

Road freight transport prices in France

July 2023



upply

MONTHLY BAROMETER

France: road transport prices increased sharply in July

Transport prices in France grew by more than 2% month-on-month in July. French carriers seem to be taking advantage of the stagflation that has taken hold without anyone noticing it.

The growth of the French economy reached **0.5% in the second quarter compared to the previous quarter**. [A result higher than expected](#), driven by foreign trade which offset the weak domestic demand. Bruno Le Maire, the Minister of the Economy and Finance, hailed a "remarkable performance" and confirmed the government's forecast of 1% growth for the French economy in 2023.

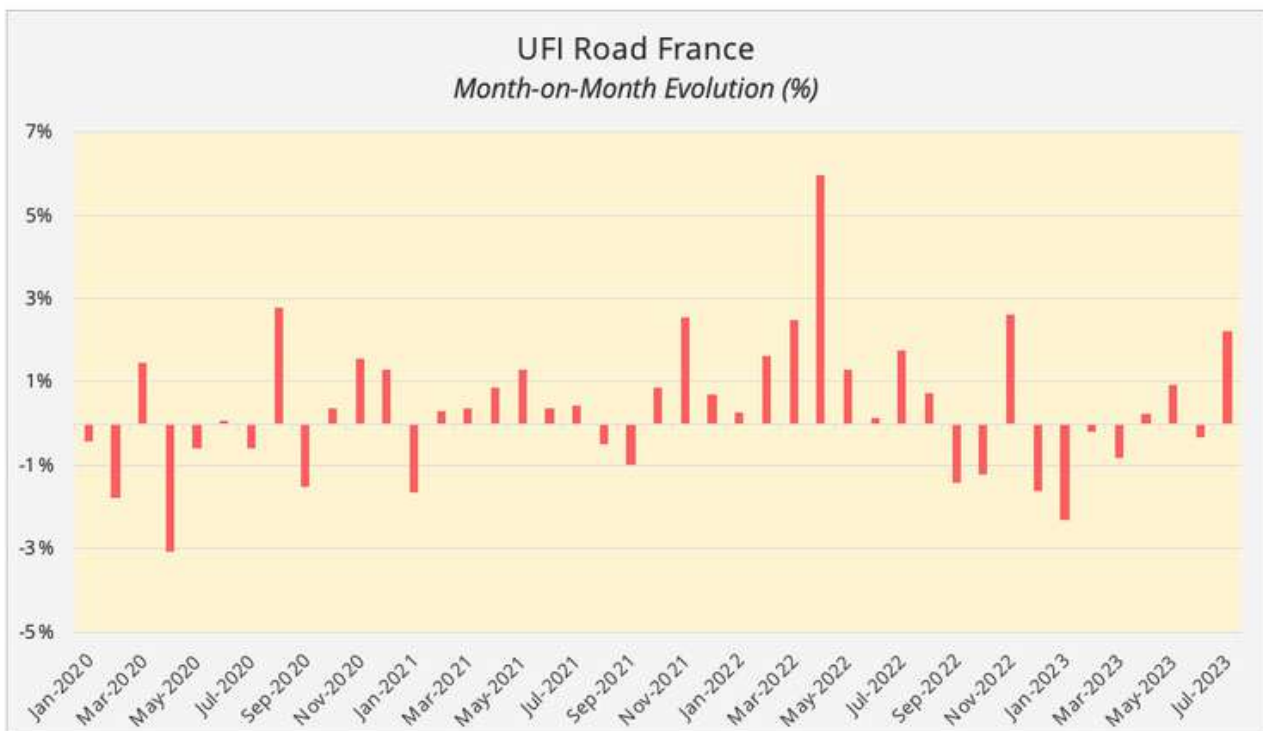
In July, according to the Banque de France's monthly business survey, **activity increased in industry, services and construction**, and the slowdown was less accentuated than anticipated in June. In industry, "Balances of opinion indicate that production increased significantly in the wearing apparel, textiles and footwear, wood, paper and printing, IT, electronic and optical products, and automotive sectors, on the other hand, activity is down in pharmaceuticals, plastic-rubber, and chemicals", details the Banque de France survey.

The business climate in France remained fairly stable in July, registering for the third consecutive month at the level of its long-term average. "Indeed, the business situation is unchanged in most sectors, except for a degradation in wholesale trade compared to May and an improvement in retail trade (including trade and repair of vehicles) compared to June", [specifies INSEE](#).

In the coming months we can therefore expect "sluggish", but not catastrophic economic activity.

Strong increase in French road transport prices

In this economic environment, **road transport prices in France increased significantly by 2.2% in July 2023** compared to the previous month. The relative stability of transport prices, which had been confirmed since the beginning of the year with a price evolution of between -1% and +1%, literally exploded out of this range.

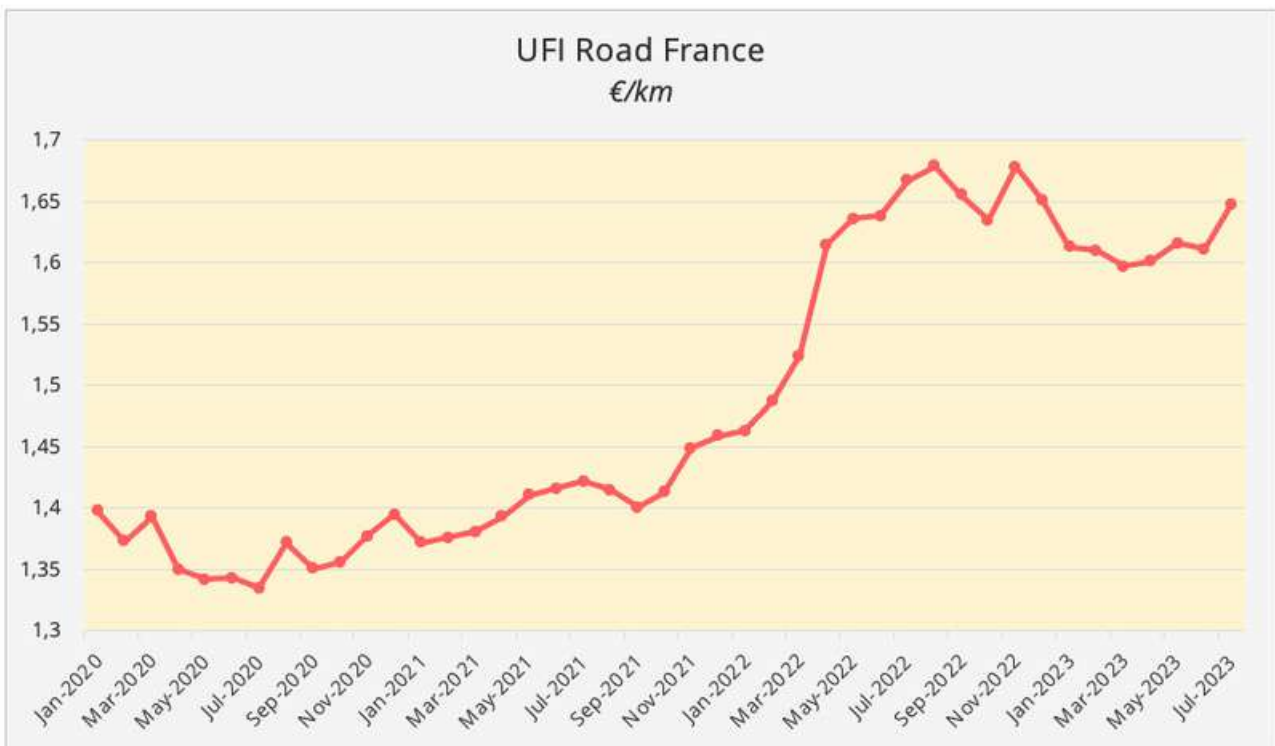


Source: [Uapply Freight Index](#) – Road France

This rebound in July is **not entirely attributable to the impact of the increase in diesel prices**. This pass-through occurs with a delay of about a month. However, in June, commercial diesel only increased by 0.9%, suggesting an increase in transport costs of about 0.3% based on the CNR Long Distance Articulated Set Index in June. So, it is therefore another mechanism that is occurring.

However, the Fuel cost item remains an element to be monitored. In July, commercial diesel increased by 2.3% and the Long Distance Articulated Set index by 0.8% (see indicators p. 10). This index, boosted by the rise in diesel, certainly announces a strengthening in inflation for the coming months.

The average transport price in France in July was €1.647 per kilometre driven, a rise of €3.6 cents per kilometre over a month.



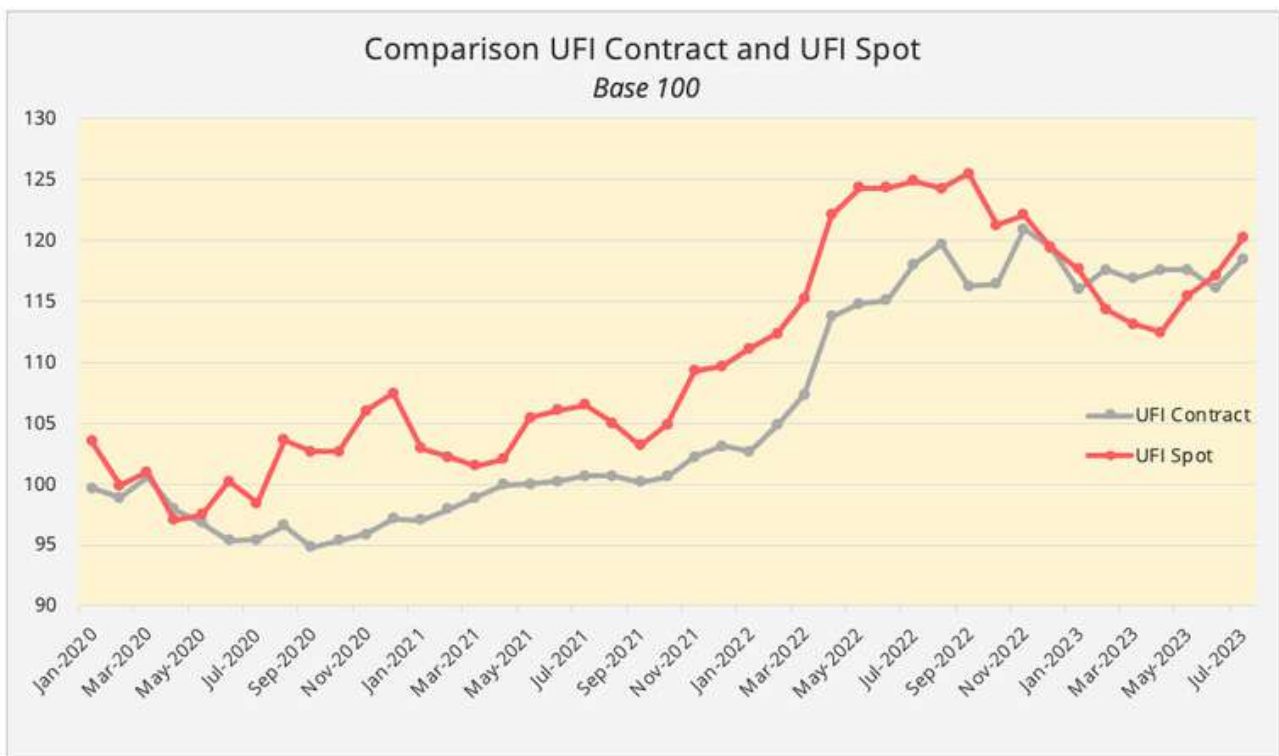
Source: [Uapply Freight Index](#) – Road France

In one month, the situation changed dramatically. The plateau we have been observing since January – prices varying between -1% and +1% with a low limit of €1.60 - could well turn out to be just the rates bottoming out! This is because the increase in diesel prices observed in July and August is expected to continue. Tensions in the Black Sea, linked to the Russian-Ukrainian war, are complicating the transit of Russian oil tankers. In addition, Saudi Arabia announced an extension in August and September of the reduction in production of one million barrels per day decided in July, and Russia is following suit. **The threshold of €1.70/km, which has never been reached so far, now seems attainable...**

French transport still in stagflation

The SPOT index, which represents the benchmark index of non-contracted prices in France, lost 3.7% year-on-year. Over the same period, the CNR Long Distance Articulated Set Index fell by 5%. Spot prices therefore follow the cost index but with a positive differential.

In July, the start of the summer period marks the departure of truck drivers on holiday, which puts pressure on capacity and raises prices. However, over 1 month, spot prices increased by only 2.6% (compared to +2.2% for the overall index). It can be said that this tension was very limited in July 2023, which tends to **confirm a certain stagnation of transport flows in France**.



Comparison of changes in contract prices and spot prices -
Source: [UFI Freight Index](#) – Road France

The Contract Index, which represents contract prices between shippers and carriers on the French market, increased by 2.0% month-on-month and 0.3% year-on-year. Visually, it can be seen that the Contract index follows the same path as the overall index, of which it is therefore the main and predominant component.

The positive price increase over one year (+0.3%), while diesel fell by 22.4%, indicates that contractual prices are certainly flat, but that the carriers' margin is improving. **This combination of Flow Stagnation/Profit Margin Inflation is the mark of the stagflation of French transport in 2023.**

However, the margin difference, calculated on the basis of the Upply Contract Price Index and the CNR LD EA Index, is flattening year-on-year. The gap fell from 8.7% in June to 5.3% in July. The margin of the carriers is eroded by the inflation of the salary costs granted since a year.

SMART by **Upply**

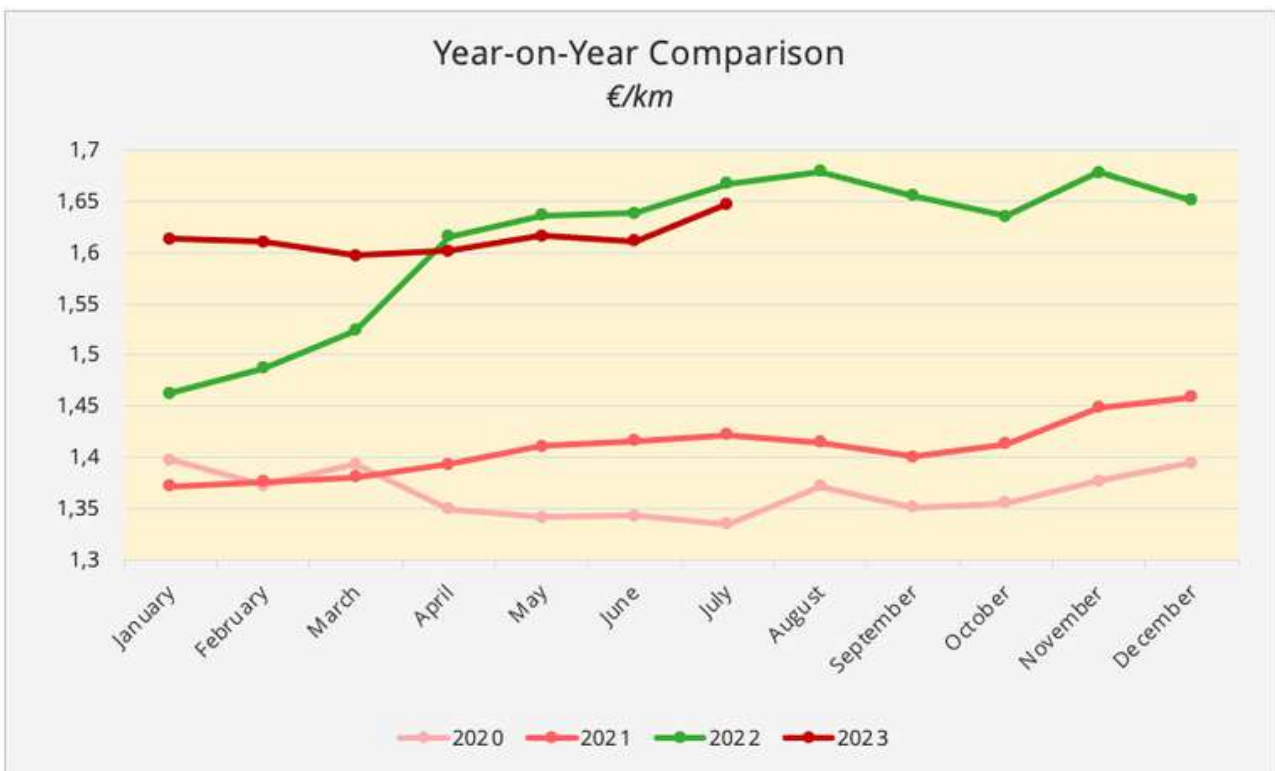
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DISCOVER SMART

The image shows a laptop displaying the Upply dashboard. The dashboard includes a gauge for the Median price (1,599 €), Benchmark information (Confidence index A, Last update 08/07/2023), Trip information (Distance 1,821 km, Duration 1 day, 3 hour, 1 minute), and Environmental impact (CO2 1.9 t/shipment, NOx 5.1 kg/shipment, SO2 0.7 kg/shipment, PM 0.1 kg/shipment, Fuel 27,503.6 kg of energy, CO2e 0.6 kg/shipment).

Likely Return of Inflation

As in June, the 2023 and 2022 curves are highly correlated. The differences between the two years vary by only a few hundredths of a euro while the diesel index changes over the same period by several tens of percent.



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

The price stabilising factor that counteracts the volatility of diesel prices is the stagflation we have just described (stagnation of volumes, inflation of margins). But this correlation should end with the firm recovery of pump prices.

Mandatory introduction of the SMT2 tachograph in August

In terms of regulations, the news is marked by the introduction of the new SMT2 tachograph. From 21 August 2023, all new trucks over 3.5T will have to be equipped with the latest version of the smart tachograph. **The 2023 tachograph is equipped with a geo-positioning module and a function for automatic and time-stamped recording of border crossings.** The driver will therefore no longer have to enter this information manually. Loading/unloading operations will be recorded and geolocated. Activity storage capacity will be doubled from 28 to 56 days.

ITS (Intelligent Transport System) functions are also enhanced in the new version with a standardised Bluetooth communication module. It will allow the device to connect directly to a smartphone to display activity times or simplify data entry by drivers.

A monitoring tool to help implement the Mobility Package

The geolocation system meets the new obligations of the Mobility Package. Law enforcement will be able to better monitor compliance with cabotage rules by simplifying the comparison of tachograph data with consignment notes. They will also be able to control social data such as driving, rest, and loading/unloading times. The main obligations of the Mobility package can then be checked: the ban on weekly rest in the cabin, return to the company's home country or the residence of the driver after a period of 4 weeks of work, registration of border crossing, etc.

From 2024, law enforcement should be equipped with tablets and roadside DSRC "radars", in order to remotely connect to tachographs and identify any anomalies, manipulations, disconnections, inconsistencies of stored information, or even overruns of driving times... **The version SMT2 should allow controllers to be more efficient, thanks to more targeted and less random controls.**

Next steps

The Smart Tachograph version 2 is currently only required for new trucks over 3.5T. But all professional vehicles put into circulation before June 15, 2019, and operating internationally, must be equipped before December 31, 2024. For vehicles put into service since June 15, 2019 and equipped with a smart tachograph version 1, the switch to version 2 must be made before August, 21 2025.

Finally, all commercial vehicles over 2.5T operating internationally must also be equipped with a smart tachograph version 2 from 1th July 2026. This will definitively bring under control a profession where driving hours are sometimes unreasonable compared to those, highly regulated, of vehicles over 3.5 tons.

KEY INDICATORS

INDICATORS	July 2023	June 2023	Evolution M / M-1	July 2022	Evolution over 12 months
Business climate (base 100)	99.9	100.4	- 0.5 %	103.5	- 3.5 %
CNR Commercial Diesel Index	197.36	192.89	+ 2.3 %	254.38	- 22.4 %
CNR's Long Haul semi trailer truck index	158.14	156.82	+ 0.8 %	166.49	- 5.0 %

Sources: Insee, CNR

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