



European Road Freight Rate Benchmark Q4 2021: European road freight rates index up 1.1 point in Q4, hitting a new record high

Bath, UK, 2nd of February 2022 - The European Road Freight Rate Benchmark for Q4 2021 shows that prices ended 2021 at historic highs across Europe, driven by a volatile mix of drivers over the year with supply chain congestion, supply shortages, cost increases and spiking demand from economic reopenings across the region. The potent mix of factors, which pushed the Benchmark to new record highs three times in 2021, shows few signs of unwinding in the immediate term.

- The **Q4 2021 European Road Freight Rate benchmark index** stood at **108.3, 1.1 points higher than in Q3 2021** and **3.2 points higher than in Q4 2020**.
- Q4 2021 is the **6th consecutive quarter of rate increases** across Europe.
- **Rising fuel costs**, up around 25% y-o-y in some major European markets, and the ongoing driver shortage have helped push up road freight costs and rates across Europe.
- New data from the IRU shows **driver 2021 shortages** across Europe, including a shortage of up to 100,000 in the UK and over 60,000 in Germany and Poland.
- Freight rates are expected to remain high in Q1 2022 as **demand stays strong, costs high and capacity constrained**.

The **upwards rate development in Q4 2021** marks the sixth consecutive quarter in which the European Benchmark has risen. This has been driven by **both supply and demand side factors**.

Breaking down the supply side of the equation, **diesel prices**, which account for one-third of total operating transport costs, have risen sharply, ending 2021 around 25% higher than at the start of the year in countries across the region including Spain, Germany and France.

Driver costs have also risen due to driver shortages. New data from the IRU shows that in 2021 the UK had the most acute driver shortage, with up to 100,000 driver posts unfilled. The data also showed driver shortages of over 60,000 in both Germany and Poland, whilst France had a shortage of up to 31,000. Italy and Spain had smaller shortfalls, but still had up to 20,000 drivers missing each.

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

"The shortage of drivers is seriously disrupting supply chains in European countries as economies recover and demand for transport services increases. IRU continues to monitor, raise awareness and act with key stakeholders to structurally tackle the shortage of drivers. The urgency of the situation is reinforced by the continuous increase in fuel prices throughout 2021, also putting transport operators under great pressure."

On the demand side, with European economies recovering from Covid-19 rapidly and manufacturers working to get back up to capacity, **aggregate European demand has risen sharply**. In Germany, for example, order books across the country's manufacturing sector are fuller now than at any time since records began in the 1960s. In France and Spain, manufacturing growth is being held back by supply constraints. In the UK, retail sales showed solid progress for much of the year and into the peak season. In November, sales were some 7.2% ahead of pre-pandemic levels. These factors, many of which have intensified throughout the year, have helped push aggregate road freight rates across the region higher.

"Demand for road freight transportation across Europe is high, pushing rates to all time highs as carriers work intensely to supply capacity," adds Nathaniel Donaldson, Economic Analyst at Ti. "Demand is, though, being held back by a mixture of supply constraints, bottlenecks and the uneven restrictions imposed by Covid-19 pandemic restrictions across the region. Heightened demand and restricted supply look set to remain over the coming months, likely insulating rates from a traditional Q1 dip from peak season levels."

Ti, Upply and IRU's European Road Freight Rate Benchmark report also includes **data on domestic prices** and Q4 2021's edition features data on the **French market** and a **new index on the Spanish market**.

The new data in the *Upply Freight Index* for Spain shows that **domestic Spanish freight rates are down by 6% year-on-year in Q4 2021 and were 3% lower compared to the previous quarter**. While there are positive signs in the Spanish economy across manufacturing and retail, challenges in its recovery from the Covid-19 pandemic remain. Despite headline growth in 2021, **Spain's economy was one of the hardest hit by the Covid-19 pandemic** and remains some 6% smaller than in 2019. While the signs are positive for more growth and an easing of supply chain bottlenecks in 2022, Spanish carriers faced tough conditions in 2021 and the early part of 2022 is likely to be challenging too whilst these effects unwind.

Thomas Larrieu, Chief Executive Officer at Upply, comments:

"The rise in road freight rates in Europe shows no signs of abating in the short term. In France, prices are also expected to continue to rise, but the situation will remain complicated for road hauliers, who are facing a triple challenge: soaring fuel prices, a shortage of drivers which is also pushing up wages, and the difficulty of renewing or expanding their HGV fleets as manufacturers face disruptions in component supply. If we add to this the gradual end of government aid granted to absorb the shock of the Covid pandemic, we understand that the market will evolve in a very uncertain economic context, even if demand remains dynamic."

The latest benchmark report also tracked prices for **cross-channel freight**. Cross-channel lanes from France into the UK saw relatively subdued growth in 2021, growing 2.8% year-on-year in Q4. The backhaul lane for UK exporters has seen significantly higher development rates, with a 12.8% spike in Q1 2021 levelling off to a 10.8% rise in Q4 compared to the same three months of 2020.

The volatile rate development on cross-channel lanes is primarily a result of **delays and border checks related to Brexit and driver shortages in the UK** causing a **shift in capacity**. The lanes were heavily impacted by Brexit legislation at the start of 2021 with research from the *London School of Economics* showing that UK businesses were impacted by delays, additional border checks and extra administration costs. Meanwhile **the UK has the highest fuel costs in Europe at €1.75 per litre** and the most acute driver shortage of up to 100,000 in 2021, pushing rates even higher.

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.

If you wish to distribute the full PDF report, please share this link: <https://go.upply.com/en-gb/ti-upply-iru-download-q4-2021>



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.

ti-insight.com

Media Contact Ti

Michael CLOVER

Head of Commercial Development
+44 (0)1665 519907

mclover@ti-insight.com



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.

iru.org

Media Contact IRU

John KIDD

Senior Adviser, Public Affairs
+41 79 386 9544

john.kidd@iru.org



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.

upply.com

Media Contact Upply

Gwendydd BEAUMONT

Communication Manager
+33 (0)6 10 72 98 57

gwendydd.beaumont@upply.com

