



upply IRU

Press release

European Road Freight Rate Benchmark Q3 2021: European road freight rates at record highs

Bath, November 3rd 2021 - The European Road Freight Rate Benchmark for Q3 shows that prices have hit historic highs across Europe, driven by a mix of robust economic growth, global supply chain bottlenecks, rising costs and scarce capacity. Ti and Upply are joined by IRU for the Q3 Benchmark for the first time.

- The Q3 2021 European Road Freight Rate benchmark index stood at **107.6, 3.0 points higher than in Q3 2020**
- Q3 2021 is the **5th consecutive quarter of rate increases and a 4% rise** from the rates seen in Q2 2020
- French domestic road freight rates continue rising steadily, increasing **3.5% year-on-year in Q3 2021**
- Freight rates are **expected to rise further in Q4 2021** as demand increases and capacity remains tight

The upwards rate development seen in Q3 2021 marks the fifth consecutive quarter in which the European Benchmark has risen. It also marks a 4% rise in benchmark rates when compared with Q2 2020 when the worst of disruption from the Covid-19 pandemic was felt. The subsequent development in rates has tracked the region-wide reopening and **highlights the role of road freight in supporting wider economic growth**. The upwards trajectory to the end of Q3 2021 also reflects a period in which **congestion, bottlenecks, capacity issues and rising costs** have created a potent mix of pressures within the European logistics market.

As retail and manufacturing sectors across Europe have seen demand rise steeply up to the end of Q3 2021, capacity shortages have increasingly become a feature of Europe's road freight market, especially in the UK where a **shortage of qualified HGV drivers has led to empty supermarket shelves** and severe congestions at the port of Felixstowe, amongst other challenges. Driver shortages are not limited to the UK, of course. According to IRU driver shortage survey results, in Spain, **truck driver shortages could reach 10.2% in 2021, up from 7% in 2020**. The current shortage is estimated to be between **40,000-50,000 drivers in France and even larger, at 65,000 in Germany**.

In addition, **Europe has seen widespread cost inflation up to the end of Q3 2021**. According to data from Ti and the IRU diesel prices in Germany are 38.5% higher than Q3 2020, while the UK (+26.6%), Spain (+25.2%), France (+23.5%) and Italy (+20.6%) also saw markedly higher prices.

For the first time, Ti, Upply and IRU's European Road Freight Rate Benchmark report, covering a range of major European countries including France, Germany, Italy, Poland and the UK, also includes **data on domestic prices and Q3's edition features data on the French market**. The new data in **the Upply Freight Index for France shows that domestic French freight rates are up by 3.5% year-on-year in Q3 2021**, driven by the national economy's strong recovery from Covid-19 across retail and manufacturing. French rates are also being driven up by supply side challenges similar to those seen across much of Europe, including driver shortages. Rising costs, especially fuel costs, are also a significant factor.

Thomas, Chief Executive Officer at Upply, comments:

"We have seen a steady increase in road transport prices over the past 6 months, according to the Upply Freight Index. The imbalance between a dynamic demand for transport and a supply limited by a shortage of drivers mechanically allows carriers to increase their rates. This 5% increase over 15 months should be confirmed over the end of 2021 and the beginning of 2022. From a transport operator's point of view, this increase is necessary to cover the increase in their operating and recruitment costs. Maintaining this price level is not guaranteed and preserving their margins will be a real challenge in the coming months."

The latest benchmark report also tracked prices for cross-channel freight on the London to Lille lane to map the impact of factors including Brexit, driver shortages, global supply chain bottlenecks and the reopening of economies on both sides of the channel. The data shows that rates have steadily declined on UK-inbound lanes. In Q3 2021, **rates from Lille to London declined 6.3% when compared to the same three months in 2020**, caused largely by lower volumes crossing the channel.

Meanwhile **rates from London to Lille are 9.6% higher in Q3 2021 year-on-year**. However, the data reveals the majority of this rise occurred during the months immediately after Brexit and has since persisted. Volumes on UK inbound lanes are likely to increase in Q4 as importers stock up ahead of the implementation of Brexit import rules in January 2022 and this is expected to exert upward pressure on rates to the UK over the quarter.

Nick Bailey, Head of Research at Ti, says:

"In Q3 2021 we started to see cracks appear in supply chains across Europe as a mix of supply- and demand-side challenges impacted the movement of goods in the region. The challenges have been more pronounced in certain locations, and certainly in the UK, but the effects are creating upwards pressure on rates. Heading into peak season and with the addition of rising costs, particularly higher diesel prices, all the ingredients for a period of sustained rate inflation are in place."

Vincent Erard, IRU's Director of Corporate Services, adds:

"We're delighted to join with our partners Ti and Upply on making these important European road freight pricing trends more accessible. IRU works across supply chains on issues that cause, or are impacted by, freight rates - including fuel prices, decarbonisation, technology, digitalisation, driver shortage and trade policy. Putting pricing trends into the context of these wider industry issues gives logistics businesses a unique perspective on the past and the future."

About the European Road Freight Rate Benchmark

The European Road Freight Rate Benchmark report is designed to provide greater visibility of road freight rate development across Europe.

Upply, TI and IRU rely on:

- Weekly road freight rate development across top international European lanes
- Rate development on key high volume lanes
- Rate development on key import/export lanes
- Lanes to watch for the future

If you wish to distribute the full PDF report, please share this link: <https://go.upply.com/en-gb/ti-upply-iru-download-q3-2021>



About Ti

Ti is the world's leading source of market intelligence for the logistics and road freight industry, providing data and analysis through its European Road Freight Transport report series, Global Supply Chain intelligence (GSCi) database and expert consultancy services.

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About IRU

IRU is the world road transport organisation, promoting economic growth, prosperity and safety through the sustainable mobility of people and goods. As the voice of more than 3.5 million companies operating mobility and logistics services in all global regions, IRU leads solutions to help the world move better.

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About Upply

Launched in November 2018, Upply is a digital platform that provides a freight price benchmarking tool and brings transparency on road, sea and air freight rates (including past data and future trend estimates) to manage market volatility. Through its Marketplace, Upply directly connects road carriers, freight forwarders and trusted shippers across France and simplifies transport operations. To implement these unique solutions, Upply employs data scientists, logistics and IT professionals, and digital experts. The company is based in Paris.

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