

# French Road Transport Evolution in March 2022



**MONTHLY INSIGHT**

**upply**

## France: explosion of road transport prices in March

Unsurprisingly, road transport prices in France skyrocketed in March according to our Upply barometer. The war in Ukraine has literally exploded oil prices, endangering all professions that depend heavily on this energy, including of course transport.

Since the beginning of 2022 and especially in March, there is a form of alignment of the planets that is **dragging down the French economy** in a way never seen before.

In France, **election periods** are traditionally synonymous with a decrease in consumption and investment. It is as if in our country, everyone is waiting to know who is going to be elected before starting to consume or invest again.

This year, the campaign for the presidential elections has been relegated to the background, by an event whose consequences have been even more brutal for the economy: **the war in Ukraine**. Soaring fuel prices, the shutting down of markets in the East due to economic sanctions against Russia and its allies: these factors have directly contributed to **a rise in inflation**, which reached 4.5% in March on a year-on-year basis [according to the provisional results of the INSEE](#).

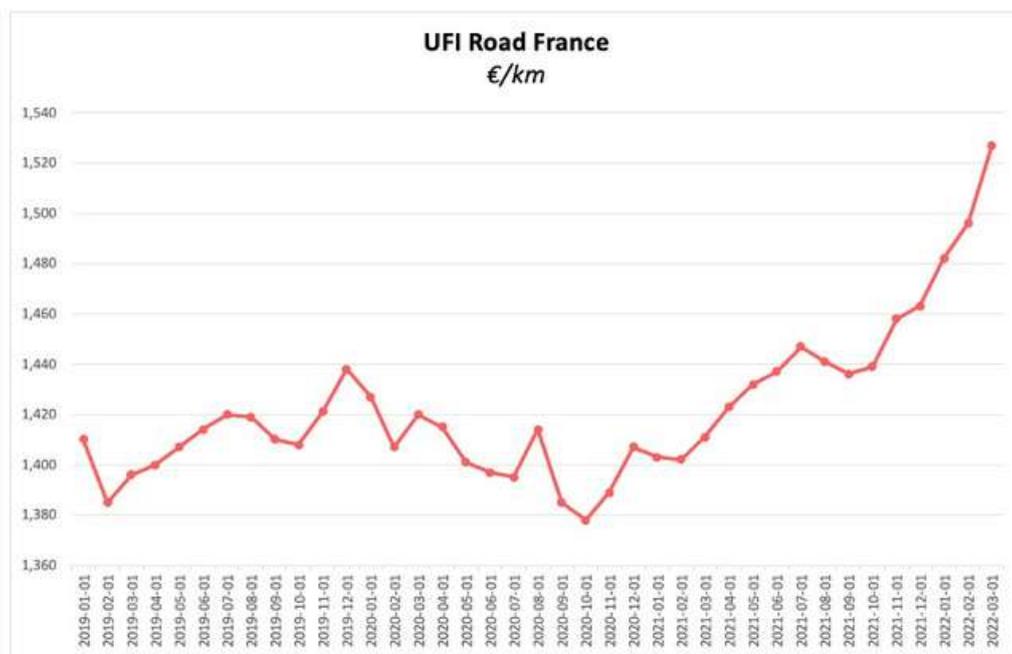
In March, the situation on **the Covid-19 pandemic front** also remains worrying, with an upward trend in the number of infections being seen again. The economic impact remains rather limited, but this phenomenon is a reminder that **the crisis is not totally behind us**.

This alignment has had **a head-on impact on the economic recovery** in France. In the automotive industry, for example, the number of vehicles sold in France in March was [down 20% compared to last year](#). With 365,000 vehicles sold between January and March, the market recorded its worst quarter in more than 40 years!

## More than €1.50 per km driven!

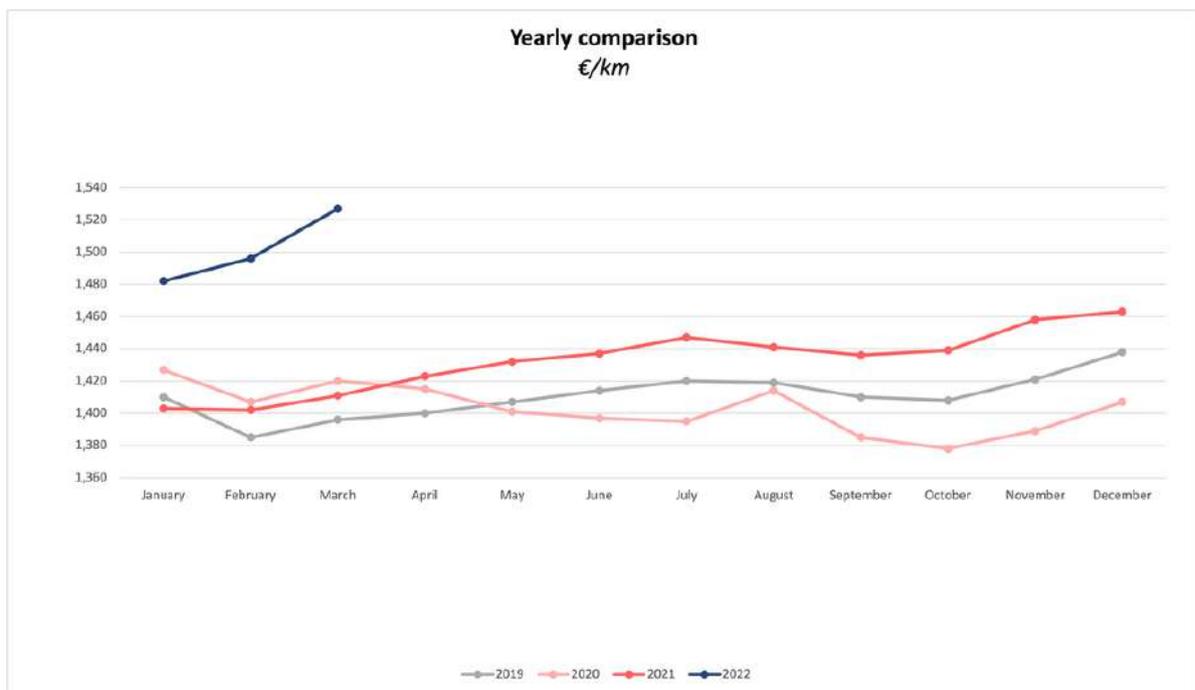
In this context, **road transport prices have undergone an upward movement of an unprecedented magnitude.** They increased by 2.1% compared to the previous month and by 8.2% year-on-year, according to the Uply Freight Index (UFI Road France).

They are showing **an average of €1.527 per kilometre driven**, setting yet another record! As of today, in France, the price per kilometre driven is therefore above the symbolic bar of €1.50. This new ceiling, which was reached in March, places the price of transport in a new territory, that of expensive transport.



Source: [Uply Freight Index](#); [Route France](#)

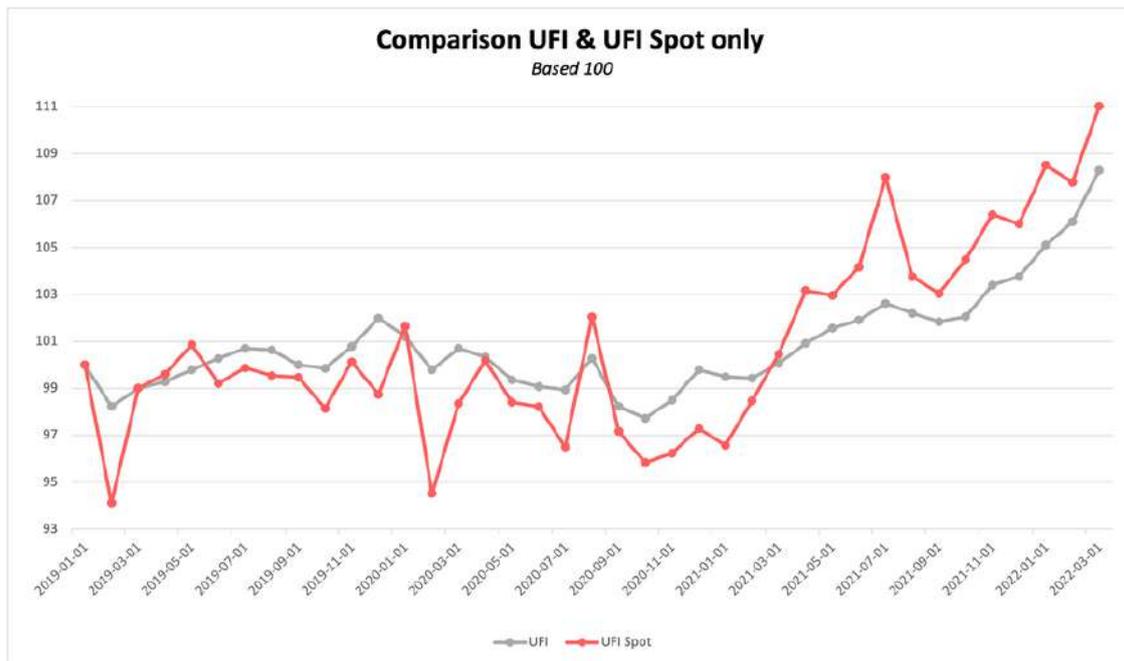
The surge in transport prices this month reinforces **the extraordinary situation of the 2022 curve** compared to the curves of previous years. We have really reached a new era: we now have to pay 10 cents per kilometre more, compared to what the market experienced over the last four years. Inflation is undeniable!



Source: [Upply Freight Index](#); [Route France](#)

March is usually a recovery month. This has been true yet again this year. **At +3%, the increase in spot prices in France** illustrated by the UFI Spot curve is much greater than that of the overall increase in road transport prices in France (+2.1%).

This development reveals **a stronger demand** for transport and a greater increase in non-contract transport prices. But we cannot yet talk about high price volatility in France. This is also the challenge of the coming months: are we heading towards a continuation of the recovery or towards a recession?



Source: [Uapply Freight Index](#); [Route France](#)

## Business climate in depression

In March 2022, the business climate deteriorated considerably since it lost six points compared to the previous month, despite remaining well above its long-term average, underlines INSEE. This deterioration is mainly due to the decline in projected balances in industry and the deterioration of the cyclical situation in wholesale trade.

- **In industry**, "all the balances of opinion have contributed to this fall, while the balance regarding expected selling prices has beaten a new record", says INSEE. The looming threat of deflation (declining volumes and inflation) is more present than ever.
- **In wholesale trade**, the business climate also deteriorated sharply compared to February (-10 points), as a result of lower deliveries and orders received from abroad. The fear is amplified by the decline in sales on future activity.

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## Fuel prices: a vital threat

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According to CNR figures, **professional diesel increased by 25.9% in March 2022 compared to February and by 63.5% year-on-year**. Overall, operating costs are soaring: the CNR LD EA index shows an increase of 8.6% over 1 month and 20.2% over 1 year, i.e. more than 5 times inflation in France (see the key indicators p.7). Because added to the surge in fuel prices, **there have been increases in toll prices and very significant wage increases**.

This unprecedented situation has serious consequences for road hauliers. Many found themselves in a situation where they had the choice between fulfilling orders and **driving at a loss or immobilizing their trucks**. The road transport sector is mainly composed of SMEs with fewer than 50 employees, not all of which manage to pass on the full amount of this sharp and rapid rise in costs.

This situation is here to stay. The CNR published on April 8 an update of its projections. For the period January-July 2022, it estimates the evolution of costs, excluding diesel, at + 4.9% in long haul semi-trailer trucks, + 5.3% in short haul semi-trailer trucks and + 5.6% in short haul rigids. On an annual basis, these increases reach + 5.2%, + 5.6%, and + 5.8%.

Finally, by integrating the diesel component, the inflation of the long-distance cost price evaluated by the CNR reached +16.4% over the first seven months of 2022 and +19% over one year.

## Support of €400 million

With margins that typically hover between 1% and 2%, **road freight transport companies cannot absorb such a shock.** The sector's professional organisations quickly warned about the fragility of its economy, in this context of a very sharp rise in fuel prices. Their warning has been headed by the government.

The Resilience Plan for the French Economy unveiled on March 16 by Prime Minister Jean Castex includes several measures for transport. It includes the sanctuarisation of **the rebate of 15 cents per litre of diesel and the partial refund of the French Excise Duty on Commercial Diesel (TICPE) on a monthly basis** instead of a quarterly one.

In addition, the government has released a global envelope of 400 million euros to allow direct support to be allocated to companies according to the number of vehicles and the tonnage of the latter. This aid will range from €400 for goods vehicles with a GVWR (gross vehicle weight rating) of less than 7.5 T up to €1,300 for 44T road tractors. Around 520,000 vehicles are affected in France.

Despite their own difficulties, the carriers have reacted strongly to support solidarity actions towards the Ukrainian population, in France as everywhere in Europe.

## KEY INDICATORS

	March 2022	February 2022	Evolution M / M-1	March 2021	Evolution over 12 months
Business climate (base 100)	106.6	112.7	- 5.4 %	97.4	+ 9.4 %
CNR Commercial Diesel Index	252.55	200.66	+ 25.9 %	154.44	+ 63.5 %
CNR's Long Haul semi trailer truck index	164.98	151.87	+ 8.6 %	137.25	+ 20.2 %

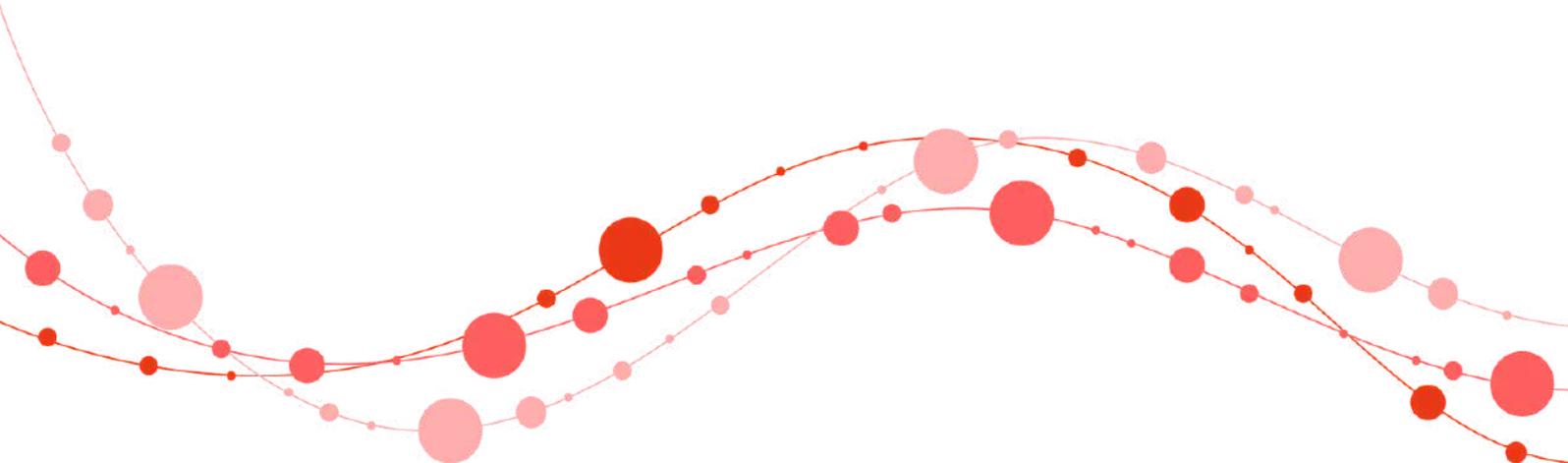
Sources: [Insee](#), [CNR](#)

## AUTHOR

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**William Béguerie**  
Road Transport Expert for Upply



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