurozone economy. The US de minimis allowance is a trade tool that currently permits low-value imports (under $800) to enter the US duty-free with minimal customs processing. It is due to end for products from China in May, Canada and Mexico as part of tariff measures imposed by the Trump administration. If shipping fast, low-cost e-commerce shipments via air, especially for B2C becomes more difficult, we will begin to see a modal shift from air to ocean freight for bulk shipments to offset higher costs, likely pushing up road freight rates due to increased demand in ports. It is worthy to note that volume pressures in the transpacific trade route often cause ripple effects for the transatlantic route.

The EU automotive sector is set to take a major hit from new US tariffs. In 2023, the US accounted for €56 billion in EU vehicle and parts exports — around 20% of total industry output. A 25% tariff is expected to sharply reduce demand, with Oxford Economics estimating export volumes could drop by around 7%, especially for auto hubs like Germany and Italy. This would significantly impact a key industry that supports 13.8 million European jobs. While some producers may try to shift exports to other markets, analysts warn the loss of US sales will be hard to offset.

We have seen this modal shift reflected when we observe port volumes in the US. As ocean volumes are up Year-on-year but down about 7% year-on-year as of December.

The EU recently joined most of the rest of the world in being targeted by US “reciprocal” tariffs, receiving a 10% tariff on imports.

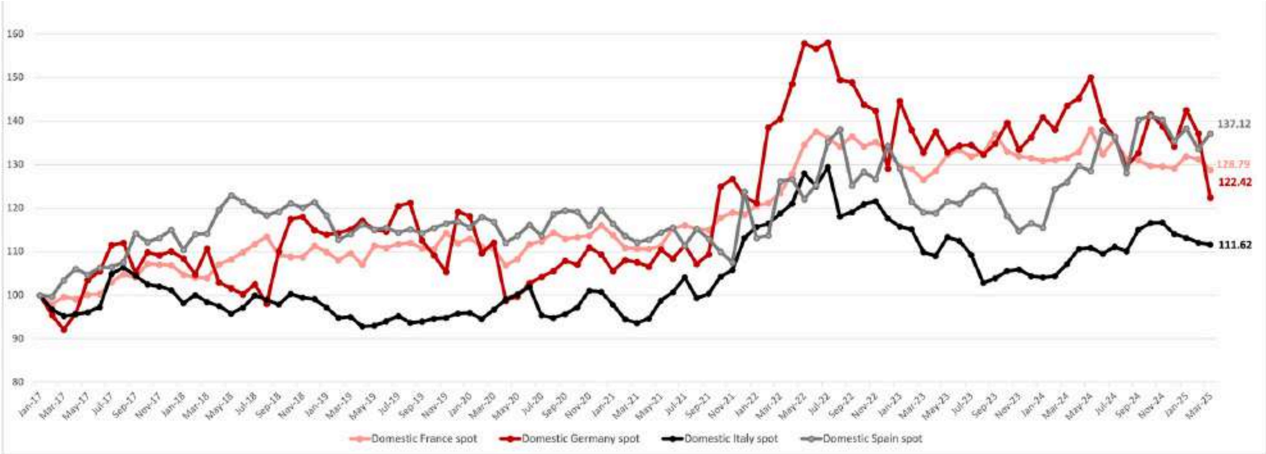
While these events might depress port import/export rates in the short term, it is entirely possible that EU–China trade relations improve to such an extent in the long run that the “loss” of the US consumer market can be mitigated to some extent.

05.

COMPARISON OF DOMESTIC LANES

DOMESTIC LANES - SPOT

Domestic Spot Rates



Source: Upply

Rates Data

In France, domestic spot rates rose by 1.2 points quarter-on-quarter to 128.8 but fell by 2.5 points month-on-month. Year-on-year, rates were relatively stable, down just 0.5 points.

Germany saw a sharp drop in domestic spot rates. In March 2025, rates fell to 122.4, down 14.8 points from 137.2 in February. The decline was consistent across timeframes, down 4.2 points quarter-on-quarter and 6.8 points compared to Q1 2024.

In Italy, domestic spot rates remained mostly stable month-on-month, falling slightly by 0.5 points to 111.6. Quarter-on-quarter, they declined by 3.5 points. However, year-on-year, rates rose significantly, up 7.1 points from 105.2 to 112.3 in Q1 2025.

Spain was the only country to record a month-on-month increase, with rates rising by 3.5 points to 137.1 in March. Quarter-on-quarter, there was a small decline of 2.6 points. Year-on-year, spot rates rose strongly, up 14.4 points from 122.0 to 136.3.

Market Story

Domestic spot rates in Germany have fallen, likely due to weak demand and smaller cost increases. Industry demand is still below par, as Germany's Manufacturing PMI was 48.3 in March 2025, still below the 50 point mark that indicates growth. According to S&P, export orders declined slightly faster, although the last two months saw the smallest drops in three years.

On the cost side, annual estimates show fuel prices dropped 3.6%, tyre costs rose just 0.2%, taxes increased by about 2.9%, and tolls went up by around 11.5%. Quarter-on-quarter, maintenance and repair costs rose 1.2%, while insurance dipped slightly by 0.7%. Both the costs slow down, and subdued demand support the domestic spot rate decreases observed in Germany quarter-on-quarter and year-on-year.

Spain was the only country where domestic spot rates rose month-on-month. Over the past year, Spain's economy outperformed much of the EU. In 2024, it grew by 3.2%, one of the fastest growths in the EU. This growth was primarily driven by strong domestic demand, holiday spending in the tourism sector, and EU recovery funds. Spain outpaced Germany, France, and Italy. In Q4 2024 alone, GDP grew 0.8% quarter-on-quarter, according to INE.

Supporting this growth, household consumption rose 1%, public spending increased 0.3%, and investment grew by 2.9%. Data from Eurostat shows that Spanish retail trade volumes (excluding motor vehicles) climbed 3.1% year-on-year. While growth is now slowing, this has eased pressure on rates, which are stabilising quarter-to-quarter.

In contrast, Italy's retail sales were flat year-on-year, edging down by 0.1%. This aligns with a notable drop in consumer confidence, which fell by nearly four points to its lowest level since April 2024, and the stable trend observed for Italian domestic spot rates.

Outlook

A gradual recovery in European consumer markets is hinting towards a more stable outlook for rates, with potential upwards pressure in the medium to long term.

CaixaBank projects Spain's economy will grow by 2.5% this year, largely due to strong domestic demand, falling interest rates, improved household purchasing power, and the ongoing rollout of EU recovery funds. New vehicle registrations rose by 8.2% across January and February. This expansion of capacity suggests that the current rate levels in Spain can be sustained, potentially even with increased volume demand exerting an upwards pressure on rates.

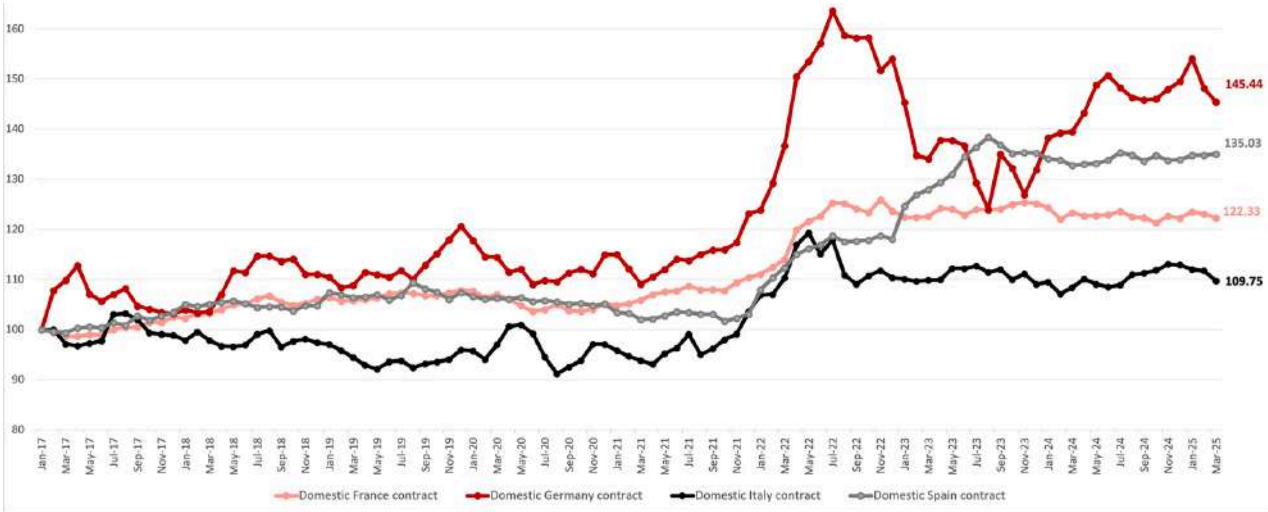
On the upside, German retail trade volume excluding motor vehicles grew 3.4% vs the same period last year. For now, the spot rate market remains steady but sluggish. However, this could shift.

Movements like "Buy European" have gained traction in response to global challenges such as supply chain disruptions, geopolitical instability, and the push for economic self-sufficiency. These initiatives encourage consumers and businesses to support goods and services produced within the EU, aiming to boost economic resilience, support job creation, and reduce reliance on external markets.

For instance, Danish retailer Salling Group is rolling out a new labeling system in its Bilka, føtex, and Netto stores. As of February, electronic price tags will include a small star to identify European-owned brands, and many retailers may follow suit. While the company will continue offering international products, the star serves as "an extra service for customers who wish to buy products from European brands."
According to a consumer survey by Deloitte UK, consumers expect to increase spending on both essentials and discretionary items in Q2 2025. The extent of the retail recovery will depend on inflation levels and whether higher prices remain manageable — particularly for key categories like food and energy. Still, Deloitte's consumer confidence index, while flattening, has not dropped significantly. With the arrival of spring, conditions may be in place for a more sustained retail recovery in the coming months.

DOMESTIC LANES - CONTRACT

Domestic Contract Rates



Source: Upply

Rates Data

Domestic contract rates in France show slight fluctuations. In March 2025, the index stood at 122.3 points, down 0.7 points from February. Compared to the previous quarter, rates were up by 0.8 points. Year-on-year, rates were largely stable, with only a small decrease of 0.3 points.

Germany saw a more noticeable month-on-month decline, with contract rates falling by 2.8 points in March to 145.4, down from 148.2 in February. Despite the monthly drop, rates rose by 1.4 points quarter-on-quarter and saw a strong year-on-year increase of 10.2 points, up from 139.0 in Q1 2024.

In Italy, rates followed a downward trend. The index for March was 109.8, reflecting a 2.0-point decline month-on-month and a 1.4-point drop compared to the previous quarter. This aligns with broader uncertainty linked to tariffs.

Spain was the only market in this group to show consistent growth across all timeframes. In March, domestic contract rates increased by 0.2 points month-on-month and 0.7 points quarter-on-quarter, reaching 135.03. Compared to the same period last year, rates were up by 1.3 points.

Market Story

The increases in domestic contract rates in Spain align with rising industrial demand — most notably, a 3.3% year-on-year increase in motor vehicle sales, according to Eurostat. Improved consumer and industrial activity are putting upward pressure on contract rates.

In Germany, domestic contract rates are also up year-on-year. This trend is supported by growth in specific sectors, particularly in non-durable consumer goods. Notably, the wholesale sector is showing signs of recovery, with household goods wholesale rising by 4.8% compared to the same period last year. Despite a dip in March, the broader recovery across wholesale sectors is helping to stabilise contract rates both quarter-on-quarter and year-on-year.

However, the outlook for Germany is clouded by the looming “tariff war”. German economic institutes have sharply revised their growth forecast for 2025, cutting it from 0.8% to just 0.1%, citing the impact of initial US tariffs on steel, aluminum, and cars. This adds considerable uncertainty to the longer-term trajectory of contract rates.

In Italy, beyond the broader economic uncertainties weighing on domestic contract demand, a lack of cost pressure has also contributed to downward trends in domestic contract rates. Driver costs remained flat quarter-on-quarter, while fuel costs fell by 4.6%. Maintenance expenses rose only slightly, by 0.5%, and tolls increased by 1.8%. Tyre prices edged up by 0.6%, and insurance rose by just 1.0%. With minimal cost increases, there has been little justification for upward movement in contract rates, which continues to reflect a downward trend in domestic contract rates.

In both France and Italy, cost stability helps explain why contract rates have remained flat or slightly negative — such as France’s -0.3% year-on-year decline and Italy’s -2.0% month-on-month decline.

Overall, the industry appears to be on a path of slow but steady recovery.

Outlook

Domestic contract rates will continue to be weighed down due to overall global market conditions. The mere announcement of tariffs has had a negative effect on the economic climate of Europe and the world. Contract rates will especially be affected due to industry demand expectations and new order exports falling as a result of this trade war. Unlike non-durable consumer goods that can be revived and kept afloat by local consumer’s switching to a “Buy European” approach, durable goods like Automobiles and intermediate goods cannot rely alone on European consumers.

The ACEA highlighted that European manufacturers export 50%-60% of the vehicles they make to the US, making a substantial positive contribution to the US trade balance.

The tariffs took effect April 2nd (“Liberation Day”), with charges on businesses importing vehicles starting the following day. Taxes on auto parts are expected to begin in May or later.

The tariffs are also likely to affect European steel producers and service centers linked to the auto industry, especially given the existing 25% tariffs on their products. The auto industry is the second-largest consumer of steel, accounting for 17% of steel procurement in the EU. As a result, in the short to medium term, contract rates across Europe will remain weighed down by these limiting factors.

06.

EUROPEAN ROAD FREIGHT RATES SENTIMENT INDEX

Source: Transport Intelligence

The Quarterly Road Freight Sentiment Trackers shows industry minds have become increasingly skeptical around the concept of rate falls over the previous 2 years. So much so that the proportion of those expecting some level of rate falls has decreased from 59.9% in Q2-23 to just 10.7% in Q1 25.

For Q1-25, the majority of respondents expected some level of rate rise at 59.6%. However, respondents aren't expecting large rises, with just 5.9% expecting a significant increase, instead a majority of respondents (53.7%) expected a slight increase. Of course large levels of uncertainty has spread across market and resulted in moderate rate falls in both spot and contract markets.

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.

ABOUT US

Ti is one of the world's leading providers of expert research and analysis dedicated to the global logistics industry. Utilising the expertise of professionals with many years of experience in the mail, express and logistics industries, Transport Intelligence has developed a range of market leading web-based products, reports, profiles and services used by many of the world's leading logistics suppliers, consultancies, banks and users of logistics.

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Upply is the digital platform for freight transport professionals. Upply designs and develops cutting-edge and innovative solutions to help shippers, carriers and forwarders exploit the full potential of digitisation for their business.

Combining transport expertise and Data Science, since 2018 Upply has developed its leading solution, Smart, for benchmarking, tracking and analysing global freight rates. With Smart, supply chain players can make fully enlightened decisions and optimise their transport investments. Through its Connect digital platform, Upply directly connects shippers with road hauliers and freight forwarders. As an operational tool, Connect simplifies transport operations by automating their processes.

To develop these unique technological solutions, Upply employs data scientists, logistics professionals and digital experts. The company is based in Paris and counts 60 employees.

For further information, please contact customer.service@upply.com.
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IRU, the world road transport organisation, has more than 75 years of on-the-ground experience via a network of 175 members from around the world. We represent the entire industry – bus, coach, truck and taxi – driving the sustainable mobility of people and goods.

IRU provides strategic and operational services to mobility and logistics companies, ranging from advocacy representation at European and international levels; trade and transit tools; driver skills assessments, training, certification and monitoring; comprehensive research and practical data tools; and workshops and roundtables on key issues that bring all industry stakeholders together. For more information, please contact information@iru.org
www.iru.org

THANK YOU.

WE LOOK FORWARD TO SEEING YOU AGAIN IN AUGUST FOR OUR NEXT EUROPEAN ROAD FREIGHT RATE DEVELOPMENT BENCHMARK

Q2 2025.

WE STAY IN TOUCH.