

Monthly Barometer

Trends in road freight prices in France

JANUARY 2024

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Slump in January on road transport prices

Road transport prices in France continued to fall. The drop in demand, blockades, and sluggish economic prospects are plunging French transport into a slump.

In January 2024, all of France was shaken by the farmers' revolt. This movement disrupted the cabinet reshuffle, which had begun on 9 January 2024 with the appointment of Gabriel Attal as Prime Minister. It was not until four weeks after the appointment, on 11 January, of twelve ministers and three deputy ministers, that the full composition of the government, and in particular the name of the new minister in charge of the transport portfolio, was known.

The choice fell on **Patrice Vergriete, who became Minister Delegate for Transport** after holding the position of Minister Delegate for Housing in the previous government. He succeeds Clément Beaune. A graduate of the prestigious Ecole Polytechnic and General Engineer of the Corps of Bridges, Waters and Forests, Patrice Vergriete was mayor of Dunkirk from 2014 to 2023. The professional federations addressed their customary congratulations and wishes for success, but immediately highlighted **the economic difficulties facing the sector** and laid down the red lines. "We will be a demanding and proactive player to support the transitions in our sector, defend the competitiveness of our companies, and act against any new taxation project", stressed the TLF, while the OTRE is even more explicit: "Maintaining fair taxation and ensuring visibility for all the professionals we represent must be at the heart of this action. The OTRE (Organisation of European Road Transport operators) will then continue **to firmly oppose any hypothesis of the generalisation of the regional ecotax on road transport, as well as any increase in fuel taxation** as long as the conditions sine qua non provided for by the Climate and Resilience Law are not met".

The economy at half-mast

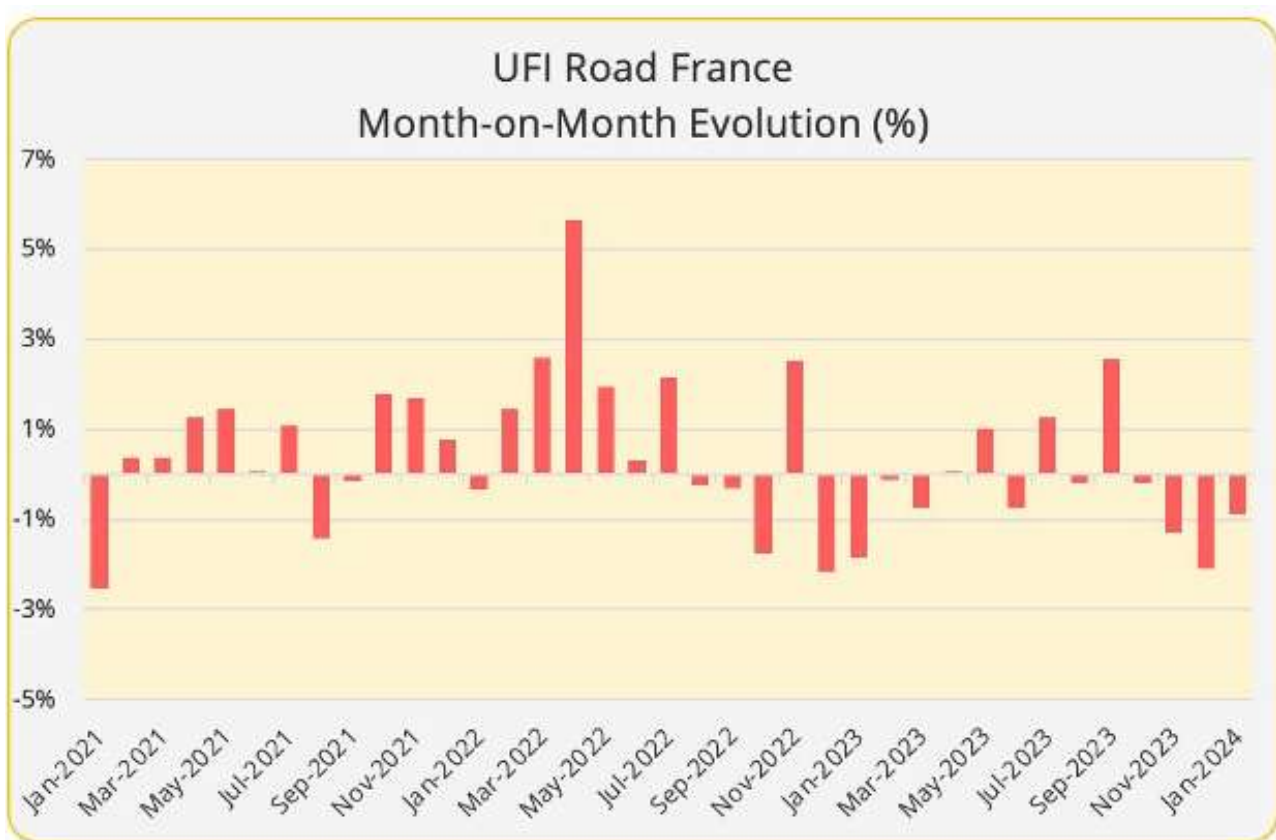
The new government takes office in a difficult economic context. According to INSEE forecasts, [the recovery of economic activity in France](#) will be very slow: **growth is expected to be limited to 0.2% in the first and second quarters of 2024**. Consumer spending should recover a little, thanks to the fall in inflation, but investment is completely at a standstill. Moreover, in January 2024, the business climate in France remained relatively stable compared to December 2023, **and below its long-term average**. The economic situation has improved in construction, services, and retail trade, but it has deteriorated in wholesale trade.

Above all, the January results show a decline in the employment climate indicator: at 99, it loses a point compared to December and is just below its long-term average (100), for the first time since April 2021. Business leaders therefore believe that employment will deteriorate in 2024, with a consequent increase in unemployment figures.



A 4th consecutive drop in road transport prices

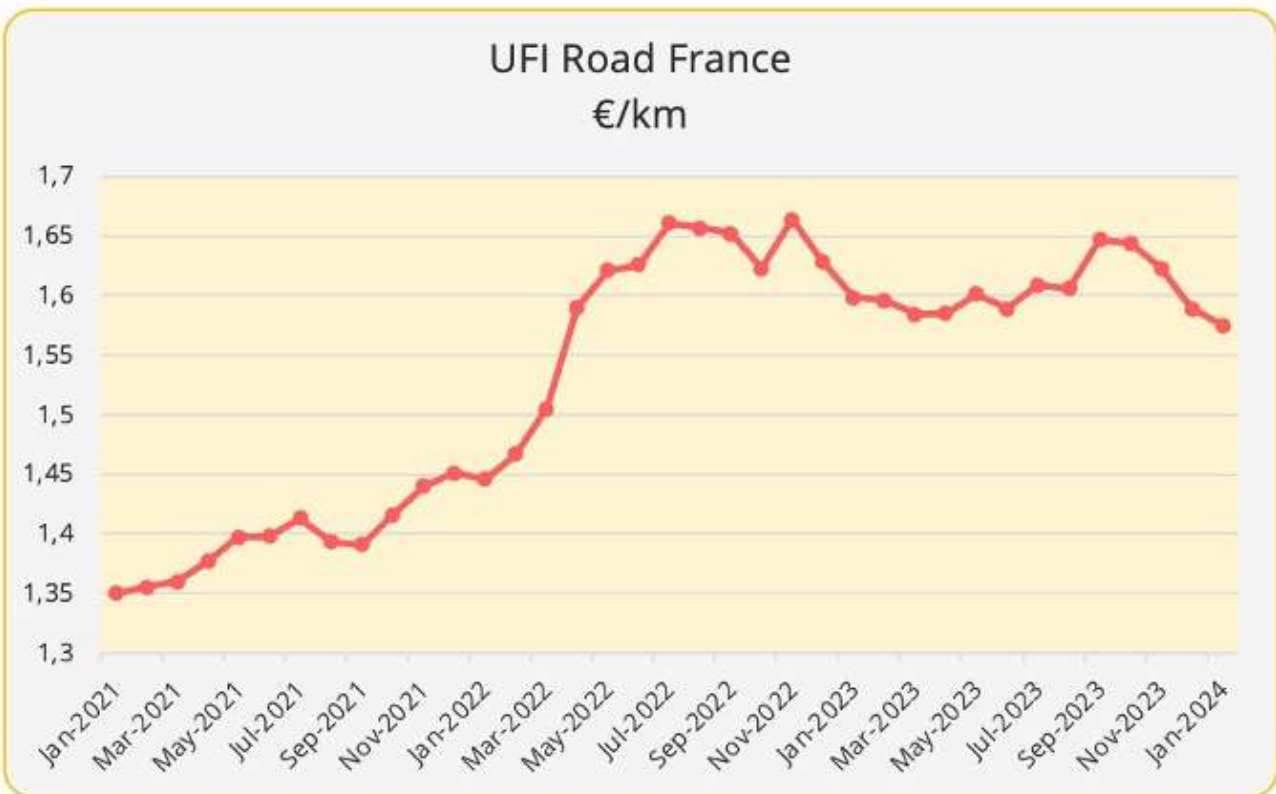
Unsurprisingly, therefore, road transport prices continued to fall for the fourth consecutive month. **They fell 0.9% in France in January 2024 compared to December 2023**, according to the Uply Freight Index (UFI Road France).



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

This streak of four monthly declines is the longest on record since March 2023. In addition, over the last 12 months, there have been 8 monthly downturns against only 4 increases. There has been a real **"deceleration" on transport prices in France since 2023** and January 2024 is following the same trend.

The average price per kilometre, based on transactions recorded in the Uply database, is stagnating at € 1.575. Even if we remain above the higher limits, namely above €1,550/km, we must go back to March 2022 to find a lower price level. This proves once again that transport prices are trending downwards.



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

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A decline in demand that is not just occasional

There are multiple reasons for this drop. First, **commercial diesel prices fell 3.2% in December**. Given the delay of one month in the impact on the price of transport, a decrease of between 0.6 and 0.8% was expected in January.

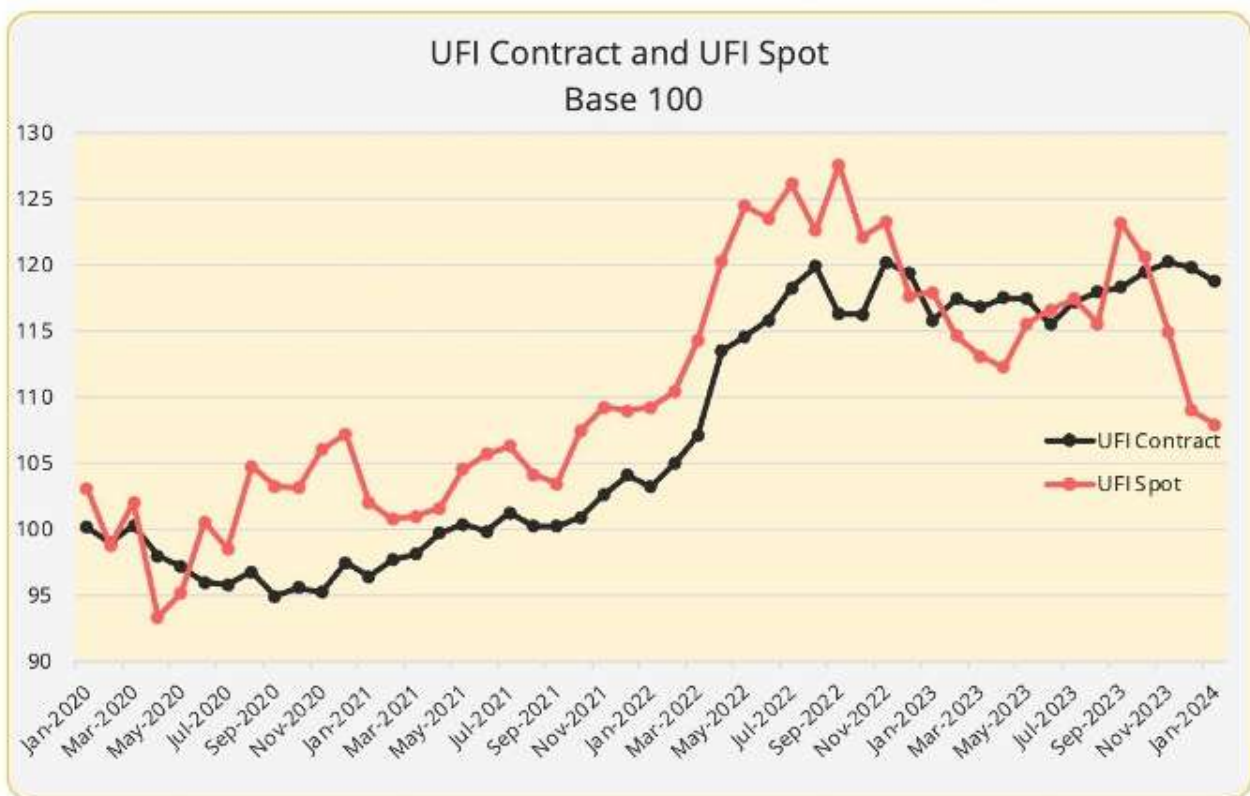
There is also a **seasonal variation**. January is traditionally a month when transport prices fall. This can be seen in the graph below: the months of January of any particular year are generally lower than those of December of the previous year. Transport demand falls sharply after the end-of-year holiday peak season and at the same time, the construction sector, a strong provider of road transport flows, has not yet restarted.

Under these conditions, with activity still sluggish, and diesel prices still slightly down, it would be very surprising to see the curve recover in February.



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

The UFI Spot Road France indicator, which measures the evolution of spot rates in France, however, **shows that the drop in demand is not just a one-off**. During this fourth consecutive month of decline, the fall was less pronounced however, at -1%. But during the previous three months, in the middle of the theoretical high season, we saw a collapse in spot rates. In January, the curve returned to a certain normality, since the spot market traditionally falls during this period. **But there is clearly no sign of a recovery in spot prices that would reflect a turnaround in the market.**



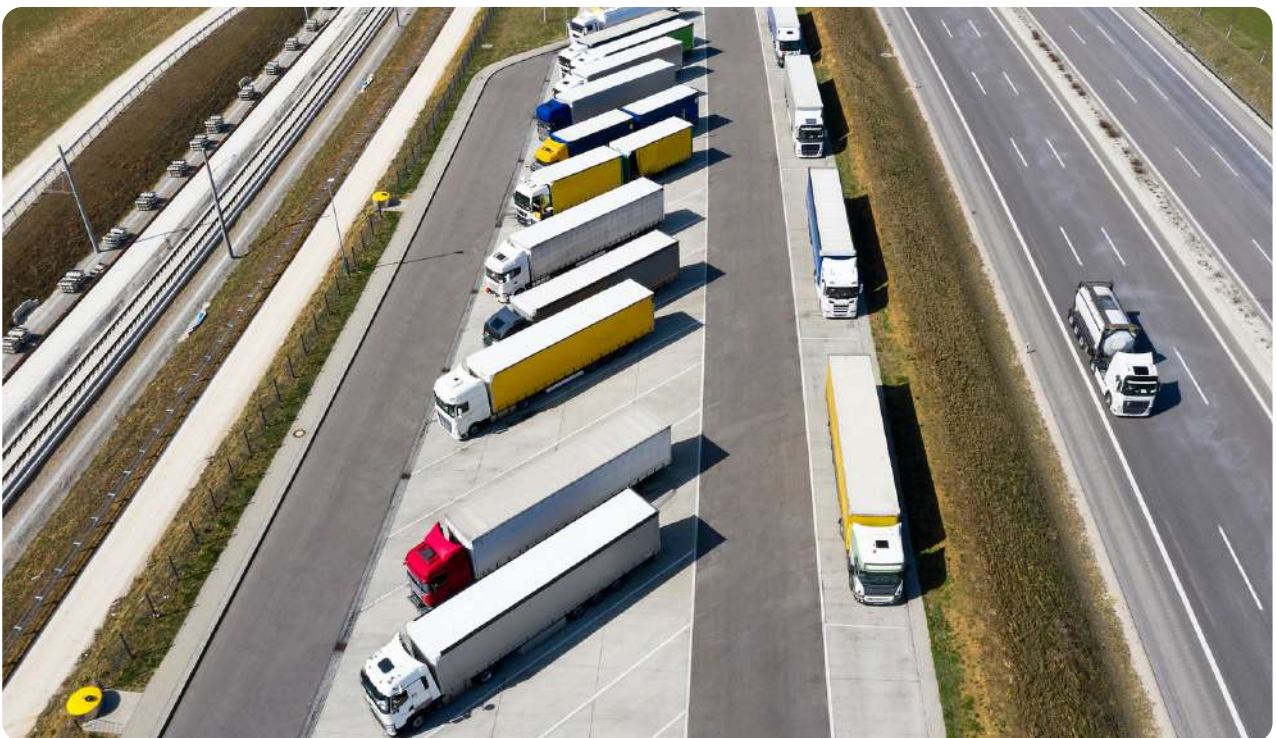
Source: [UPLY Freight Index](#) – Road France

The UFI Contract index, which measures the evolution of contractual rates, follows exactly the evolution of the market, most certainly driven by the variation in diesel prices.

The farmers' revolt and its repercussions on the RFT

During the farmers' protest movement in France, the territorial intelligence services identified up to nearly 120 blockades, with 12,000 farmers mobilised and more than 6,000 tractors across the country. This situation has obviously **disrupted the work of carriers**, and risks threatening the survival of the weakest among them. The National Federation of Road Transport has sounded the alarm.

The loss of sales revenue during the last two weeks, the lengthened journey times, the increase in drivers' working hours will weigh on the cash flow of these companies from mid-February. Companies say they understand the plight of the agricultural world but have appealed to the government to unblock the situation. Foreign carriers, which have sometimes been targeted quite violently, have shown much less leniency. The Spanish federations Fenadismer and ASTIC, in particular, have stepped into the breach, with Fedanismer bluntly denouncing "the passivity and complicity of the French gendarmerie". Since then, Spanish carriers have faced a similar movement by Spanish farmers, which is believed to have affected more than 80,000 trucks.



Similarities between transport and agriculture

Although they faced each other during the conflict, transport and agriculture in France share several concerns and interconnections.

- **Both sectors are heavily dependent on fossil fuels, especially diesel.** While road carriers had obtained last September the maintenance of the tax rebate they received on diesel, farmers were to face a reduction in the refund. The excise duty on energy (ex TICPE) was to increase from 0.0386 euros/litre in 2023 to 0.0671 euros/litre in 2024. This increase was cancelled by Gabriel Attal following the protest movement.
- Both sectors are **highly exposed to the challenges of energy and environmental transition.**
- Transport and agriculture **play a vital role in the national economy.**
- They are both **dependent on public policy.** The European Union deploys a [Common Agricultural Policy](#) whose stated objective is to "support farmers and ensure Europe's food security", while transport is "a cornerstone of European integration... vital for fulfilling the free movement of individuals, services and goods. (...), but also to the EU economy in general." Transport policy [has been part of the EU's common policy areas for more than 30 years.](#)
- Although these two sectors are different, they are **closely linked in the food supply chain.**

The difficulties expressed by the world of agriculture have met with a certain echo among carriers. The latter did not join the movement, but several publicly expressed their support and recognised themselves completely in the demands expressed. The essential workers of 2020 are approaching 2024 with a great sense of bitterness and even anger...

KEY INDICATORS

| INDICATORS | January 2024 | December 2023 | Evolution M / M-1 | January 2023 | Evolution over 12 months |
|---|--------------|---------------|----------------------|--------------|-----------------------------|
| Business climate (base 100) | 98.4 | 97.9 | + 0.5 % | 102.1 | - 3.6 % |
| CNR Commercial Diesel Index | 201.70 | 202.73 | - 0.5 % | 222.98 | - 9.5 % |
| CNR's Long Haul semi trailer truck index | 164.28 | 163.98 | + 0.2 % | 163.85 | + 0.3 % |

Sources: Insee, CNR

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