2025 REVIEW OF ROAD TRANSPORT IN EUROPE

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European road freight transport experienced a difficult year in 2025, against a backdrop of sluggish demand. Prices do not fully reflect rising costs, and slim profit margins are slowing down the decarbonisation process, which has also been dethroned from the number one issue by the global geopolitical context.

1. An unfavourable economic environment

According to the European Commission's autumn forecasts, real GDP in the euro area has been revised upwards and is expected to show modest growth of 1.3% in 2025. "While the strong performance was initially driven by a surge in exports in anticipation of tariff increases, the EU economy continued to grow in the third quarter," the Commission said. Furthermore, Inflation in the euro area continued its decline, falling from 2.4% in 2024 to 2.1% in 2025. Despite these seemingly favourable findings, the road transport sector is struggling.

- **Households remain cautious**

In 2025, inflation was fuelled in particular by increases in energy products on the one hand and food products on the other, due to a delayed pass-through of previous increases in international food commodity prices. At the end of this year, and in 2026, lower food prices and moderate wages should support disinflation. But in the meantime, households prefer to remain cautious in their consumer spending, which limits the growth potential of road transport flows.

- **An impact of the tariff war**

The tariffs imposed by the Trump administration in 2025 have had major implications for the European economy, creating sharp fluctuations in activity, the European Central Bank (ECB) pointed out last September in its macroeconomic projections. Export sectors, such as German manufacturing, have been particularly affected. The most exposed sectors were steel, aluminium, automobiles, and pharmaceuticals, all major generators of road freight.

The EU has negotiated partial agreements with the United States to limit the impact of tariffs, particularly on cars and car parts (reduced rate to 15%). Despite this, trade barriers have reached "historic highs", and uncertainty created by U.S. policy reversals has undermined business confidence, delaying investment decisions.

Faced with this new situation, European companies are seeking on the one hand to accelerate the diversification of their sourcing or even to relocate at least part of production, and on the other hand to find new markets in Asia, Africa or South America, to reduce their dependence on the United States. This could, in the medium term, strengthen the EU's industrial resilience, but at the cost of high initial investments. And in any case, it will take time to realise this.

- **Germany and France, the two weakened pillars**

In this generally uncertain context, the road freight transport sector has suffered from the difficulties affecting the two main pillars of the European economy, France and Germany.

→ In Germany during 2025, the economy did not enter recovery. After a quarter-on-quarter growth of 0.3% in the first quarter that was stimulated by purchases from American companies anticipating tariffs, GDP declined by 0.2% in the 2nd quarter and recorded zero growth in the 3rd quarter.

- In France, it is rather the persistent political instability that fuels the concerns of the economic community and its European partners who see it as a hindrance to the cohesion and competitiveness of the European Union. The European press believes that the French political situation is hindering Europe's ability to respond to geopolitical and economic challenges, particularly in the face of Donald Trump's re-election and international trade tensions. MEPs insist on the urgency of French stability to strengthen European defence and transatlantic relations, while the German press criticises the lack of structural reforms and the succession of government crises since 2024.

French political uncertainty also weighs heavily on its economy. French growth remains significantly higher than that of Germany, with projections indicating GDP growth of 0.8% for the whole of 2025, after +1.1% in 2024. This better-than-expected trajectory owes much, however, to a very good performance in aeronautical exports in the third quarter, which boosted GDP. Household confidence remains well below its long-term average, and their savings rate has reached historic levels (18.5%), a sign of a persistent climate of distrust. Business and household investment is stalling, and France is struggling to reduce its public deficit (5.4% of GDP in 2025), the highest in Europe after Greece and Italy.

2. Moderate and uneven growth in road transport in 2025

Road transport remains the cornerstone of European logistics chains, but it has been going through a difficult period for the past two years. Activity expressed in tonne-kilometres in 2024 recorded a slight increase of 0.6%, with a total of 1,869 billion, thus returning to growth after a fall of 3.2% in 2023. On the other hand, traffic expressed in tonnage continued to fall: road carriers in the European Union transported 13.075 billion tonnes in 2024, which represents a decrease of 0.7%, after a decline of 3.4% already recorded the previous year.

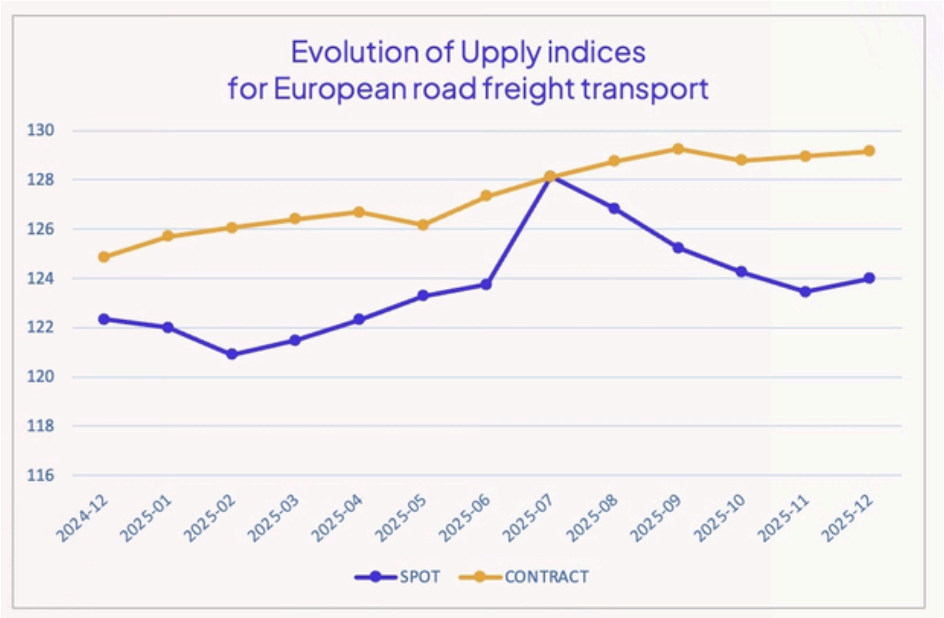
- **Weak demand**

The first figures available for the year 2025 show a trend towards erosion or stagnation of volumes on the main European routes, both quarter-on-quarter and year-on-year, reflecting the sluggishness of the European economy. In domestic markets, developments can vary from market to market.
Globally, road freight transport in Germany remains a major industry with over 3 billion tonnes of goods transported annually. While e-commerce is boosting the last mile delivery segment, the difficulties of the German economy, and in particular its industry, are weighing on demand. The growth expected in 2025 has not materialised. This also has repercussions for Polish road transport, the leading European carrier thanks to its international activity, which is closely linked to the German economy. The sector is going through a notable phase of slowdown. More than half of the companies surveyed report a decline in their revenues, and short-term forecasts remain pessimistic.
The French fleet, which ranks 4th in Europe, recorded growth of 2.8% in 2024 with a total of 174 billion tonne-kms. On the other hand, in the first half of 2025, activity declined by 0.1%, in a context of a sluggish market and strong competition from European carriers. Among the major fleets in the European Union, that of Spain is faring the best. After growth of 2.6% in 2024, activity measured in tonnage increased by 6.6% in the first quarter and by 2.6% in the second quarter, thanks to the dynamism of the domestic market. Spain is indeed one of the European countries currently experiencing the strongest growth. In tonne-kilometres, activity declined however by 4.8% in Q2 2025 and stagnated in the first half-year (-0.1%), held back by the economic difficulties in France and Germany, its main export markets.

Overall, according to Transport Intelligence estimates, the European road transport market is expected to grow by 1.1% in 2025 in terms of revenue, reaching a total of 429.5 billion euros.

- **A spot market affected by low volumes**

Price trends in road freight transport reflect changes in demand. In the contract market, it is noted that carriers have generally succeeded in passing on at least some of the cost increases. However, due to insufficient volumes, the spot market declined during the second half of the year.



Source: Upply Freight Index

3. Rising costs

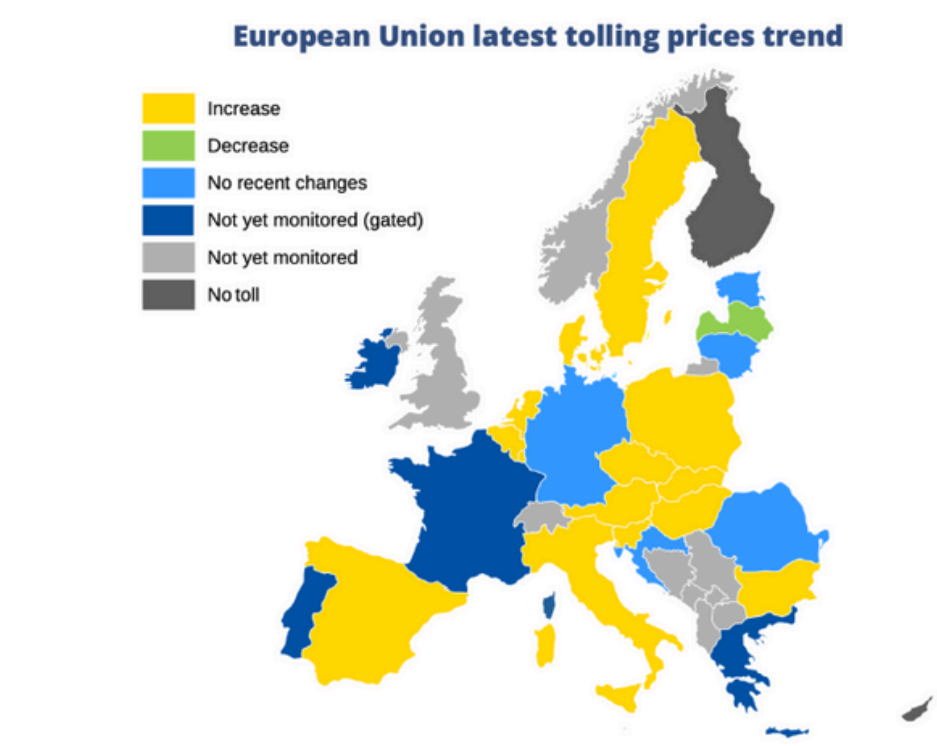
- **Diesel costs**

After exceeding the $80 mark in January, the price of a barrel of Brent followed a downward trajectory in 2025, stabilising between $60 and $65. This decline is explained by an abundant global supply, despite geopolitical tensions and sanctions against Russia, which continues to circumvent restrictions.

Despite the fall in the price of a barrel, the price of diesel increased in Europe in 2025: the gap between diesel futures contracts and Brent crude oil has never been higher since 2023. Thus, in France, the average price of diesel rose from €1.598/L in October to €1.710/L in November, an increase of 11.2 cents in one month. This increase is explained by rising refining costs, stricter environmental restrictions and energy saving certificates (CEE). Experts predict relative stability in diesel prices around €1.65 to €1.75/L by the end of 2025, due to persistent geopolitical tensions.

- **Toll costs**

The deployment of new toll systems based on CO2 emissions continued into 2025, leading to increased costs in many countries.



Source: IRU Intelligence Monitoring, Tolling status in the EU

4. Shortage of drivers and recruitment of foreign labour

The shortage of truck drivers remains a major and recurring challenge throughout Europe. The year 2025 brought some respite in some countries, notably in France, where the decrease in volumes to be transported reduced tensions on recruitment. But the problem remains structural, for demographic reasons. Across Europe, the driver population is aging, a significant wave of retirements is expected in the next 10 years, and the sector is struggling to attract young people.

- **A widespread aging**

For Poland, the number one European fleet, this is a major challenge. The road transport sector employs more than 700,000 drivers, but a large part of the active workforce in this profession is made up of people over 55 years old. In 2024, the number of drivers decreased by 12,000, and today there is already a shortage of approximately 150,000 drivers that are needed to meet demand. Many are recruited from countries outside the European Union, but the administrative procedures are lengthy. Jan Buczek, president of the professional organization ZMPD (Polish Road Transport Authority), has asked the Minister of Family, Labour and Social Policy to adopt regulations listing professions suffering from shortages and to include that of truck driver, in order to facilitate the process.

The situation in Germany is also alarming. As of today it is short nearly 100,000 truck and bus drivers. Some transport companies are therefore also turning to towards foreign labour markets. The Chamber of Commerce and Industry (IHK) also explains how companies can effectively recruit and integrate foreign qualified drivers. In Spain, the situation is similar, with a chronic shortage of drivers and rising wages needed to retain staff. The Spanish Confederation of Freight Transport believes that the subsidies provided under a new program to help finance driver's licenses are insufficient. In the United Kingdom, the shortage of drivers also remains a major concern, even though the situation has improved compared to the post-Covid shock.

- **Towards a relaxation of the regulatory framework**

This is undoubtedly the major challenge that the sector will face for the next 10 years, and it will have a strong impact on transport prices. The issue is being addressed at the national level, but also at the European level.

The revision of the directive on driving licences adopted in October 2025, thus brings changes which the International Road Transport Union (IRU) welcomed. The new rules notably allow truck driving from the age of 18 and supervised driving of these vehicles from the age of 17. The new directive also provides for the introduction of a fully digital driving licence valid throughout the European Union. "By lowering barriers to entry, encouraging structured supervised driving and improving the portability of licenses, the new legislation will help attract young talent and renew an aging workforce," the IRU believes. The new directive entered into force 20 days after its publication in the Official Journal of the European Union, on 5 November 2025. Member States have three years to ensure its transposition.

The IRU's mobilisation does not stop there. The organisation is now advocating for a change to the EU rules governing the periodic training of heavy vehicle drivers. It advocates wider use of simulators and online learning as well as better recognition of certified in-house training and shorter, more targeted training courses. The IRU also calls for the development of a harmonised European framework for the recognition of third-country driver qualifications and the exemption, "under strict and verifiable conditions", of the obligation to complete the initial EU CPC (Certificate of Competence for Drivers) training and/or to take the tests in an EU Member State.

5. New stage for the Mobility Package

From 18 August 2025, all heavy goods vehicles over 3.5t registered in the EU and circulating in Member States other than their Member State of registration must be equipped with an intelligent tachograph (version 2) known as a G2V2. The second version of the smart tachograph was introduced by the Mobility Package, with the aim of protecting drivers' rights, ensuring fair competition and promoting road safety.

This new tachograph incorporates several key new features, such as automatic recording of border crossings, loading and unloading operations, improved software update capabilities, and increased protection against tampering. Combined with remote detection equipment acquired by Member States before 18 August 2024, the second-generation smart tachograph also allows enforcement authorities to better target vehicles from the roadside. It uses data transmitted remotely by the vehicle, paving the way for more effective control, particularly of compliance with driving and rest times. The recorded data also contributes to compliance with other essential rules of the internal road transport market, such as those relating to the posting of drivers and cabotage operations.

It will be interesting to follow the results of the checks to see if this equipment allows real progress in compliance with regulations, particularly social regulations, for road freight transport. Heavy vehicles are now all affected, and in 2026, road freight vehicles weighing between 2.5 and 3.5 tonnes and operating international services within the EU will also need to be equipped.

6. Decarbonisation and energy transition

In 2025, the decarbonisation of road transport continues its progress, driven by European regulations and climate objectives, but the path ahead remains a bumpy one.

- **Major advances in last-mile delivery**

Efforts to combat pollution in urban areas are impacting last-mile deliveries, even as these are growing exponentially under the impetus of e-commerce development. By 2025, the "last mile" in Europe has seen major advances driven by technological innovation, sustainability and cost optimisation. The massive integration of artificial intelligence (AI) and transport management systems (TMS) has enabled fine-level optimisation of routes, reducing the kilometres travelled by 15% according to some estimates, and therefore also CO_2 emissions, while improving the responsiveness of deliveries. Besides autonomous delivery robots or cargo bikes, which are becoming increasingly common in urban centres, we have seen a proliferation of urban distribution centres (UDCs) on the outskirts to pool flows and limit the impact of heavy goods vehicles in the city. Electric vehicles are becoming the standard, supported by dedicated charging infrastructure and micro-depots, thereby reducing congestion and pollution. This is an essential step, as major European countries are all gradually implementing low-emission zones.

- **The laborious greening of fleets, due to ever-continuing costs**

The energy transition is more complex over medium and long distances. In Germany, the government introduced the Freight Innovation Fund (FIF) to help SMEs modernise their fleets and reduce their emissions, while in the UK, companies are exploring solutions such as maritime freight corridors to reduce road congestion and emissions. In France too, aid is granted for the greening of fleets. But the figures are undeniable: we cannot consider, at this stage, that the sector has taken a strategic turn. As part of the EU's CO2 action plan, truck manufacturers must reduce their fleet emissions by 45% by 2030, 65% by 2035 and 90% by 2040. However, these objectives "contrast with current market realities," according to the European Automobile Manufacturers' Association (ACEA). Despite a constantly expanding choice, including long-distance trucks with a range of over 500 km, the adoption of zero-emission vehicles remains "limited and uneven". During the first three quarters of 2025, they represented only 3.8% of new truck registrations, "whereas around 35% will be needed by 2030" to meet the stated targets, ACEA points out.

The energy transition faces logistical and economic challenges, including a lack of charging points for electric vehicles on long journeys and the high cost of new technologies. European governments are increasing financial incentives, but the sector remains under pressure to reconcile economic competitiveness and environmental sustainability.

- **The ups and downs of intermodality and combined transport**

Decarbonising logistics also involves developing intermodality and combined transport. But on this point, there is some ambiguity in the signals being sent. On the one hand, the European Union is mobilising 2.8 billion euros in 94 projects, a small part of which concerns the greening of freight transport, under the Connecting Europe Facility (CEF). But on the other hand, the European Commission has announced its intention to withdraw the proposal to amend the Combined Transport Directive from its work program for 2026.
The proposal, presented in November 2023 as part of the "Greening of freight transport" package, aimed to modernise and strengthen the European framework supporting multimodal freight transport. The European Shippers' Council (ESC) deplored its withdrawal. "The goal of a stronger and more integrated multimodal transport system risks being delayed for several years. Shippers are, therefore, highly disappointed by this decision, which undermines progress towards the EU's Green Deal targets and the decarbonisation of freight transport."

More generally, the European Green Deal, a flagship measure of the first term of European Commission President Ursula von der Leyen between 2019 and 2024, is the subject of numerous attacks. A downward revision of ambitions, or at least a postponement of decarbonisation targets, is gaining ground, particularly since the European Parliament elections of June 2024. In the immediate future, road carriers have already obtained a welcome reprieve: a one-year postponement of the integration of road freight transport into the emissions trading system (ETS2), which should therefore take place on January 1st 2028 instead of January 1st 2027.

As we approach the end of 2025, decarbonisation is a topic that has taken a back seat, even though most economic players agree that it is a laudable and necessary objective. Road carriers, many of whom are SMEs, are focused on their short-term survival. They are weakened by the erosion of margins, as evidenced by the high level of business failures. On the shippers' side, the priority is to reorganise flows to reduce the vulnerability of supply chains, in a turbulent geopolitical context.

Finally, on the European Commission side, efforts are now focused on security imperatives. Road transport also plays a part in this: as it did during the Covid period, its strategic role is being recognised. The "Military Mobility Package" presented by the European Commission in November to prepare for a possible armed conflict recognises the importance of a harmonious integration of commercial road transport into military mobility operations. "This is keenly important as road transport networks are the most resilient and least vulnerable to major disruption from targeted attacks, reinforcing their role as the backbone of EU crisis logistics. Civilian operators already carry most essential goods and supplies in emergencies" reminds the IRU. The package proposes measures to streamline cross-border permits, digitalise processes, strengthen dual-use infrastructure and improve access to transport and logistics resources through a future solidarity pool. Let us hope that this decidedly strategic role, recognised in crucial moments, can also become a little more lucrative.

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