

A white semi-truck is driving away from the viewer on a two-lane asphalt road that curves to the left. The road is flanked by a dense forest of tall, green coniferous trees. The scene is captured from an elevated perspective, showing the truck's rear and the road's curve. The background is a thick wall of forest that extends up a hillside.

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Monthly barometer of road transport prices in France

NOVEMBER 2022

France: misleading rise in road transport prices in November

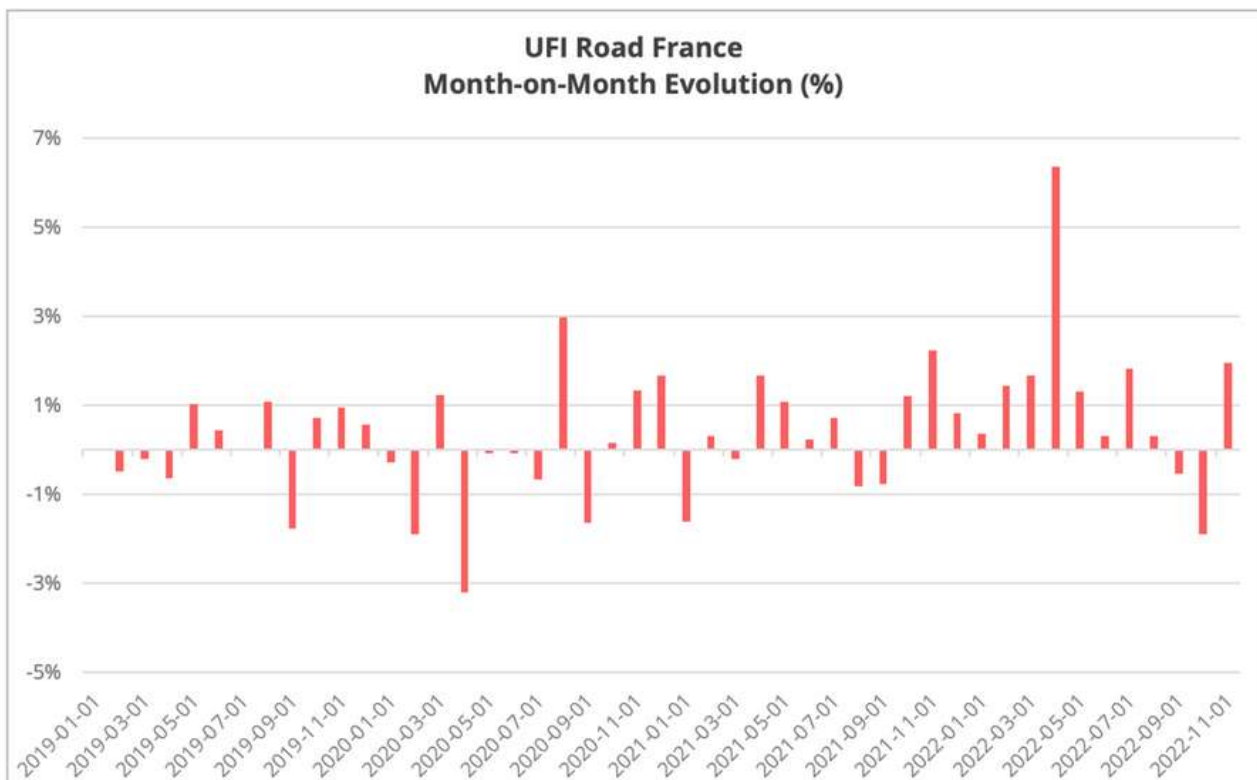
The Upply Freight Index shows a month-on-month rise in road transport prices in France in November 2022. This trend reflects the rise in diesel prices in the previous month, but not a net recovery in freight rates.

According to an Elabe poll for BFMTV, 73% of the French population believe that their purchasing power has decreased in recent months, up 16 points on last year. **The effects of inflation are increasingly being felt and are causing serial abstentions:** 51% of French people say they curbed their shopping and spending on going out (+19 points in one year) and more worryingly, a growing number of French people say they are having to give up on essential expenses (39% are forgoing buying certain food products and 37% heating their homes properly).

In a context of rising energy costs, geopolitical tensions, increasingly significant consequences of climate change, and pressure on purchasing power are ending up having an exorbitant impact on public finances – 69.2 billion euros between September 2021 and November 2022 in France, according to the [think tank Bruegel4](#) –, in an environment where money is already scarce for many public services and where rising interest rates risk increasing debt servicing.

Price increases: the books aren't being balanced...

Despite this gloomy environment, **road freight transport prices still managed to rise by 1.9%**, putting a stop to the decline in prices that we had been seeing for a few months.

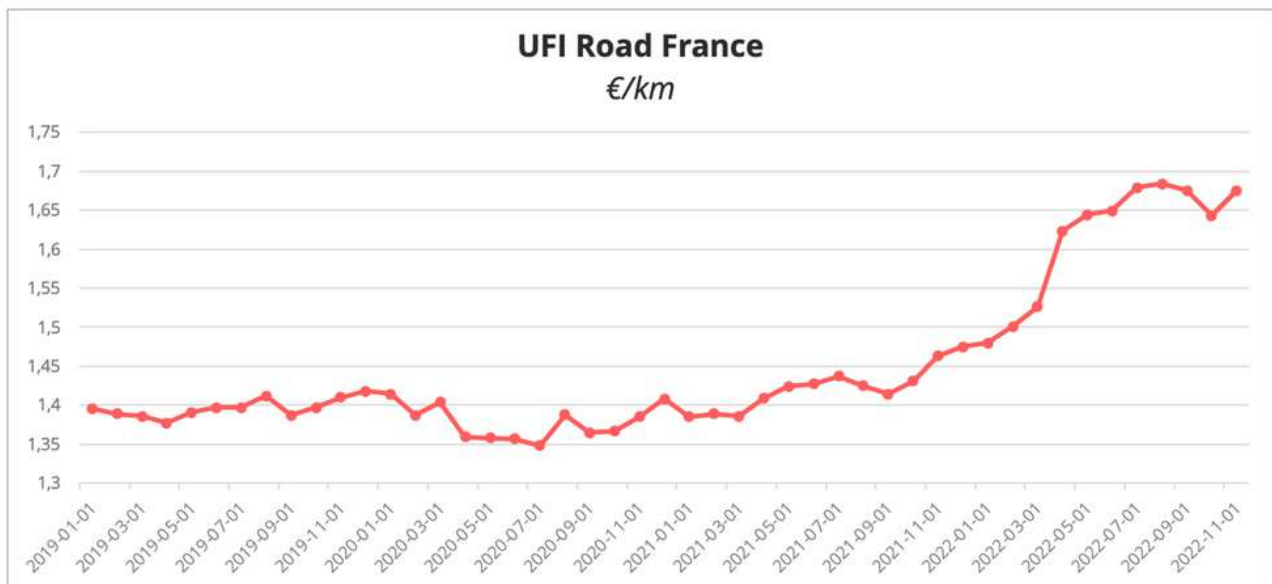


Source: [Uapply Freight Index](#) – Road France

As the pass-through of diesel costs generally occurs with a one-month delay, it is safe to predict that the increase in **freight rates observed in November is largely "bolstered" by the surge in energy prices in October**. Indeed, last month, we noted that professional diesel prices had increased very significantly over 1 month, up by 14.6%, inducing a strong impact on the CNR cost index LD EA (Long Distance Articulated Unit): this increased by 5.3% in October compared to September.

If we compare the increase in transport prices (+1.9%) with the soaring transport costs (+5.3%), we see **a differential of 3.4% to the detriment of carriers' balance sheets in November**. They are therefore bearing the cost of the fall in transport flows, which mechanically push prices downwards.

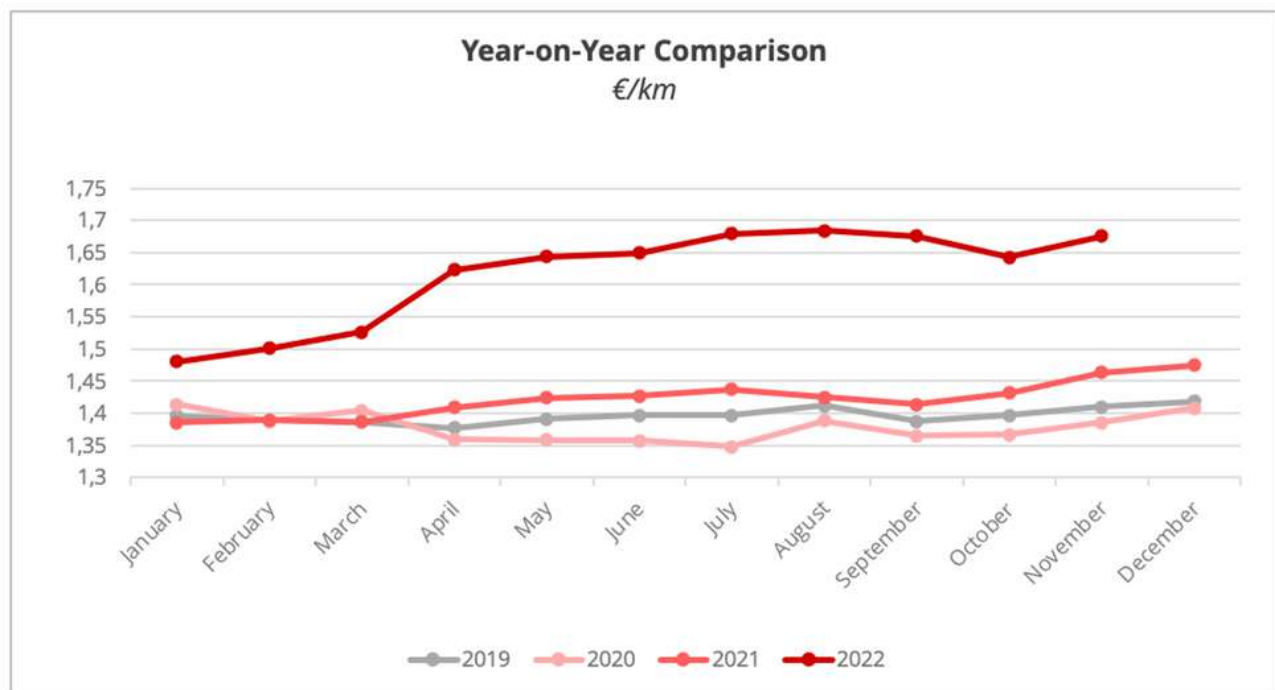
The average transport price in France in November was €1.675 per kilometre driven. The index regained 3 cents per kilometre compared to the previous month, but assuming full pass-through of the effects of higher fuel prices, the average should have been €1.729, setting a new record.



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

An abnormally quiet spot market

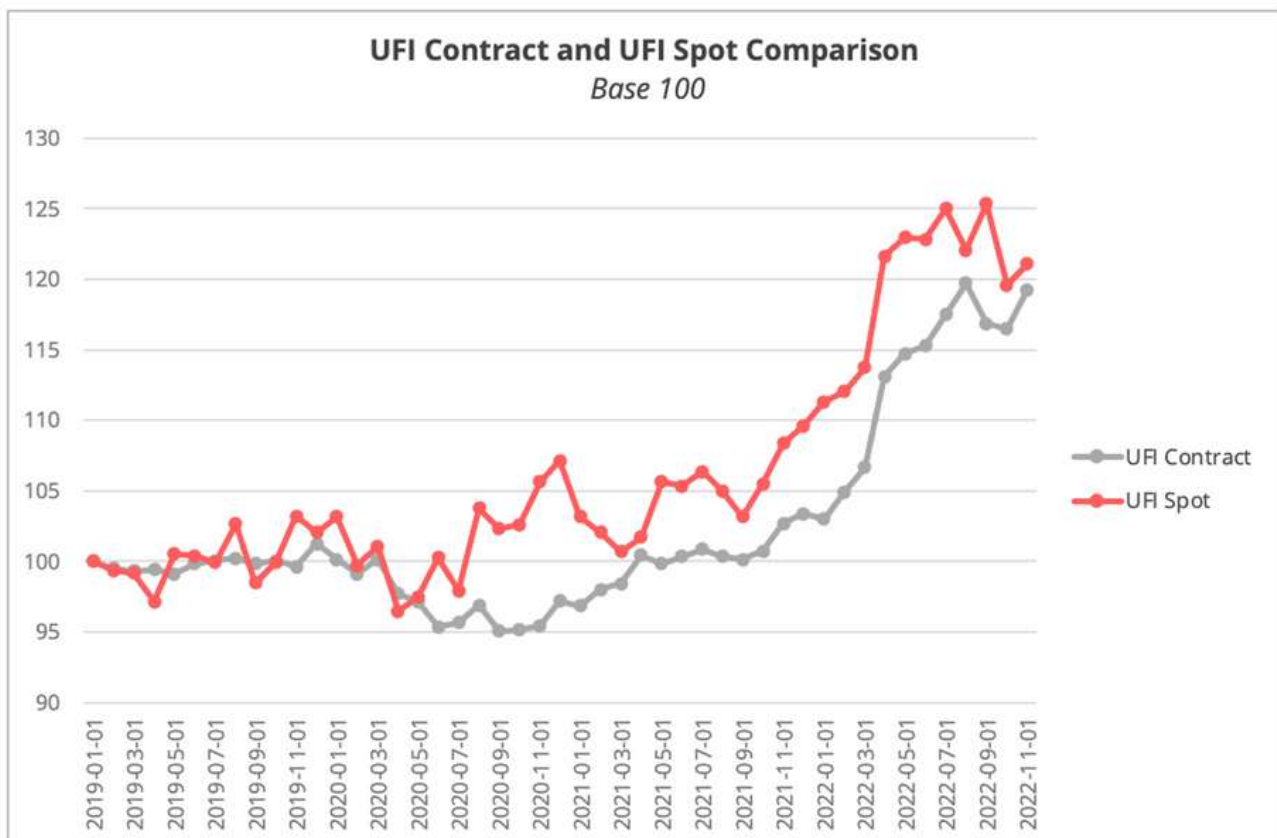
As shown in the graph below, November 2022 is perking up and allows the curve to resume what one would call a classic profile comparable to previous years. Being in the middle of the peak season it is normal that prices increase.



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

However, we have seen that **this rise is misleading and is hiding the reality of a downturn in French road transport**. If we take account of the 12.6% fall in diesel prices recorded in November, we would expect to see accordingly a fall in road transport prices next month.

When comparing UFI Contract (+2.4%) and Spot (+1.3%) indices we see that the latter is moving slower than the former. This reflects **lower demand for spot transport**, which will not allow prices to be pushed up. **In this peak season, this atypical trend shows that the market lacks dynamism.** However, the increase of the UFI Spot indicates that non-contracted transport is still managing to pass on some of the increases in diesel prices.



Comparison of changes in contract prices and spot prices

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

There is a certain resilience from road hauliers, as the curves have not (as yet) crossed over. We may have entered a downturn, but we are not in a recession. Demand has weakened but not collapsed. On the other hand, **holding firm on freight rates is a matter of survival in the face of soaring global costs.**

A stable business climate

In November 2022, the business climate in France remained at 102 for the third consecutive month, slightly above its long-term average (100). **This stability masks contrasting trends**, according to the INSEE.

- **In industry**, with the decline in orders on the books, as well as **in construction**, the business climate is deteriorating.
- **In retail trade**, the business climate is stable, but below its long-term average.
- **In the services sector**, the business climate fell sharply in administrative services, while it deteriorated in accommodation and food services, road freight transport, and real estate activities.
- Conversely, **in wholesale trade**, the business climate is improving, driven by an increase in shipments received from abroad and past sales.

Increase in energy prices

The deterioration of the economic situation in road freight transport in France is very clear in the FNTR's latest business survey, published in October. This deterioration is linked to several factors. **Erosion of profit margins is the number one concern expressed by road hauliers**. At the end of November fuel costs jumped 36% year-on-year but this year's peak came in April with 69.5% year-on-year.

The main challenge for road hauliers is therefore to preserve their profit margins and cash flow, by passing on to their customer rates the increase in costs. This impact usually occurs with a one-month lag, which is useful in periods of decline but problematic during sharp increases. But in this year 2022, increases have followed in close succession.

The government has announced the end of financial aid for the purchase of fuel. **The road transport trade organisations are now waiting for new support measures.** They were reassured by the recent statements of Bruno Le Maire, Minister of the Economy and Clément Beaune, Minister Delegate for Transport, who confirmed that the government was working on the subject, but no announcement specifying the mechanisms has yet been made.

Labour shortage

It is not only energy that is in short supply, but also labour. According to the French website France Info, some 22,000 positions are waiting to be filled in transport and logistics in France at the beginning of December. **The shortage concerns in particular the profession of drivers.** It is illustrated for example at Stellantis, having affected for several weeks [the shipment of thousands of vehicles](#) from the factories of Mulhouse and Sochaux.

This situation of imbalance between supply and demand has an impact on wages. In France, on an annual average, the salary costs of driving staff (salaries + expenses, excluding travel allowances) increased by 7.7% for long distance and 7.5% for regional in 2022, compared to 2021, notes the CNR. And it will continue. The agreement on mandatory annual negotiations signed off by the FNTR, OTRE and Union TLF on the one hand, and the CFTC, CFDT, CGT and CGC on the other, allows for all the salary scales of the RFT collective agreement to be increased by 6% from 1 December.

Carriers are forced to raise wages if they want to continue to attract from a population of drivers that is not growing. [According to an IRU report published on 14 November](#), almost half of all driver positions will be vacant in 2026 in the European countries studied if no action is taken. France will be particularly hard hit.

Will the arrival of autonomous trucks provide relief for the profession? Several experiments are underway, but for now, no large-scale operational solution is emerging. In the short term, carriers are caught between a rock and a hard place. They see costs go up and their profit margins go down.

KEY INDICATORS

	November 2022	October 2022	Evolution M / M-1	November 2021	Evolution over 12 months
Business climate (base 100)	102.2	102.2	+ 0.0 %	113.3	- 9.8 %
CNR Commercial Diesel Index	243.19	278.23	- 12.6 %	178.76	+ 36.0 %
CNR's Long Haul semi trailer truck index	164.17	172.62	- 4.9 %	142.74	+ 15.0 %

Sources: Insee, CNR

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