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REPORT

Transport market 2024/2025

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It Is Always About The Economy

It is an obvious cliché to say that the transportation industry, like the entire transportation and logistics sector, is going through tough times. But that is indeed the case. In this year's 2024/2025 Summary and Forecast Report, we have endeavored to provide a comprehensive overview of the most pressing challenges confronting transport entrepreneurs in the European Union. 'The economy, stupid.' — Bill Clinton utilized this slogan to secure a victory in the 1992 presidential election. Despite the passage of time, its relevance remains unchanged. If the European Union does not address its current economic challenges, the current slowdown in supply chains may persist for an extended period.

The economic health of major European powers like Germany and France, as well as the entire continent, is inextricably linked to the revitalization of the transport market. It is projected that 2025 will see the first indications of an uptick in freight volume. According to forecasts from the International Road Transport Union (IRU), the foremost transport organization in the EU, this is the likely scenario. 'We will survive,' industry representatives comment. They predict a recovery, along with a marked increase in freight rates, in the second half of 2025.

For details, please see inside.
Editorial Team


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01

Debt

EUR exchange rate

Spot offers

Popular routes

Cabotage and cross-trade

FREIGHTS

Jakub Szałek
Content Marketing Expert,
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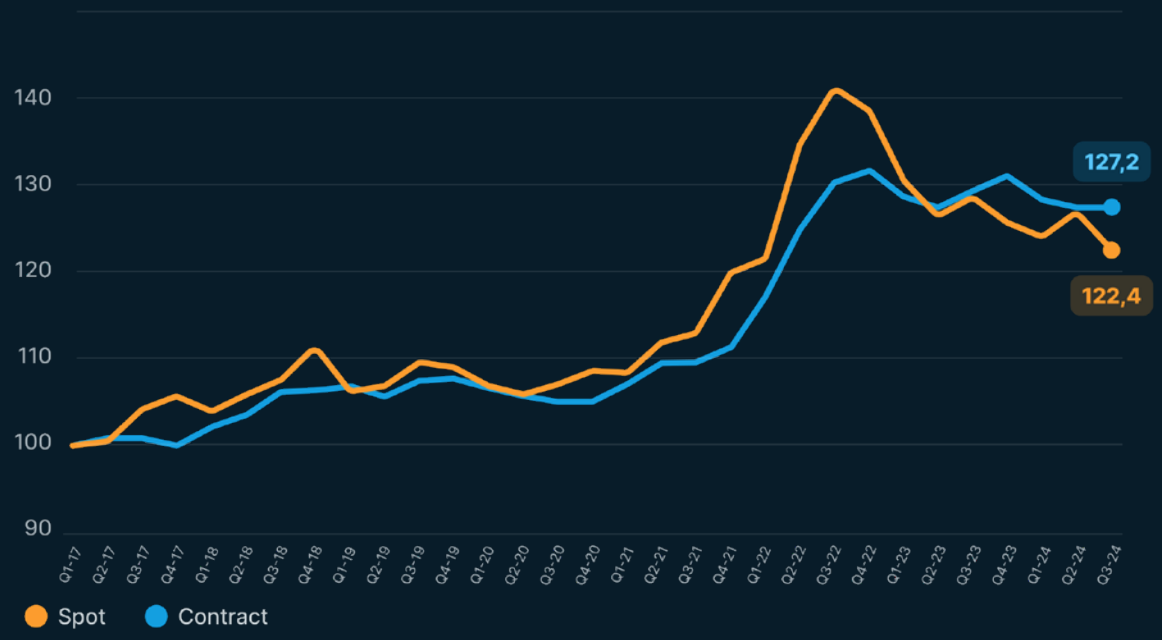
Analysis of data from the trans.eu platform

If there's one word that has dominated industry discourse over the past three years, it's uncertainty. The anticipated economic recovery has yet to materialize, and the proliferation of challenges indicates that many transportation companies may not survive long enough to witness it. Not all relevant data is currently reflected in the statistics. The full picture of what happened in 2024 will become clearer over the next few months or years. Conclusions? The prolonged stagnation serves as validation of business maturity, as well as its capacity to diversify its sources and types of freight. This is particularly relevant given the declining capacity in the market, which has led to a shift in bidding behavior from contracts to spot. And what about higher rates? The market is currently experiencing significant volatility, making it difficult to identify a clear trend — it all depends on the direction.

Sources Of Orders — The Spot And Contract Markets

According to data presented by Upply and Transport Intelligence for the first three quarters of 2024, the contract rate index remains higher than spot rates. This situation has remained unchanged since the second quarter of 2023, despite the promising results that were achieved at the end of June 2024. It is important to note, however, that spot rates are higher than contract rates for the primary transport destinations in Europe. Transporeon Market Insights has presented data (as of October 15, 2024) indicating that this trend is also reflected in key European countries, including Germany, France, Spain, the UK, and Poland. Therefore, it can be concluded that the situation is ambiguous, dynamic, and depends on the specific route.

Index Of Rates In European Road Transport



Road rates on selected routes

Route	Contract rate	Spot rate	% difference spot vs contract
Warsaw ↔ Duisburg	€ 1,59	€ 1,67	4,91%
Duisburg ↔ Warsaw	€ 1,16	€ 1,45	24,66%
Paris ↔ Madrid	€ 1,75	€ 1,83	4,57%
Madrid ↔ Paris	€ 1,44	€ 1,43	- 0,70%

Source: Trans.eu, in-house analysis

Trans.Eu — Definitely More Offers

In contrast, data from Trans.eu, derived from unique freight offers, presents a more optimistic outlook:

1. **A notable increase in the number of offers and median rates was observed on the Platform** (analyzed period: January-November):
   - The number of offers increased by 23.5% compared to 2023 and by 7.8% compared to 2022.
   - The median rate increase was 10.1% compared to 2023 and 8.6% compared to 2022.

2. **Germany, the Netherlands, Belgium, and France continue to be the primary regions for transport operations.** The Benelux countries mentioned above offer the highest transportation rates.

3. **Outside the EU zone, the situation in goods trade with the UK has stabilized. The Swiss direction was also popular, especially in the second quarter of 2024,** due to higher rates.

4. **For vehicles with a maximum weight of 3.5 tons, the rates remain very stable** (i.e., at similar levels in 2023 and 2024) on cross-trade routes from Italy, which is an unusual trend (rate increases are observed on most of the analyzed destinations).

5. **There has been a notable increase in the number of offers on the route from Hungary to Romania,** particularly for FTL. It is important to monitor this direction, particularly in light of Romania's accession to the Schengen traffic zone effective January 2025.

Offers and rates on trans.eu – general data

Increase in the total number of freights

2024 vs 2022

+7,82%

2024 vs 2023

+23,47%

Increase in median rates

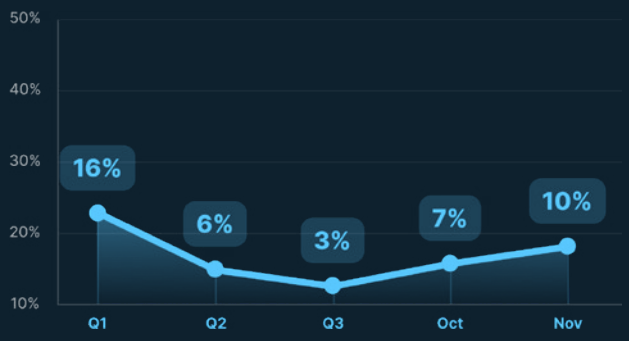
2024 vs 2022

+8,60%

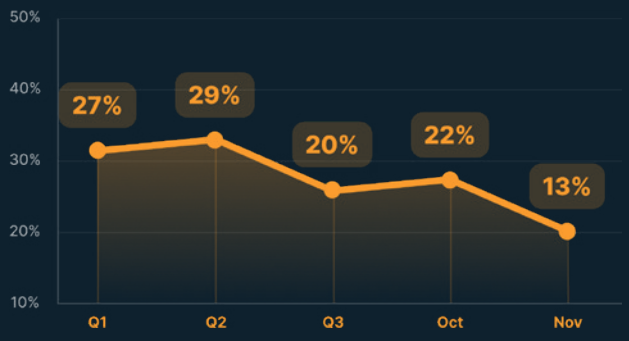
2024 vs 2023

+10,10%

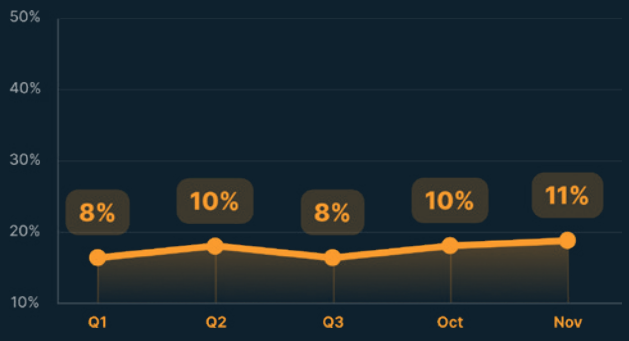
Median Rates By Quarter 2024 Vs 2022



Number Of Offers By Quarter 2024 Vs 2023



Median Rates By Quarter 2024 Vs 2023



Cabotage /Domestic Transport

Percentage Difference In The Number Of Offers

Country	2024 vs 2022	2024 vs 2023
Austria	22,89%	21,85%
Belgium	50,14%	25,97%
Czech Republic	28,12%	29,26%
France	11,37%	13,46%
Germany	23,60%	30,04%
United Kingdom	-4,62%	30,35%
Hungary	106,40%	70,98%
Italy	79,23%	16,65%
Netherlands	37,86%	13,29%
Poland	-5,76%	12,04%
Slovakia	27,79%	49,05%
Spain	47,67%	27,31%

Source: Trans.eu, in-house analysis

Cross-Trade /Bilateral Transport

Percentage Difference In The Number Of Offers

Austria	2024 vs 2022	2024 vs 2023
Austria ↔ Germany	25,88%	22,40%
Austria ↔ Italy	33,47%	42,28%
Austria ↔ Czech Republic	16,11%	24,88%
Austria ↔ Hungary	29,59%	39,32%
Austria ↔ Slovakia	43,02%	40,02%
Austria ↔ Switzerland	28,75%	34,14%

Source: Trans.eu, in-house analysis

Germany	2024 vs 2022	2024 vs 2023
Germany ↔ Poland	18,48%	34,34%
Germany ↔ France	19,04%	19,03%
Germany ↔ Austria	50,08%	38,75%
Germany ↔ Belgium	9,26%	24,63%
Germany ↔ Switzerland	45,57%	46,33%
Germany ↔ Czech Republic	32,42%	33,65%
Germany ↔ Netherlands	15,44%	24,68%
Germany ↔ Denmark	29,02%	48,72%

Source: Trans.eu, in-house analysis

France	2024 vs 2022	2024 vs 2023
France ↔ Spain	29,28%	18,17%
France ↔ Switzerland	18,63%	29,21%
France ↔ Italy	42,33%	31,05%
France ↔ Germany	13,27%	27,38%
France ↔ Belgium	22,72%	19,62%

Source: Trans.eu, in-house analysis

Poland	2024 vs 2022	2024 vs 2023
Poland ↔ Germany	-3,26%	35,79%
Poland ↔ Czech Republic	1,64%	41,20%
Poland ↔ Slovakia	4,20%	45,57%
Poland ↔ Lithuania	-22,09%	11,47%

Source: Trans.eu, in-house analysis

Belgium	2024 vs 2022	2024 vs 2023
Belgium ↔ Germany	6,41%	47,03%
Belgium ↔ France	14,56%	19,18%
Belgium ↔ Netherlands	51,96%	49,03%

Source: Trans.eu, in-house analysis

Netherlands	2024 vs 2022	2024 vs 2023
Netherlands ↔ Belgium	36,15%	24,71%
Netherlands ↔ Germany	10,66%	41,05%

Source: Trans.eu, in-house analysis

Hungary	2024 vs 2022	2024 vs 2023
Hungary ↔ Austria	28,61%	21,34%
Hungary ↔ Slovakia	22,71%	54,25%
Hungary ↔ Slovenia	119,18%	25,17%
Hungary ↔ Romania	14,69%	36,36%
Hungary ↔ Croatia	73,87%	25,07%

Source: Trans.eu, in-house analysis

Czech Republic	2024 vs 2022	2024 vs 2023
Czech Republic ↔ Germany	18,43%	12,88%
Czech Republic ↔ Slovakia	24,84%	52,58%
Czech Republic ↔ Poland	11,08%	22,77%
Czech Republic ↔ Austria	-4,04%	12,38%

Source: Trans.eu, in-house analysis

Italy	2024 vs 2022	2024 vs 2023
Italy ↔ France	21,02%	9,51%
Italy ↔ Switzerland	41,62%	18,06%
Italy ↔ Austria	10,68%	12,76%
Italy ↔ Slovenia	63,54%	31,21%
Italy ↔ Croatia	112,14%	39,93%

Source: Trans.eu, in-house analysis

Slovakia	2024 vs 2022	2024 vs 2023
Slovakia ↔ Poland	8,77%	4,89%
Slovakia ↔ Czech Republic	16,69%	24,83%
Slovakia ↔ Austria	1,34%	7,13%
Slovakia ↔ Hungary	49,81%	54,52%

Source: Trans.eu, in-house analysis

Spain	2024 vs 2022	2024 vs 2023
Spain ↔ France	29,65%	18,01%
Spain ↔ Portugal	76,40%	22,90%

Source: Trans.eu, in-house analysis

Other countries	2024 vs 2022	2024 vs 2023
United Kingdom ↔ Ireland	55,53%	34,19%
Portugal ↔ Spain	18,08%	13,60%
Slovenia ↔ Hungary	114,67%	103,86%
Romania ↔ Hungary	-16,68%	12,53%
Bulgaria ↔ Romania	4,77%	3,78%

Source: Trans.eu, in-house analysis

Vehicles up to 3.5t

Top 5 Cabotage Routes

Country	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Belgium	31,92%	€1,70	12,58%
Netherlands	20,71%	€1,34	10,74%
United Kingdom	14,91%	€1,21	3,42%
France	17,06%	€0,77	6,94%
Germany	23,50%	€0,75	8,70%

Source: Trans.eu, in-house analysis

Top 10 Cross-Trade Routes

Countries	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Netherlands ↔ Belgium	20,83%	€1,08	12,50%
Italy ↔ Switzerland	15,54%	€1,03	3,00%
Belgium ↔ Netherlands	37,38%	€1,00	12,36%
Germany ↔ Switzerland	38,22%	€0,83	9,21%
Belgium ↔ France	26,58%	€0,78	8,33%
France ↔ Switzerland	28,12%	€0,78	6,85%
Italy ↔ France	6,42%	€0,70	0,00%
Germany ↔ Denmark	32,39%	€0,70	7,69%
Germany ↔ France	16,64%	€0,64	6,67%
Netherlands ↔ Germany	35,64%	€0,64	10,34%

Source: Trans.eu, in-house analysis

Top Routes In Bilateral Transport

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Czech Republic	Austria	37,78%	€0,68	7,94%
	France	16,14%	€0,52	4,00%
	Germany	18,81%	€0,56	3,70%
	Hungary	38,53%	€0,58	7,41%
	Italy	10,09%	€0,48	2,13%
	Poland	7,85%	€0,48	9,09%
	Slovakia	23,38%	€0,63	5,00%
	Spain	31,30%	€0,48	-2,04%
To Czech Republic	Austria	27,06%	€0,58	3,57%
	France	14,83%	€0,46	6,98%
	Germany	25,22%	€0,55	5,77%
	Hungary	54,24%	€0,50	2,04%
	Italy	2,87%	€0,52	-1,89%
	Netherlands	43,07%	€0,49	8,89%
	Poland	16,95%	€0,61	10,91%
	Slovakia	11,90%	€0,56	1,82%
	Spain	67,79%	€0,43	2,38%

Source: Trans.eu, in-house analysis

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Slovakia	Czech Republic	11,90%	€0,56	1,82%
	France	27,81%	€0,49	6,52%
	Germany	20,56%	€0,47	2,17%
	Poland	6,25%	€0,47	6,82%
To Slovakia	Austria	15,99%	€0,63	1,61%
	Czech Republic	23,38%	€0,63	5,00%
	France	8,61%	€0,44	2,33%
	Germany	32,31%	€0,49	4,26%
	Italy	26,80%	€0,48	-2,04%
	Poland	19,23%	€0,60	5,26%

Source: Trans.eu, in-house analysis

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Hungary	Czech Republic	54,24%	€0,50	2,04%
	France	17,47%	€0,47	0,00%
	Germany	22,23%	€0,46	0,00%
	Poland	-2,08%	€0,39	5,41%
To Hungary	Austria	44,79%	€0,62	-3,13%
	Czech Republic	38,53%	€0,58	7,41%
	France	27,35%	€0,45	0,00%
	Germany	51,60%	€0,49	6,52%
	Italy	17,13%	€0,53	-1,85%
	Netherlands	67,46%	€0,46	0,00%
	Poland	17,76%	€0,52	8,33%

Source: Trans.eu, in-house analysis

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Romania	France	8,29%	€0,38	11,76%
	Germany	9,20%	€0,36	-2,70%
	Poland	5,15%	€0,30	-3,23%
To Romania	Austria	44,79%	€0,62	-3,13%
	Czech Republic	38,53%	€0,58	7,41%
	France	27,35%	€0,45	0,00%
	Germany	51,60%	€0,49	6,52%
	Italy	17,13%	€0,53	-1,85%
	Netherlands	67,46%	€0,46	0,00%
	Poland	17,76%	€0,52	8,33%

Source: Trans.eu, in-house analysis

LTL

Top 5 Cabotage Routes

Country	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Belgium	8,67%	€3,64	8,98%
Netherlands	3,71%	€3,05	20,08%
United Kingdom	32,71%	€1,91	-11,16%
Italy	45,59%	€1,59	-1,85%
Germany	41,43%	€1,42	12,70%

Source: Trans.eu. in-house analysis

Top 10 Cross-Trade Routes

Country	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Netherlands ↔ Belgium	32,95%	€2,26	19,58%
Belgium ↔ Netherlands	53,89%	€2,04	16,57%
Germany ↔ Switzerland	75,81%	€1,66	9,93%
Belgium ↔ France	24,78%	€1,61	8,78%
Germany ↔ Denmark	60,62%	€1,58	10,49%
Slovakia ↔ Hungary	89,68%	€1,58	29,51%
Italy ↔ France	29,31%	€1,43	1,42%
Czech Republic ↔ Austria	10,14%	€1,39	5,30%
Germany ↔ France	22,34%	€1,35	5,47%
Netherlands ↔ Germany	48,66%	€1,35	14,41%

Source: Trans.eu. in-house analysis

Top Routes In Bilateral Transport

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Czech Republic	Austria	10,14%	€1,39	5,30%
	France	29,09%	€1,18	2,61%
	Germany	22,07%	€1,25	7,76%
	Hungary	53,00%	€1,36	7,94%
	Italy	12,56%	€1,13	6,60%
	Poland	24,86%	€0,88	6,02%
	Slovakia	48,14%	€1,24	2,48%
To Czech Republic	Belgium	42,04%	€1,06	19,10%
	France	29,30%	€0,90	5,88%
	Germany	37,13%	€1,10	7,84%
	Italy	11,20%	€1,05	3,96%
	Netherlands	31,46%	€1,14	17,53%
	Poland	37,84%	€1,22	7,96%
	Slovakia	42,65%	€1,08	3,85%

Source: Trans.eu, in-house analysis

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Slovakia	Czech Republic	42,65%	€1,08	3,85%
	France	38,69%	€1,06	-0,93%
	Germany	35,18%	€1,14	5,56%
	Hungary	89,68%	€1,58	29,51%
	Poland	14,71%	€0,83	3,75%
To Slovakia	Czech Republic	48,14%	€1,24	2,48%
	Germany	43,55%	€1,10	10,00%
	Hungary	55,45%	€1,11	5,71%
	Italy	23,76%	€1,05	12,90%
	Poland	39,66%	€1,27	8,55%

Source: Trans.eu, in-house analysis

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Hungary	Czech Republic	65,09%	€0,97	5,43%
	Germany	79,80%	€1,05	8,25%
	Poland	19,72%	€0,66	4,76%
	Slovakia	55,45%	€1,11	5,71%
To Hungary	Czech Republic	53,00%	€1,36	7,94%
	Germany	73,58%	€1,15	6,48%
	Italy	39,80%	€1,17	6,36%
	Poland	40,06%	€1,22	11,93%
	Slovakia	89,68%	€1,58	29,51%

Source: Trans.eu, in-house analysis

To Romania	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Austria	60,67%	€1,26	0,00%
Czech Republic	22,45%	€1,46	12,31%
France	43,63%	€0,83	-10,75%
Germany	23,81%	€1,09	9,00%
Hungary	61,03%	€1,61	20,15%
Italy	27,40%	€1,07	5,94%
Netherlands	15,39%	€0,98	11,36%
Poland	29,83%	€1,31	12,93%
Slovakia	47,77%	€1,08	-16,28%

Source: Trans.eu, in-house analysis

FTL

Top 5 Cabotage Routes

Country	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Belgium	27,26%	€5,03	44,13%
Netherlands	-3,73%	€4,94	96,03%
United Kingdom	54,92%	€1,50	-31,51%
Germany	31,39%	€1,48	17,46%
France	-12,38%	€1,39	13,93%

Source: Trans.eu, in-house analysis

Top 10 Cross-Trade Routes

Country	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
Germany ↔ Switzerland	37,23%	€2,07	13,11%
Netherlands ↔ Belgium	25,79%	€2,03	1,50%
Belgium ↔ France	5,38%	€1,79	6,55%
Germany ↔ Denmark	69,32%	€1,70	14,86%
Slovakia ↔ Hungary	34,36%	€1,65	9,27%
Czech Republic ↔ Austria	-2,27%	€1,62	12,50%
Germany ↔ France	20,12%	€1,62	10,96%
Italy ↔ Austria	2,23%	€1,59	12,77%
Netherlands ↔ Germany	40,70%	€1,49	19,20%
Germany ↔ Austria	41,16%	€1,45	15,08%

Source: Trans.eu, in-house analysis

Top Routes In Bilateral Transport

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Czech Republic	Austria	-2,27%	€1,62	12,50%
	Belgium	26,80%	€1,25	8,70%
	France	20,17%	€1,48	8,03%
	Germany	6,24%	€1,37	10,48%
	United Kingdom	40,40%	€2,01	15,52%
	Hungary	75,60%	€1,52	9,35%
	Italy	43,91%	€1,16	4,50%
	Lithuania	30,07%	€1,04	-0,95%
	Netherlands	29,13%	€1,24	7,83%
	Poland	26,31%	€0,94	5,62%
	Romania	29,14%	€1,52	4,83%
	Slovakia	70,18%	€1,29	6,61%
To Czech Republic	Austria	26,54%	€1,37	14,17%
	Belgium	35,93%	€1,20	15,38%
	France	70,55%	€1,02	12,09%
	Germany	37,87%	€1,23	13,89%
	Hungary	18,92%	€0,98	2,08%
	Italy	29,97%	€1,33	9,92%
	Latvia	257,64%	€0,85	21,43%
	Lithuania	173,62%	€0,92	31,43%
	Netherlands	39,88%	€1,26	15,60%
	Poland	51,97%	€1,35	6,30%
	Slovakia	21,91%	€1,16	3,57%
	Spain	34,66%	€1,05	3,96%

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Slovakia	Austria	-3,34%	€1,45	9,85%
	Czech Republic	21,91%	€1,16	3,57%
	Germany	-8,45%	€1,25	5,93%
	Hungary	34,36%	€1,65	9,27%
	Italy	16,37%	€1,14	4,59%
	Poland	1,10%	€0,88	2,33%
To Slovakia	Czech Republic	70,18%	€1,29	6,61%
	France	57,27%	€1,11	15,63%
	Germany	45,60%	€1,22	14,02%
	Hungary	65,62%	€1,15	6,48%
	Italy	26,26%	€1,30	11,11%
	Lithuania	207,85%	€0,98	28,95%
	Netherlands	37,86%	€1,22	12,96%
	Poland	59,06%	€1,38	6,98%

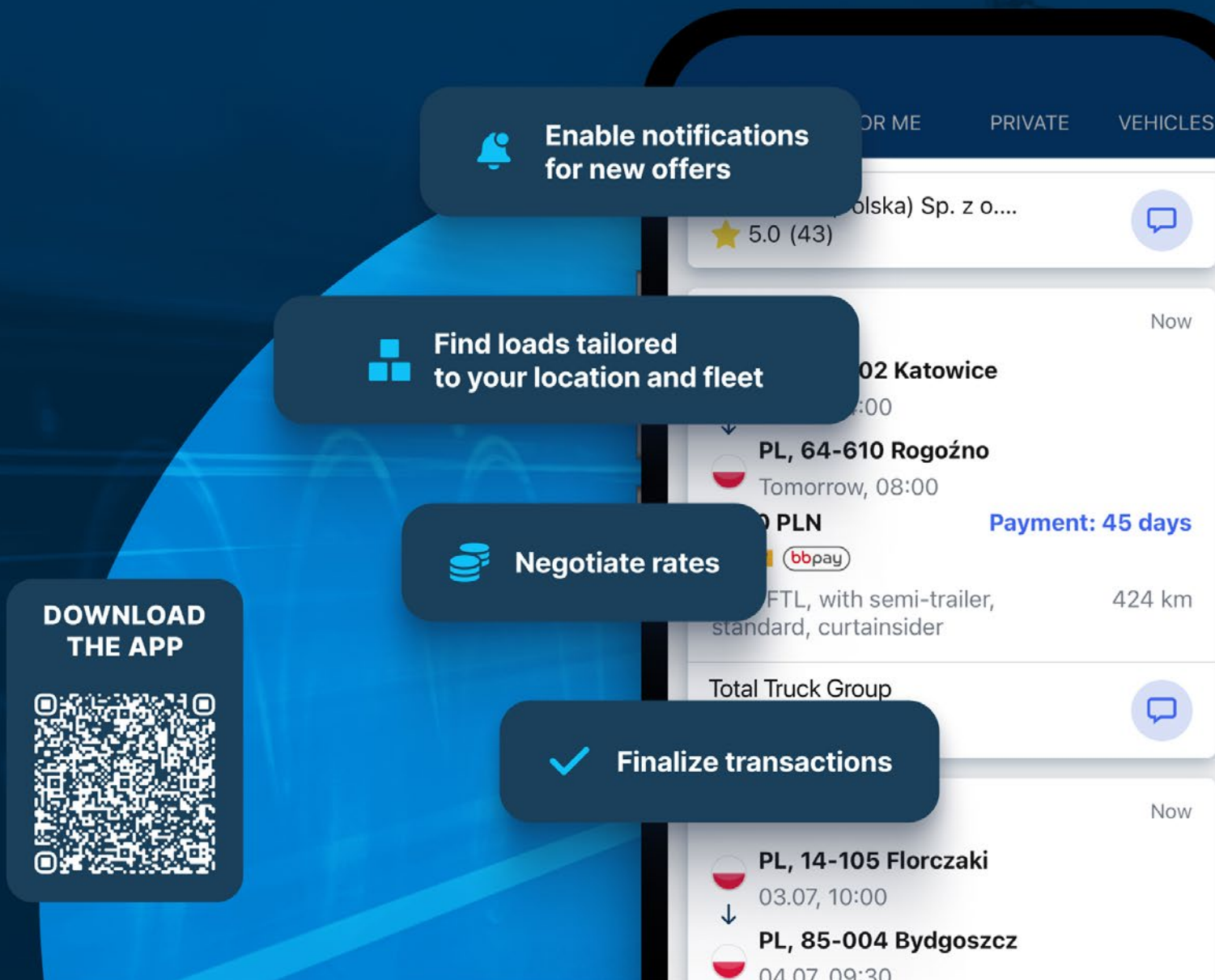
	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Hungary	Czech Republic	18,92%	€0,98	2,08%
	Germany	17,47%	€1,17	6,36%
	Italy	-17,03%	€1,09	6,86%
	Poland	21,30%	€0,74	2,78%
	Romania	27,88%	€1,48	-0,67%
	Slovakia	65,62%	€1,15	6,48%
To Hungary	Czech Republic	75,60%	€1,52	9,35%
	France	70,86%	€1,21	14,15%
	Germany	70,25%	€1,40	12,00%
	Italy	21,20%	€1,30	6,56%
	Lithuania	276,43%	€1,04	22,35%
	Netherlands	49,59%	€1,34	12,61%
	Poland	60,64%	€1,43	10,85%
	Slovakia	34,36%	€1,65	9,27%

	From / to	% increase in offers 2024 vs 2023	Median rates 2024	% increase in median rates 2024 vs 2023
From Romania	Bulgaria	13,65%	€1,25	-17,22%
	Czech Republic	35,40%	€0,66	-10,81%
	Germany	19,04%	€0,99	-8,33%
	Hungary	-4,57%	€0,71	9,23%
	Italy	-40,28%	€0,91	2,25%
	Lithuania	-32,32%	€0,79	-5,95%
	Poland	-13,06%	€0,56	-3,45%
	Slovakia	-20,02%	€0,69	0,00%
To Romania	Austria	44,65%	€1,40	-0,71%
	Belgium	59,42%	€1,31	9,17%
	Bulgaria	-12,71%	€1,57	21,71%
	Czech Republic	29,14%	€1,52	4,83%
	Estonia	37,23%	€1,12	14,29%
	Finska	17,43%	€1,46	24,79%
	France	37,93%	€1,32	17,86%
	Germany	22,73%	€1,50	17,19%
	Greece	-10,07%	€1,62	19,12%
	Hungary	27,88%	€1,48	-0,67%
	Italy	0,57%	€1,39	3,73%
	Latvia	50,08%	€1,33	29,13%
	Lithuania	71,23%	€1,40	20,69%
	Netherlands	55,93%	€1,40	15,70%
	Poland	37,90%	€1,55	13,14%
	Slovakia	50,43%	€1,60	2,56%
	Spain	41,21%	€1,23	16,04%

LOADS 2 GO
BY TRANS.EU

Loads2GO – loads always at hand

Gain convenience, save time, and respond to freight faster!



02

Law

Green deal

Profitability

EU economy

Fuels

Truck sales

E-CMR

Market

Kinga Przytocka-Krupa
Branch Manager at Schavemaker Poland

ESG Reporting And The Green Deal In Transportation

Pursuing zero-carbon initiatives is a rational strategy; however, the timeframe required to achieve the established goals and the optimal implementation methods are still subjects of discussion.

The road transport industry is currently experiencing significant changes due to the need to comply with the environmental requirements of the European Union. The Green Deal, a pillar of the EU's climate policy, establishes ambitious targets for reducing greenhouse gas emissions and promoting more sustainable business practices. For transportation companies, this means they need to invest in new technologies and completely change the way they do business.

Transformation Costs Money

A significant challenge in this area pertains to the cost of investing in new technologies. Reducing emissions requires significant financial investment, including the introduction of electric vehicles and the use of alternative fuels (LNG, biogas, HVO 100). The upfront cost of electric vehicles, their limited range, and the absence of sufficient charging infrastructure represent significant obstacles for many companies, particularly small and medium-sized enterprises.

Despite many promises to invest in infrastructure, the development of a network of chargers, alternative fueling stations, or intermodal rail in many regions of Europe is slow. This can lead to increased operational costs as companies are often compelled to identify solutions independently. Another challenge is the varying approaches to climate policy and the timing of regulations and financial support implementation among EU countries. Such discrepancies, with such high costs, affect the competitiveness of those involved in the supply chain.

The introduction of ESG reporting represents a positive development, offering an opportunity to evaluate companies' past conduct with regard to their environmental, social, and governance impacts. However, the lack of uniform reporting templates remains a challenge. Because of this, each company may use its own way of reporting

information. This can lead to confusion, difficulty in comparing data, and the risk of incomplete or inconsistent reporting of key information.

Reporting Makes Sense

It should be noted that the statutory obligation of non-financial reporting will not apply to all companies at the same time. However, those affected by this obligation will expect their business partners to participate in the process. Consequently, certain elements of reporting will be extended to other cooperating entities. The initial phase of ESG is characterized by numerous uncertainties, necessitating a period of standardization and adaptation of guidelines.

Another key challenge in comprehending climate policy is the limited awareness and inadequate education. While climate policy is ambitious, it is not always communicated effectively, which can lead to resistance to change and misunderstanding of its goals. Despite initial confusion and possible accusations of excessive bureaucracy, ESG reporting can play an important role in building climate awareness. The requirement to accurately monitor and report on the environmental impact of operations will allow companies to better understand their own operations, as well as their consequences. In the long term, this can contribute to a change in the approach to doing business and better implementation of sustainable development principles.

As a conscientious participant in the transportation market, we are committed to the active development of sustainable practices. A central component of this strategy is the advancement of intermodal transportation.

This mode of transportation is an effective solution to reduce the negative impact on the environment and society, especially when complemented with low- and zero-emission vehicles in the process of the so-called first and last mile, which is also happening in our country. However, intermodal transport, despite its benefits, is also much more complex than traditional road transport.

Intermodal Transport Requires Infrastructure

The complexity of this solution stems from the

This is the percentage of greenhouse gas reductions the European Commission is targeting by 2030.

This is the first climate target to be implemented as part of the Fit for 55 package. By 2035, internal combustion vehicles are to disappear from the market, to be replaced primarily by electric trucks. The EU economy is on track to reach net-zero carbon emissions by 2050.

need to involve more transportation units, such as trucks, trains, and transshipment terminals. Such a structure necessitates a significant investment, both in terms of infrastructure — the development of terminals and rail links — and the organization of the entire logistics process. The presence of adequate rail infrastructure and transshipment terminals in key locations isessential for efficient intermodal transportation, which remains challenging in many regions. To ensure the success of projects of this nature, it is essential to engage a diverse range of stakeholders, including both corporate entities and public institutions, along with sufficient financial backing.

Despite the numerous challenges and existing barriers, the evolution of the transportation sector toward sustainability also brings opportunities. Companies that align their operations with environmental requirements can gain a competitive advantage by attracting customers who will increasingly be guided by ESG principles when choosing business partners. The development of infrastructure and increased investment in green technologies over time should help reduce costs and increase operational efficiency.

How About Hybrid Solutions?

The future of transportation is marked by a fundamental transformation. Implementing this process entails significant financial and organizational challenges; therefore, thorough planning, collaboration among relevant parties, and securing financial support at the local, national, and EU levels are essential.
In this process, effective communication and education are essential for both entrepreneurs and employees. This helps to ensure a comprehensive understanding of the objectives of climate policy and the strategies for achieving them.

However, it is important to note that not all approaches to achieving zero-carbon emissions are universally valid. The timeframe for achieving these goals and the implementation strategy are still subjects of discussion. Therefore, a hybrid approach is essential, combining different technologies and methods to effectively adapt operations to changing realities. A pragmatic approach to this transition, involving the incremental implementation of green solutions and the flexibility to adapt them, can not only ensure compliance but also foster the development of a more efficient and competitive transportation sector that meets the needs of both customers and the environment. ■

Marek Loos
Editor-In-Chief of the bimonthly magazine Transport Manager

It's Hardly The Bottom Yet

Industrial production in Europe's major economies — Germany and France — is still at low levels. Carriers are anticipating a significant recovery in the latter half of 2025.

> The road freight industry is currently facing significant challenges. This situation stems from two primary factors: the ongoing surge in costs, which began in 2022, and the broader economic downturn in the European Union. For the transportation and logistics industry, the manufacturing index, not GDP, is the decisive factor.

This is because the latter is the total value of goods and services produced, and only goods can be transported, so the success of the transport, forwarding, and logistics (T&L) sector depends on the manufacturing industry. The situation in the European Union is currently suboptimal, and this has been the case for some time. Furthermore, there are minimal indications of imminent improvement.

Not A Business Cycle Crisis, But A Structural One

The situation is particularly acute in the two dominant economic forces within Europe — Germany and France. According to S&P Global, a leading global economic indicator, Germany's manufacturing index has been showing a consistent downward trend since mid-2022, marking the longest such sequence observed since the survey's inception. This aligns with the initiative to 'cut off the Russian drip' of inexpensive gas and oil from that region. In the absence of this element, the German economy lacks competitiveness when compared to the US, China, and numerous other regions worldwide. Following the US elections, which were won by his namesake, Donald Tusk stated that the European Union cannot compete economically with America if electricity is 2.5 times more expensive here than across the pond.

The aggregate PMI (which measures the views of purchasing managers in thousands of industrial and service companies on the future of their business), the so-called 'optimism index', stood at 47.2 points in the eurozone in September, still pointing to a sharp decline in economic sentiment. A PMI reading below 50 indicates pessimism, while a reading above 50 indicates optimism about the future. A score of 47.2 indicates negative sentiment in the economy. This is the second worst result since the end of 2020 (in the middle of the pandemic!).

The lowest level was recorded in August 2024 (46.7 points). Germany and France are the worst off. In France, the mood in industry and commerce is equally gloomy, with layoffs continuing in the former. Europe's third economy, the UK, is also in negative territory, but there is a light at the end of the tunnel

— analysts, not just at S&P Global, were expecting much worse figures than they got. In the first quarter of 2024, UK GDP grew by 0.6 per cent quarter-on-quarter and 0.9 per cent year-on-year, compared with an average forecast of 0.4 per cent. This means that the UK has emerged from a technical recession.

No Progress In French Politics

And how are things going in France? S&P Global's analysis showed that the country's economy is declining at the fastest pace since November 2020. France's manufacturing sector is still struggling. Output fell in France for the sixteenth month in a row (again, the longest such sequence since S&P began its surveys). Weak future demand was also shown by a sharp and accelerated decline in new orders.

After this year's elections, France is essentially unable to make decisions because of the unusual government formed by President Emmanuel Macron's centrist party and left-wing parties, all the way up to the Communists, to keep Marine Le Pen's National Rally out of power. This situation must reflect poorly on the government's economic decisions, as it has been practically paralyzed.

Waiting For The "Train Of Hope"

But recently, there have been small signs that the German economy might be improving. "Preliminary indications suggest that the market has reached its nadir. Germany's manufacturing PMI index (HCOB) continues to signal a rapid decline in output, but there are indications that the sector is beginning to recover," comments Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank.

First, there has been a month-over-month improvement, and second, the data surpasses economists' expectations. The PMI index was expected to fall to 47.1 points. The difference is slight in favor of the data compared to forecasts, but it's always a positive sign. "The HCOB Composite PMI for the eurozone showed a slight recovery. However, it would be premature to jump on the 'train of hope' at this point. The decline in new business, particularly in Germany and France, is a primary contributing factor. The number of unfilled orders continued to decline, and business expectations fell below the long-term average," according to the S&P Global report.

The final months of 2024 have seen a downward trend in the German PMI, with a decline to 43 points. This is particularly concerning, as European manufacturers, including German ones, continue to reduce purchasing activity and shed inventory. This indicates that they do not anticipate a swift escalation in demand. ■

43,0 points

This figure represents the December PMI for German industry

(HCOB Germany Manufacturing PMI). The PMI index is based on anonymous feedback from five hundred managers in the manufacturing sector regarding orders, sales, purchases, and related metrics. A reading below 50 points on the index indicates an economic slowdown. This is unfortunate news for the international transport sector in the EU, as it indicates a decrease in products available for transport to German industry.

Source: Markit Economics

Klaus Wohlrabe
Deputy Director of the Center for Macroeconomics at the Ifo Institute for Economic Research in Munich

Germany In A State Of Uncertainty

What are the most pressing challenges confronting the German economy at present?

- There are five main problems that should be noted:

- insufficient corporate investment,
- elevated economic policy uncertainty,
- consumer caution,
- declining international competitiveness (particularly in relation to China),
- structural changes resulting from economic weakness.

Which sectors are performing well and which are struggling, and how are these trends impacting the transportation market?

- The industrial sector is currently experiencing difficulties. The majority of companies assess their situation as unfavorable and are skeptical about the coming months. This is unfortunate news for the transportation and logistics sector, which is closely linked to the industrial sector.

Are there plans by the German government to implement solutions that could improve the situation?

- No. The government's economic policy is currently on hold as it lacks a majority in parliament. Elections will be held in February 2025. I do not anticipate any significant action to be taken until that time. The current situation is marked by a period of uncertainty, as we are awaiting proposals from the new government.

What do you anticipate for 2025?

- Forecasting is challenging due to two primary variables. Firstly, the actions of President Trump remain to be seen, particularly in regard to his international strategy and trade policy, both of which are of significant importance to the German economy. Secondly, the composition of the new German government and the economic policies it will implement are yet to be determined. At this juncture, we forecast German GDP growth to be slightly negative at -0.1% in 2024, with only marginal improvement expected in 2025. Growth rates are estimated to be around +0.3 or +0.4, but these figures are highly uncertain.

Interviewedby: Jakub Szałek ■

Sentiment In T&L Sector In Germany 2024

Industry Balance Index

	Expectations for business development for the next 6 months	Assessment of the business situation	Business climate
01 / 2024	-30,95	-19,04	-25,10
02 / 2024	-29,79	-19,06	-24,51
03 / 2024	-22,79	-14,03	-18,46
04 / 2024	-15,48	-7,26	-11,42
05 / 2024	-10,62	-9,74	-10,18
06 / 2024	-6,00	-11,40	-8,72
07 / 2024	-12,42	-11,47	-11,95
08 / 2024	-22,19	-14,81	-18,54
09 / 2024	-27,64	-18,68	-23,21
10 / 2024	-18,72	-14,65	-16,70
11 / 2024	-11,91	-12,33	-12,12

Source: ifo Institute Munich, Germany

dr Jakub Bogucki
Fuel Market Analyst, e-petrol.pl

Motor Fuel Market Outlook. A Handful Of Cautionary Thoughts

For the retail market, diesel prices are expected to be lower than they are now next year. HVO biofuel is experiencing significant growth in importance.

The events of recent months have created significant challenges for both the political and economic situations in Europe. As of this writing, the future course of the conflicts in Ukraine and the Middle East remains uncertain. There is growing discourse regarding an impending economic crisis and associated challenges, which are not only being experienced in our region but also in China. The prices and demand for motor fuels are the most sensitive indicators of market health. The current state of the fuel market is somewhat ambiguous. Various factors are affecting the forecasts.

China Fails To Take Off

The price of diesel fuel is derived from the situation in the oil market. In the context of 2025, the raw material is subject to a series of events and phenomena that may result in a decline in prices. These include the potential impact of Donald Trump's presidency on US exports, adjustments to OPEC production limits, and the possibility of an economic slowdown in Europe.

It is also crucial to be mindful of the softening demand from China's economy. The country has encountered challenges in meeting its crude import expectations since the pandemic, and oil use has fallen short of projections. Chinese authorities are implementing measures to stimulate demand through state programs, though their effectiveness remains moderate at this stage. This suggests that 2025 may be a year of decline in comparison to the previous year.

According to a recent Reuters poll of analysts, the average price of Brent crude is expected to be $74.53 per barrel next year. Experts have lowered their price forecasts for the seventh consecutive month. Weaker global demand growth and sufficient supply will offset the effects of a potential delay in OPEC+ easing of production limits. Such conditions may also indicate similar changes in the finished fuels sector, including diesel.

HVO Increasingly Important For Transportation

The US Energy Information Administration (EIA) has revised its forecast for renewable diesel production in 2025, as outlined in the latest Short-Term Energy Outlook report, released on October 8. The EIA is currently forecasting that renewable diesel production will average 210,000 barrels per day in 2024 and 230,000 barrels per day in 2025, compared to last month's forecast of 240,000 barrels per day. In 2023, the average production of renewable diesel was 170,000 barrels per day.
When analyzing the European market, it is important to consider the situation in Germany. At the end of May 2024, Germany authorized the unlimited sale of HVO at gas stations, and the first major investment in domestic stand-alone HVO production was announced at the Holborn refinery in Hamburg. According to an analysis by Hagen Reiners of Argus German Fuels, Germany consumes approximately 33 million tons of diesel per year. Global HVO production is expected to reach 22 million tons in 2024. Since the majority of production is centered in North America, the general availability of HVO may also be a limiting factor in Germany's significant transition from diesel to HVO.

German distributors estimate that HVO 100 sales in Germany reached 50,000 to 60,000 tons in 2023. This is significantly less than the diesel consumption in Germany, but importers are reporting a significant increase in rates this year. The popularity of these solutions and the tightening of European requirements for clean transportation will be key factors in this regard. In this context, HVO will be of high importance due to its applicability to traditional diesel engines. ■

33 Million Tons Of Diesel Fuel

That's how much Germany consumes per year. Global HVO production is expected to reach 22 million tons in 2024. Since the majority of production is centered in North America, the general availability of HVO may also be a limiting factor in Germany's significant transition from diesel to HVO.

Dorota Ziemkowska-Owsiany
Journalist at the Polish Road Transport Institute

Costs Up. A Burden On Entrepreneurs Or A Catalyst For Innovation?

It is anticipated that the financial demands associated with operating a transportation company will continue to increase in 2025. No one is particularly surprised by this. The primary concern is whether freight rates will rise concurrently.

"The costs that carriers and logistics operators will incur in the coming year will be determined by a number of macroeconomic and industry factors. There is a noticeable trend of rising fuel prices in 2024, which may continue in 2025 as well. However, the dynamics of this increase will depend on the global geopolitical situation and climate policy. In addition, the increasing emphasis on reducing CO_2 emissions and developing sustainable logistics will force investment in greener vehicles and technologies, which will also increase operating costs," warns Grzegorz Wieczorek of WSB Merito University in Wrocław.

Labor costs are increasing, and this trend is expected to persist. "The introduction of minimum wage regulations in many countries, along with increased competition in the transportation labor market, may lead to an increase in the salaries of drivers and warehouse workers. It is also crucial to consider the persistent rise in insurance and road toll expenses, which are subject to frequent adjustments in numerous European Union regions," he adds, citing information collected from carriers, including those affiliated with the ZMPD.

The estimates are not optimistic. Belgium's L'Institut Transport Routier & Logistique Belgique anticipates a cost increase of between 3.8 and almost 5 per cent in the coming year for road transport. Similar projections were presented by Panteia, a consulting firm based in the Netherlands. It anticipates a cost increase in the Dutch road transport sector (excluding fuel-related expenses) ranging from 3.6% to 5%.

Expensive Fuel

However, the cost of fuel is a significant factor in this equation. It accounts for approximately 45% of a transportation company's total operating expenses. That is precisely why information regarding fuel price increases is so important for carriers. However, positive developments in this area are rare.

The US Energy Information Administration forecasts that the average price per barrel of Brent crude oil will increase by 8 per cent

year-on-year in the first half of 2025. This is of great importance to European consumers. The United States is a major producer of fuel imported by the European Union. In 2023, they accounted for 14.25% of the market, and their share is growing in the face of sanctions on Russia. As recently as 2021, the US accounted for just over 8 per cent.

Meanwhile, road transport in the EU, despite the push toward zero-emissions, still relies primarily on diesel. According to ACEA data, 95.3% of the European fleet is diesel vehicles (after three quarters of 2024). It's hard to say how much the price of this fuel will rise, for a number of reasons. First of all, it should be noted that the price of diesel is influenced by a variety of macroeconomic factors, as well as the costs of refining, transportation, and distribution in each country, and the amount of taxes.

This phenomenon is evident in the excise taxes imposed on energy products. Despite the fact that EU regulations set a minimum ceiling for these rates (of €0.33 per liter), "EU countries are free to set excise rates above these minima, according to their own national needs," according to the International Road Transport Union (IRU). Italy currently has the highest rate, at €0.62 per liter. For comparison, the excise tax in Poland is €0.36 per liter, while the EU average is €0.44 per liter.

No matter where carriers refuel in 2025, it's clear that they'll have to pay more for fuel. In early November, Upply, Transport Intelligence, and the IRU indicated in a joint report that "fuel prices began to rise again in October due to the conflict in the Middle East, increasing the risk of oil supply disruptions and further increases in oil prices."

Vincent Erard, IRU's senior director for strategy and development, has expressed further concern regarding the volatility of fuel prices, which are expected to "increase further with the implementation of ETS2".

[An analysis of the fuel market is also provided by Jakub Bogucki, Fuel Market Analyst from the e-petrol platform. It is important to note that this approach differs from the one outlined in this article. According to Bogucki, there is no cause for alarm regarding any imminent drastic increases, although, of course, these are still only forecasts, as the geopolitical situation is unstable in the world. See article: "Motor Fuel Market Outlook. A Handful of Cautionary Thoughts"'].

3,8-5%

This cost increase is predicted by Belgium's L'Institut Transport Routier & Logistique Belgique and Dutch consulting firm Panteia for the coming year. The projected increases are expected to include wage costs, tolls, fuel costs, higher insurance rates, and leasing fees, among others. CEE carriers anticipate a higher increase, potentially reaching 10%. The financial burden of compensation for drivers is becoming a growing concern for businesses. The demand for higher wages in this sector is continually increasing, and there is a shortage of truckers throughout the European Union.

Roads And Workers

Carriers are also facing a significant increase intoll road prices in Europe. This is a consequence of the introduction of a rate based on CO2 emissions into tolls, which is a direct result of an EU directive. In December 2023, Germany implemented changes to the toll system, resulting in an increase of up to 83 per cent in fees. In 2024, increases were introduced by Austria (+7%), the Czech Republic (+13%), and Hungary (+40%), according to Trans.info. In 2025, this fee will be introduced in Denmark. This is expected to increase tolls by 682%, according to the International Road Transport Union (IRU).

And that's not all. Some countries are also considering further increases. For instance, Hungary is implementing an adjustment to the truck toll starting in January 2025. A government decree ties the infrastructure fee component of the electronic toll to inflation, resulting in a component increase of up to 3.4%. Austria has announced its intention to implement a toll increase for all trucks, including those in the EURO 6 class. The increase is projected to be up to 12.5%. Similarly, the Czech Republic has announced a price increase for the part of the toll that depends on CO2 emissions, which will rise to 5%.

Carriers should also be prepared for an anticipated rise in labor costs. One of Europe's leading logistics companies has estimated a 10% increase in T&L personnel costs. Grzegorz Wieczorek has also highlighted the significant impact of the rapidly rising minimum wage on businesses. The Polish government's recent decision to increase the minimum wage to PLN 4,666 gross starting from 2025 (from the 2024 rate of PLN 4,300) reflects this. The Netherlands is also expected to experience an increase in wage costs, based on a collective bargaining agreement, reaching 4 per cent from January 2025.

Is A Challenge An Opportunity?

Experts advise that carriers and logistics operators should prepare for the challenges of rising costs in 2025. However, they emphasize that these entities should also be viewed as catalysts for innovation and process enhancement.

Grzegorz Wieczorek asserts that proactive action in this area can yield a competitive advantage in a rapidly changing market environment. "Digitizing processes, automating warehouses or implementing modern fleet management systems are examples of possible solutions to partially offset the increase in operating expenses. Efficient route planning strategies and collaboration in so-called collaborative transport will also be key, allowing better use of resources." ■

Agata Horzela
GS1 Standards Manager for T&L, represents GS1 in the Digital Transport and Logistics Forum

The Future Of Digital Transport Documents

At present, approximately 99% of transport documents used in Europe are still in paper form. The EU has set a target of full digitalization by 2027.

The year 2024, specifically August 21, 2024, was supposed to mark a significant breakthrough in the adoption of the electronic consignment note (e-CMR) across Europe. This is due to the entry into force of the EU's eFTI regulation on electronic freight transport information. However, full implementation of the new technology is a process that will take considerable time.

As of August 21, 2024, member states are required to implement measures to adapt their national laws and systems to the regulation. This includes the electronic version of consignment notes and other transport documents. Representatives of individual EU countries must be ready to receive electronic information on freight transport by the end of the first quarter of 2027. At this point, the European Commission has indicated that this deadline will be met. This is when the full acceptance of electronic transport documents across Europe is expected to take place.

Regulations Are Lacking

The deadlines for the publication of delegated and implementing acts related to the eFTI regulation have also been postponed. To date, the Commission has published two acts, which are available on its website. One is the so-called 'implementing act,' which aims to define uniform procedures, rules and technical specifications to be followed by the competent authorities of EU countries to access freight transport information through eFTI platforms. The second is a so-called 'delegated act' that establishes a unified eFTI dataset for the automatic exchange of information.

However, two additional acts are yet to be published: an implementing act related to specifications for eFTI platforms and solution providers, and a delegated act establishing rules for certifying eFTI platforms and solution providers. The publication date has been moved to mid-2025.

The target model for transferring freight transport data is to operate on certified platforms, the so-called eFTI platforms, which are to guarantee the security of data storage and availability. In essence, if a company wishes to utilize e-CMR, it will need to employ an external certified system from a solution provider or internally certify its own system. The eFTI platforms will need to be capable of transferring data to the eFTI Gate, which is the overarching national platform that is

to be established in each member country. Therefore, it is essential that the environment be fully interoperable, which means that companies and solution providers must use standard formats for transport data transmission.

Paper Still Viable

It is important to note that the responsibility for compliance with the eFTI regulation does not lie with the companies themselves, but rather with the representatives of the controlling bodies. According to the regulation, companies are permitted to maintain paper documents if they choose to continue using them. Conversely, if they transition to an electronic consignment note, the driver will present a generated QR code on a mobile device during a roadside inspection, containing a unique transport number. This number will serve as the 'key' to the relevant data in the solution providers' databases, through which the requested information related to a particular transport will be made available. It is important to note that the eFTI regulation is not limited to data submitted for road transport implementation. The regulation is much broader in scope and also applies to other modes of transportation (apart from maritime transport, which is subject to separate regulations). This transformation encompasses the digitalization of various transportation modes.

At present, approximately 99% of transport documents used within Europe are still paper-based, with CMR (consignment notes) documents accounting for around 500 million copies annually. Paper is also the most common form for documents related to the goods being transported, such as customs declarations and ADR certificates, as well as other documents necessary for the driver during transport, such as the driver's card and vehicle registration. These records will be digitized under the eFTI regulation at a later stage of the process.

eCMR Currently On A Regional Basis

At this juncture, a number of initiatives aimed at digitizing transport documents are currently underway in several European countries. A variety of solutions are being tested, with the ultimate goal of moving us closer to a target eFTI-compliant model. Belgium, Germany, Italy, and Spain, for example, are very active in this area. In Romania, electronic consignment notes have been a prevalent practice for several years. In Poland, there is a proliferation of similar initiatives aimed at reversing the legal situation and implementing pilot programs. ■

9 minutes

This is the average time required to process a freight order by means of eCMR. A study conducted by SIRA Consulting Research for the Danish Ministry of Transport revealed that eCMR significantly reduces time spent on key processes related to transport documentation issuance. These include document preparation, cargo inspection, delivery confirmation, and other administrative tasks. With paper documentation, such administrative steps take 23 minutes.

Europe Needs A Development Boost

For several months now, there has been a significant decrease in the sales of commercial vehicles over 3.5 tons in the European Union compared to last year. The upward trend is evident in the delivery vehicle segment. Until industrial production increases, and with it the freight demand that results, it is difficult to anticipate a substantial increase in new truck registrations, especially those over sixteen tons.

Jakub Faryś
President of the Polish Automotive Industry Association, Chairman of the Liaison Committee at the European Automobile Manufacturers Association ACEA.

- It is important to note that the share of heavy trucks used for international transportation has been steadily increasing in recent years. A correction occurred in 2024, as the market reached saturation. New vehicles are not required at this time, as there is no imminent expectation of a resurgence in freight market growth. The most significant decline in sales of heavy vehicles, with a weight rating exceeding 16 tons, is observed in the recently-admitted EU countries, including Poland, Slovakia, the Czech Republic, the Baltic states, and Hungary. The declines are evident across the EU, with the exception of a few southern European countries. Notably, Spain experienced an increase of up to 12%.

It is highly unlikely that there will be a swift improvement in the near future, particularly in light of the state of the German and French economies. In Germany, the automotive, chemical, and engineering sectors, which are pivotal to the national economy, have experienced a significant slowdown.

Additionally, the financial burden of the Green Deal is proving to be a significant challenge for major economies, leading to higher energy costs and other repercussions. Additionally, truck sales have experienced a decline due to an increase in the availability of used trucks at competitive prices, a consequence of fleet liquidation. Another challenge that truck fleet owners must face is the transition to zero-emissions technology. In 2040, it's expected that 90% of registered vehicles will be electric, and fifteen years is really not that far off. Transportation company owners and logistics operators need to plan their expenses for new drives soon.

Another problem is that there aren't enough fast charging stations for trucks. To reduce carbon emissions, new trucks need to charge efficiently. Germany's infrastructure is growing the fastest, but Europe needs to build millions of charging stations for passenger cars in just 12 years. This seems unrealistic. According to ACEA's estimates, there will be a need for 8.8 million charging points by 2030. This means that they need to be built at a rate eight times faster. Infrastructure for heavy vehicles is even more challenging. To put it simply, one charging point provides 1.5 MW of power, and a dozen of them are needed in a single hub along the highway.

Thomas Fabian
Chief Commercial Vehicles Officer, ACEA

- The number of new trucks sold depends on the overall state of the economy. Economic challenges are impacting truck sales, and the current climate of economic uncertainty among trucking operators is hindering their capacity to invest in fleet modernization. Weak economic growth has already led to a decline in demand for heavy trucks in the second half of 2024, with significant declines recorded in the first three quarters of the year, primarily in Central Europe. Many manufacturers have reported a decline in orders and predict that the challenging market environment will persist in several European markets. ■

New Truck Sales In EU

GVW over 3.5 tons
(third-quarter comparison)

2023
270 000 vehicles

2024 ↓7,5%
249 700 vehicles

New Van Sales in EU

Source: ACEA

1 170 310 vehicles
8,5%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OUTLOOK

Marie-Anne Cervoni
Associate Director — Strategy
& Market Intelligence, IRU

Challenges Ahead For Transport Companies

The coming year could mark a significant shift in the transportation market. The IRU anticipates a modest uptick in freight volumes, fueled by an increase in consumption. However, the industry is currently facing significant challenges due to a shortage of drivers and a substantial tachograph replacement operation.

1. Transport Growth

In light of the prevailing macroeconomic conditions in the European Union, the IRU anticipates an increase in freight volumes of 2% in ton-kilometers compared to the figures recorded in 2024. The reduced inflation and interest rates in the EU are projected to stimulate more sustainable consumption patterns, thereby contributing to economic growth. It should be noted that freight rates are subject to variation and may be influenced by factors such as the capacity of trucking companies. This capacity may be impacted by factors including higher vehicle prices and a shortage of drivers.

2. Lack Of Drivers

Despite a recent easing of the shortage of truck drivers in Europe due to weak demand, the issue remains a serious concern. According to the latest IRU 2024 survey, 70% of transport companies are having serious or very serious difficulties filling driver positions. Of that number, 12% of companies reported that they were experiencing challenges with unfilled driver positions, amounting to approximately half a million vacancies. Furthermore, 50% of trucking companies anticipate increased difficulties in 2025, with half a million truck drivers expected to retire within the next five years and a limited number of young successors entering the profession. One particular risk is the heightened tension in the freight market after 2023 and 2024, which were, in essence, years of change and uncertainty.

3. Access To Fuel

The carbon dioxide standard will begin to affect the price of two- and three-axle trucks with a gross vehicle weight of more than 16 tons (with one drive axle). It is anticipated that energy prices will experience a slight increase until mid-2025, followed by a decline, contingent on the prevailing geopolitical dynamics. It is also anticipated that global oil inventories will continue to decline, as oil production remains below consumption levels due to ongoing cuts by OPEC+ in its production. The potential for continued escalation of the conflict in the Middle East has introduced considerable uncertainty

70%

Despite a significant drop in demand for international transportation, as many trucking companies in the European Union are facing staffing problems due to a shortage of drivers. This situation is of great concern, as the IRU estimates that approximately half a million drivers will retire within the next five years. At this time, the European Commission and the heads of transport ministries in EU countries have not yet developed a strategy to halt this worrisome trend.

According to the IRU, such a percentage of first-generation (G2V1) tachographs will not be replaced in time with the new second-generation smart digital tachographs. It is important to note that such trucks will not be suitable for international assignments. The deadline for replacing tachographs is December 31, 2024. This is the initial phase of replacing these devices. By mid-August 2025, the transition to the G2V2 devices should be complete for all digital tachographs.

and volatility into oil markets in recent weeks. However, there have been no disruptions in oil supplies to date, and even if there were, there is a significant surplus of available production capacity that could cover the entire potential.

4. Tolls And Drivers' Wages

An increase in the toll can also be expected due to the implementation of CO2 emission standards in EU member states (Denmark, the Netherlands, Sweden and others). Tolls will also be indexed according to the rate of inflation. In recent years, wages in the EU have increased due to inflation and a tight labor market. We anticipate that they will continue to expand in 2025 and 2026, albeit at a slightly reduced rate. In addition, the expected increase in freight volumes and the imbalance between retiring drivers and their young replacements are likely to put pressure on wages. Finally, the new tariffs expected in the US could lead to higher equipment costs, creating a degree of uncertainty. At this time, it is challenging to ascertain the impact of the new tariff on the cost of selling trucks..

5. Replacement Of Tachographs

Significant delays have been encountered in the process of replacing the equipment. The process of upgrading in-service vehicles could not begin before 2024 due to a significant delay in the delivery of Smart Tachograph Version 2 (G2V2) equipment. In theory, it could have begun in August 2023, when G2V2 would have become mandatory for newly registered commercial vehicles. The reduced time required for tachograph and vehicle manufacturers to test and manufacture a new tachograph has

contributed to technological difficulties during implementation.

For instance, the G2V2 equipment currently being installed is an interim version, creating uncertainty among transport operators and general distrust about the reliability and hidden costs of future upgrades. Additionally, there have been multiple instances of G2V2 equipment malfunctions, leading to vehicles being sent back to workshops and out of service for extended periods. This has further fueled mistrust and discouraged timely planning for tachograph replacement. While the G2V2 system is not expected to be widely available until 2025, IRU members in several EU member states have reported a shortage of workshops equipped to perform the upgrade.

According to IRU research, there was already a sufficient supply of G2V2 devices in March 2024, which indicates that this was not the cause of the slow replacement pace (6 percentage points in three months). This indicates that even if the pace of upgrades accelerates significantly, a substantial number of vehicles with first-generation (G1) digital tachographs will be in violation of the law because they are equipped with tachographs that are subject to the initial deadline of December 31, 2024. Meeting the deadline of August 18, 2025, may present challenges as well. Even if the installation of the latest equipment is tripled, approximately 10% of vehicles may still be equipped with G2V1 tachographs, resulting in legal violations if they continue to perform international transport.

Regarding the geographical scope of these issues, the national road transport associations of most EU member states have reported delays, with the exception of those in Germany, the Netherlands, and the Nordic countries. Therefore, despite considerable determination, effort, and mobilization, thousands of vehicles currently engaged in cross-border operations within the EU may be in violation of the law if they persist in such operations after December 31, 2024. Presuming these road transport operators conclude their cross-border operations prior to the upgrade of tachographs, substantial market capacity challenges are anticipated. It is challenging to envision that the fleet available at that time could meet market demand in the European Union. ■

↑ 2%

According to IRU forecasts, the volume of freight transported in 2025

calculated in ton-kilometers, could increase by this amount compared to 2024 figures. Lower inflation and interest rates could stimulate freight growth. Due to increased expenses for transportation companies, freight rates are expected to remain volatile. Furthermore, costs are projected to rise due to an anticipated increase in the price of new trucks and a persistent shortage of drivers.

Rafał Jabłoński
CEO at System Transport

Digitalization Poised To Transform The Landscape Of Transportation

The Internet of Things (IoT) is transforming the T&L sector, creating new opportunities to monitor and manage assets.

The global transportation industry is undergoing a period of significant transformation, preparing for dynamic changes that are expected to lead to its substantial growth. According to forecasts, the compound annual growth rate (CAGR) is expected to be 5.4%, which will result in a market value of $11.1 trillion by 2030. It should be noted, however, that this growth rate is slower than the rate projected prior to the pandemic, when a rate of 19.8% was anticipated. The sector's development is driven by modern technologies and sustainability.

More And More AI In Transportation

Technological advances are rapidly transforming the transportation sector. Artificial Intelligence (AI) and automation are playing an increasingly important role in the management of operational processes. According to forecasts, by 2025, AI will have evolved from a tool that supports simple tasks to a technology that enables autonomous decision-making. AI-based tools will allow dynamic route adjustments in real time, depending on road and weather conditions, and enable more efficient scheduling of maintenance activities, reducing downtime. The EU's transport policies promote digitalization, which accelerates the modernization of transport systems, enhances safety, and promotes sustainability through intelligent transport systems.

However, it is important to note that despite these ambitious goals and reports, the SME sector is lagging significantly behind in terms of innovation development. Instead, their focus remains on efforts to maintain liquidity and withstand the challenges posed by unstable market conditions.

Intelligent transportation systems are playing an increasingly important role in modern logistics, bringing changes to optimize a number of processes. IoT (Internet of Things) technologies enable real-time monitoring of fleets and warehouses, resulting in better utilization of resources and the ability to optimize routes and entire delivery paths. Advanced algorithms in ITS systems now enable the adaptation of transportation plans to changing road and weather conditions. Consequently, participants in supply chains can achieve substantial fuel savings while concurrently reducing CO2 emissions. At the same time, warehouse automation facilitates

more efficient inventory management and accurate demand forecasting, thereby minimizing the risk of warehouse shortages and enhancing service quality.

Internet Of Things And Decarbonization

It is evident that the Internet of Things (IoT) is currently driving a significant transformation within the T&L sector, ushering in novel monitoring and asset management capabilities. This trend is projected to persist into 2025 and beyond. Location and diagnostic sensors, mounted on vehicles (as well as in logistics centers), provide detailed data that allows for rapid response in case of irregularities, thereby increasing the security of deliveries. Integration with fleet management systems enables the optimization of routes and the more efficient use of vehicles, leading to a reduction in operating costs and CO2 emissions.

Automating inventory tracking and demand forecasting processes further streamlines supply chains, which is crucial in a rapidly changing business environment.

The transition to zero-emission transportation is gaining momentum in response to the European Union's ambitious climate goals. Road freight transport currently accounts for about 25% of the EU's CO2 emissions, making it a key focus area in the decarbonization efforts of the EU. Investments in infrastructure, such as electric vehicle charging stations and hydrogen refueling stations along major transportation corridors, are crucial to the development of cleaner modes of transportation. The European market is seeing an increase in zero-emission truck models, which are proving their worth in regional and urban transportation. These models currently have an operational range of two hundred to four hundred kilometers.

Electric Trucks Too Expensive

Projections for 2025 assume further infrastructure development and an increase in the share of zero-emission vehicles in freight transportation. According to market reports, approximately 10% of new heavy commercial vehicle registrations in the EU are expected to be for zero-emission models, and the network

of public charging points for such vehicles is expected to grow to two thousand. Innovative projects such as the electrification of highways with pantographs are also noteworthy. These projects are currently being tested in Germany and Sweden.

A significant challenge persists, however, in the high cost of purchasing zero-emission vehicles, which currently range from two to three times higher than traditional combustion models (depending on the type and model). However, the increasing availability of support programs and the long-term benefits of greater production scale suggest a gradual decline in the long term. From a regulatory perspective, stricter CO2 emission standards and additional financial incentives for companies investing in zero-emission technologies are expected in 2025. These activities, in combination with technological advancements, are directed towards shaping the future of transportation. The objective is to make it greener, more efficient, and better adapted to the challenges of the modern world and the evolving economy.

Increasingly Common Intermodal

Intermodal transport in the European Union plays a key role in the sustainable development of the transportation sector. It integrates different modes of transport to increase efficiency and reduce emissions. In recent years, there has been growing interest in this segment, driven by EU policies promoting green solutions and the need to optimize supply chains. In 2023, however, the intermodal market in the EU has encountered some challenges.

The global trade slowdown and the ongoing armed conflict in Ukraine had a significant impact on freight dynamics. Entrepreneurs had to adapt to changing conditions, which created a need for increased flexibility and innovative solutions, especially organizational ones (improved planning dynamics, unconventional last-mile delivery operations).

Despite these difficulties, the outlook for the future remains positive. According to forecasts for 2025, intermodal transportation is expected to continue growing in the EU. This growth will be driven by investments in infrastructure,

This is the share of road transport in carbon dioxide emissions in Europe.

Investments in intermodal transport (involving rail) and zero-emission trucks are expected to reduce this problem. Today, the primary challenge is the price of new electric vehicles, which is two to three times the cost of purchasing standard trucks.

Source: European Environment Agency

such as the construction of new terminals and the modernization of existing terminals. These investments should increase the capacity and efficiency of transport operations performed. Furthermore, EU initiatives such as the Green Deal will promote the transfer of freight from road to greener modes, including rail and inland waterways.

Careful With Forecasts

However, caution should be exercised in forecasting, as the same slogans have been used repeatedly over the decades, and market changes, especially in the face of a crisis, have been recorded at lower than expected levels each time. It is also important to acknowledge that the advancement of intermodal transportation contributes to the EU's climate objectives, leading to a reduction in greenhouse gas emissions and fostering sustainable development. Therefore, it can be assumed that in 2025, the share of intermodal transport in the total volume of freight will steadily increase, which will positively affect both the image and competitiveness of the European economy. ■

Jan Buczek
President of the Association
of International Road Carriers

We Need To Adjust

Should the European Commission decide to implement a revision of the Fit for 55 regulations, there will be an opportunity to improve profitability. Trucks meeting the Euro 6 emissions standard would have to be designated as green vehicles.

The year 2025 will be a period of significant change, which will require close observation and strategic adaptation. The year 2024 has already demonstrated that European economies are facing significant challenges and unpredictability.

Consequently, European products experienced a decline in global market share, with goods from other regions gaining a competitive edge. Transport, a service provider to major businesses in the free market, experienced a significant decline in demand for its services.

A Display Of Nonchalance In Brussels

In instances where demand significantly exceeds supply, such as in the context of transportation services, there are individuals who strategically bridge the gap by offering intermediation services, thereby profiting significantly in the process. The lesson for 2025 is clear: we must adapt our service supply to align with market demands. In essence, it is imperative to persist in the reduction of capacity to attain the optimal level, from the perspective of transport company management. I understand that this is a challenging task for entrepreneurs who have dedicated their careers to developing this capacity. However, to maintain stability and avoid potential falls, it is sometimes necessary to pause and sit down. This is the appropriate action to take at this time.

Despite the current economic climate, EU politicians continue to demonstrate a level of nonchalance that is perhaps out of step with the broader global context. This is particularly evident in their unwavering commitment to ambitious climate protection goals, which, from a future generations' perspective, are laudable but may not align with the immediate concerns of many European countries, particularly in light of the ongoing economic challenges and the repercussions of the war. The problem is that this approach may inadvertently cause more harm than good. It has become apparent that a dead end has been reached, and this issue is not isolated to the transportation industry alone. It is surprising that EU officials remain steadfast in their beliefs, which have the potential to lead many countries, particularly those in the process of development, to economic ruin.

For this reason, we are urging politicians to engage in a candid dialog, with the aspiration that the Polish presidency of the EU will facilitate an open exchange of ideas, grounded in sound analysis from various European countries. It is our hope that this development will result in a review of the previously established ambitious

climate targets. Furthermore, such initiatives have already been implemented in numerous member countries. I believe that a successful collaborative effort will provide a significant opportunity to revitalize the European economy, allowing companies to regain lost markets and enabling us to resume the transportation of goods.

Post-War Challenges

If the Fit for 55 burden is relaxed and Euro 6 vehicles are recognized as environmentally friendly, allowing their trucking companies to take advantage of lower rates for access to the road and highway network, there will be an opportunity for better profitability in our industry. This strategy will allow companies to maintain a lean structure while allocating resources towards future investments.

It is likely that military action in the Ukrainian area will conclude by 2025, which could have concrete implications for the EU-Ukraine agreement, as it currently favors Ukrainian carriers in the European market. Ukrainians are confident that once the war is over, they will enjoy the same rights as all other participants in the common market. They don't really understand that to qualify for this benefit, they must fulfill a series of exacting criteria. Ukraine may benefit from an accelerated process, although it should be noted that Poland, for example, required ten years to adjust. ■

July 1, 2031

This is the deadline by which carriers are required to bring their fleets into compliance with the European emission standard, Euro 7.

The European Commission regularly raises emission standards, and member states adjust them in line with road tolls. The higher the emissions standard (and therefore less exhaust), the lower the toll. For vehicles with internal combustion engines, the highest emission standard currently in effect is Euro 6. Delivery vehicles are also required to meet the new Euro 7 standard by 2030.

Piotr Skobało
Managing Partner at Magna Valor,
T&L Market Adviser

2025 Outlook For Road Transport In The European Union

The year 2025 will be pivotal for the continued advancement of road transportation within the European Union. Despite the inherent risks, the T&L industry has the opportunity to become more innovative, efficient, and sustainable.

Road transport in the European Union is expected to undergo significant changes in 2025, driven by regulatory shifts, technological advancements, and economic challenges. This sector, which is vital to the functioning of the common market, will have to deal with both global and regional trends. The following three major forecast areas are likely to dominate the transportation industry in the coming year.

1. Increasing regulatory pressure and decarbonization requirements

The European Union is committed to achieving climate neutrality, and road transport is a sector that must make substantial cuts to its CO2 emissions. The year 2025 will see the introduction of new emissions regulations and a heightened focus on the transition to green transportation technologies.

Outlook:

- Increased investment in a fleet of vehicles that run on electricity, natural gas, and other fuels, such as biomethane and hydrogen.
- Rising compliance costs resulting from EU requirements are likely to have a particularly significant impact on smaller companies.
- The introduction of potential CO2 emission fees for trucks could increase the pressure to implement green solutions.

Companies that demonstrate the ability to swiftly adapt to emerging requirements will gain a competitive advantage. Those that fail to acknowledge and address these changes may find themselves unable to maintain their market position.

2. Increasing digitalization and automation of operations

The year 2025 will see the continuation of the digital transformation in road transportation. The automation of logistics processes and the development of fleet management systems will become the industry standard. Technologies such as artificial intelligence, real-time data analysis, and e-CMR (electronic consignment notes) will be instrumental in enhancing operational efficiency.

Outlook:

- Dissemination of digital platforms for enhanced coordination and real-time route planning.
- Increased interest in technologies that support the automation of warehouse and transportation processes, including autonomous trucks on a limited scale.
- Companies can maintain their competitive edge in the face of rising costs by reducing operating expenses through route optimization and enhanced fleet management.

3. Consolidation and restructuring of the transportation market.

The road transport industry in the EU is poised for further consolidation. The high operating costs and strict regulatory requirements will present significant challenges to small businesses, making it difficult for them to remain competitive in the market. Mergers and acquisitions will be a natural direction for the sector, especially in Central and Eastern Europe, where many small carriers operate.

Outlook:

- The emergence of larger, more stable companies capable of investing in new technologies and infrastructure development.
- The market will see a decline in the number of independent transport operators, particularly those operating on a small scale.
- There is a possibility for the emergence of new models of cooperation between carriers, such as fleet sharing and the formation of industry alliances.

The year 2025 will be pivotal for the continued advancement of road transportation within the European Union. Success in this sector will depend on the ability of companies to adapt in three key areas: adapting to environmental regulations, implementing modern technologies, and being able to survive in an increasingly competitive environment. While the industry is facing numerous challenges, there is an opportunity to become more innovative, efficient, and sustainable. ■

Beniamin Matecki
Independent Consultant
to the T&L market

Happy New Year, or Cautious Optimism

In 2025, there is a strong likelihood that freight rates will increase at a faster rate than they are today. What is the basis for this optimism? We have recently begun to move beyond the minimum pricing framework that has previously governed transport tenders. The spot market and tender market are closely intertwined.

The year 2024 saw a market rebound in the transportation sector, particularly in the latter half of the year. While the level of spot and tender rates offered did not meet the expectations of carriers, it was a marked improvement over the previous year.

This is particularly relevant given the carriers' expressed desire for improvement following two challenging years and their anticipation of a swift resolution to the situation. What measures should be implemented to ensure a secure and prosperous entry into the new year, 2025? What might we encounter, and what positive surprises might lie in store for us?

Threats, Or Costs

First, it is essential to acknowledge that a paradigm shift is imminent in our approach to transportation and sustainability. This is not the negative perspective we typically anticipate; rather, it is a positive one. There are currently no efficient electric vehicles on the market. It is evident that we have not yet achieved the desired level of success in the domain of heavy and long-distance transportation. This trend is expected to continue into 2025. This has led to a growing call to halt the 'bureaucratic rush' to reduce emissions and prevent increasing vehicle prices.

Unfortunately, I have some unfavorable information. In the field of economics, there are specific laws that govern supply and demand. One way to succinctly describe these laws is through the 'pig hill' economic model, which is used to analyze business cycles. In essence, an oversupply of vehicles on the market leads to heightened competition among dealers, resulting in a decline in truck purchase prices. As freight prices rise and vehicle purchases decrease, transportation companies are strategically opting to expand their fleets. Once more, there is an excess of vehicles on the market, and truck prices are again decreasing. These cycles are interconnected, and following the pattern of the aforementioned 'pig hill,' we are (and will likely be in 2025) in a cycle of rising prices.

This is a general rule that applies to all prices. Consequently, labor costs will also rise. After nearly two years of reducing drivers' wage expectations and halting the rush to ever

higher, even ‘unmarketable’ rates, the pressure will come, as it is inevitable given the rising cost of living, such as energy, food, and basic goods. And, as expected, there will be a mass migration of drivers to companies they perceive as more promising. Unfortunately, this will result in increased labor costs for all companies.

Electric Tractor Units Not Cheap Anymore

Another factor to consider is the limited financial resources available to vehicle manufacturers. Employees of vehicle dealerships are well aware of this. What led to this situation? Following record-breaking years for truck manufacturers in 2021 and 2022, the subsequent years proved to be challenging. Uncollected orders and customers who are no longer interested in purchasing. The vehicles available at the dealership prompted those who preferred not to end up broken to begin adjusting their prices downward. Consequently, in 2024, it was advantageous (for those with the financial resources) to purchase trucks, given their pre-pandemic pricing. The prices, which had escalated to exorbitant levels of €110,000–€120,000 per vehicle, decreased to €80,000–€90,000 by 2024.

The decline was due to a sense of urgency among manufacturers. This panic will be a thing of the past by 2025. If you have not yet placed an order at lower prices, now is the time to do so. It won’t get any cheaper. And again the question — why? In essence, manufacturers are grappling with a similar challenge as we are, as they are also facing escalating costs. This is due to rising energy costs and wage pressures. The introduction of new technologies is also necessary to create more economical, better, and efficient solutions. And unfortunately, this costs money. What is the anticipated cost of purchasing a new truck? The price is likely to fluctuate within the range of €90,000 to €100,000, which remains competitive when benchmarked against the ‘gold’ carrier years of 2021-2022.

Another potential threat is related to changes in one of the primary and base industries relevant to transportation: the automotive sector. I have been asked by more than a dozen customers what the consequences would be if VW were to close the three factories as promised. What will become of tire factories, component factories, and the many other entities involved? In this case, I would be highly doubtful. If they claim that they intend to close three factories, it is likely that they will close one. If VW cars do not sell, other vehicles will likely fill the market gap. It appears that this is not a significant problem; however, it is still possible that there may be a disruption to the supply chain, albeit not very drastic.

90-100

thousands of euro

This is an estimate of the average purchase price of a truck in 2025. Vehicle manufacturers are no longer able to maintain lower prices. This strategy allowed them to successfully navigate the challenging year of 2024, which saw a significant decline in demand for heavy vehicles. Rising energy costs and the need to introduce new technologies are forcing them to raise prices.

Limiting The Green Deal?

Energy prices will undoubtedly play a pivotal role in shaping transportation and supply chain dynamics. And the political events associated with it. First, a change in government in the US will likely lead to expectations of a change in energy policy in the US and Europe. Second, there is already a noticeable trend of turning away from ETS and ETS2 (climate action) programs. These programs can change the rules of the game very quickly, like a house of cards. It is likely that this will not only be the case in 2025 (a potentially insufficient time frame), but also for the subsequent two decades.

This is particularly relevant in Poland and throughout Europe, where these changes are proving to be a source of frustration. This is due to the fact that they result in a decrease in production rather than an enhancement in the climate. It is evident that there is a strong political determination to redefine climate policy, both in the US and among European leaders. However, high energy costs will be reflected in production costs for the time being, which will likely also lead to increased inflation expectations across Europe.

Transport companies may experience another source of frustration: the use of two digital tools. First, the new generation of tachographs will be implemented in January 2025. This will result in increased demand at service centers and associated costs. The second digital tool, which is currently on hold but is expected to become a reality in the digital age, is eCMR. The next stage of eCMR, tentatively announced for August 2025, may be delayed, but it is expected to be implemented in the near future. Digital tools have the dual effects of digitizing the economy and accelerating the flow of information. They are also instruments of control. It is a point worth considering. It is not yet clear how transport companies, which have experienced some challenges in recent years, will adapt to these new tools. It is reasonable to assume that

the cost of implementation will be passed on to carriers and subsequently reflected in freight costs.

Old Fleet Stays

The notion that adversity strengthens us is a cliché that resonates with truth. First, 2025 will be the year to transition away from the 'high-price fleet.' It is anticipated that this will be the last year of operations for the fleet that was acquired at significant expense from 2021 to 2022. It will provide much-needed relief to those carriers that choose to continue operating the same vehicles. It is evident that carriers are adopting a strategy of maintaining existing post-lease fleets. This approach is driven by the desire to avoid incurring additional replacement costs.

This is also in line with the realization by some carriers of how significant a misalignment the rental policy represented. Firstly, because after the rental period, the vehicle had to be returned, which for some proved to be a natural method of getting rid of the fleet. Secondly, they recognized that returning the vehicle would incur significant surcharges, including over-mileage, damage, and defects identified in the returned fleet. Therefore, it is to be expected that some of them will no longer choose this type of cooperation and will instead opt for classic leasing.

Be that as it may, at the conclusion of the lease, they will retain ownership of a portion of the asset. Then they can sell part of the fleet at a reduced price. In reality, a significant portion of the carriers' revenues come from the sale of withdrawn vehicles. In my professional opinion, a breakthrough can be also anticipated here. First, due to the current economic climate, transport companies have been focusing on cost-cutting measures, which has led to a temporary decrease in the number of new fleets on the roads. Therefore, the vehicles in operation in Europe have deteriorated significantly. After two years of restrictions on purchases, the fleet has been severely depleted. Carriers that use 'second-hand' vehicles will be looking for trucks that appear on the secondary market, as their owners make new orders.

Opportunities, Or Higher Consumption

Eventually, consumption will increase. While this may not occur in January, all indications are that the 'loosening' of savings resulting from long-term economic uncertainty will begin in 2025.

Unfortunately (or fortunately, depending on your perspective), humans are creatures that do not naturally strive for minimalism, especially when it comes to Europeans. Instead, humans need to exchange goods. The most recent occurrence of this phenomenon was during the initial period of the pandemic, when individuals purchased goods due to their inability to otherwise utilize their financial resources. This was a result of restrictions on tourism, high real estate costs, and constraints on spending in other sectors. This consuming power of the economy will ultimately resurface.

The second element that will contribute to success in 2025 is the adaptation of production to external factors, such as increased energy costs, which will be passed on to product prices. On the one hand, the constant struggle against higher prices has prompted companies to reorganize their costs, leading to increased product prices and reduced spending on other non-essential areas (including, regrettably, staff reductions). However, businesses have gradually adapted to these changes, and society has already absorbed the higher costs.

This does not imply a significant increase in carrier rates, but there are indications that 'more dignified' times are imminent for the freight market. What led to this situation? We have recently begun to move beyond the minimum pricing framework that has previously governed transport tenders. At the start of 2023, we faced higher tolls and a lack of understanding from shippers regarding increased transportation costs (2023 and 2024 rates were significantly reduced due to reduced stream). Tenders allowed us to weather a challenging period.

However, by the second half of 2024, we observed a trend among carriers that were withdrawing from previously won contracts in large numbers. The reason? In the latter half of 2024, the spot market demonstrated significantly higher profitability compared to the contract market. This has led to a situation where many customers, out of necessity, have had to start the bidding process again. As a result, the prices offered by contractors have deviated sharply from those of the past two years. It is anticipated that cargo volumes will increase slightly next year. This is good news for owners of transportation companies. According to projections by the International Road Transport Union, this will be an increase of about 2% year-on-year from 2024.

This is also optimistic, given that the European economy is slowly recovering from the slow growth of the last two years caused by the energy crises.

Carrier-Friendly Banks

The most recent data from various European economies is not yet as robust as we would hope; however, it suggests that the European economy is beginning to recover from the period of stagnation that followed the changes that swept through Europe in recent years. While we must be cautious not to engender unwarranted optimism, it's important to acknowledge that factors beyond production or its reduction play a significant role. It is important to understand that periods of stagnation in the economy are often followed by improved conditions.

Suffice it to say that in the case of the transport market, the banks have been complacent over the past two years. They patiently endured the late payment of leases, the maximum use of credit, and the plight of the trucking companies. In many cases, they have even been riskily generous. Nor have we seen a daunting wave of major carriers going bust, which would have had a domino effect on the market. This is undoubtedly positive news.

With interest rate cuts and lower profits on the horizon, will this situation continue? While the future remains uncertain, I hold a moderately optimistic outlook for 2025. I would advise carriers to closely examine costs and macroeconomic data from economies in the new year. And exercise caution when reading media reports about 'factory closings' or 'layoffs in the automotive sector.' It's likely that the ongoing concern following challenging years is motivating carriers to exercise caution and seek rapid economic returns.

Conclusions, Or Cautions For The Industry

In this regard, I would advocate for the 'small spoon' principle, as the transportation industry, much like in 2022, may inadvertently curtail its own demand by increasing service prices. It is essential to maintain a balanced and competitive pricing strategy within the market. I would also advise looking at the economy from a sinusoidal perspective, as discussed in the aforementioned 'piggy hill' scenario. Should the price become excessively high, it is likely that the economy will experience a reduction in transportation usage. It is imperative to price freight appropriately, not merely to account for the possibility of a coerced customer paying more. If customers have to adjust their transportation budgets, they may not be able to sell the goods in the future, which could lead to a reduction in the volume of transports. As the saying goes, 'After night comes day, and after the storm comes calm.' Happy New Year! ■


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