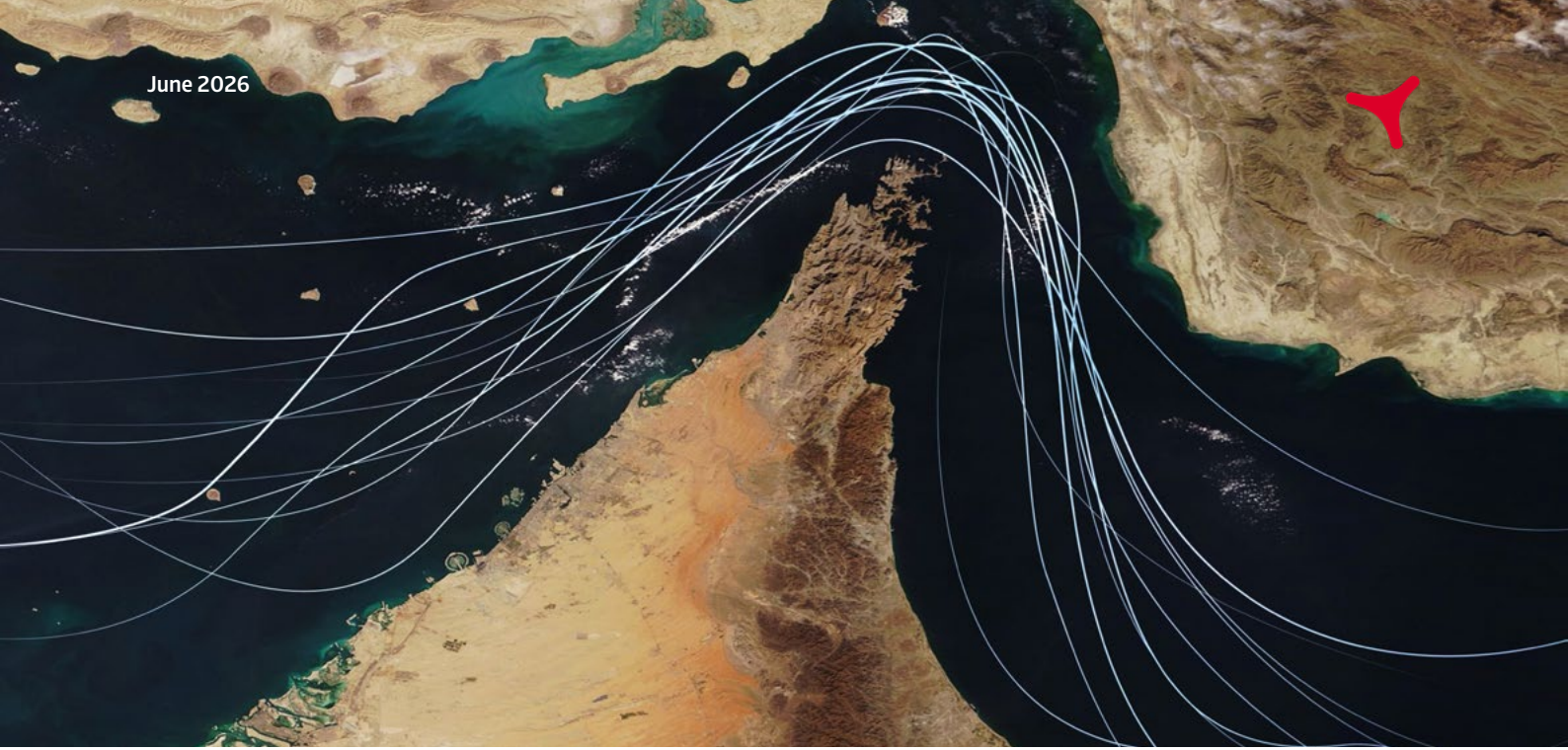


Industry trends – Transportation and logistics

Sluggish economies and high energy prices lead to lower growth prospects



Global overview

Industry significantly impacted by Gulf conflict, particularly air transport

Before the outbreak of the war in the Gulf, we expected global transportation and logistics output to increase by 3.4% in 2026. However, we have now had to revise this forecast downwards, to 2.5%. The sector's performance this year is affected by two major headwinds: firstly, global economic growth is slowing this year as high energy prices affect consumer sentiment and household purchasing power. Inflation-driven monetary tightening keeps borrowing costs high and weighs on investment. This is resulting in lower demand for freight and passenger transport this year.

Secondly, transport and logistics is extremely oil-intensive relative to other sectors. As such, falling demand has been compounded by sharply higher prices and reduced capacity. Recent developments suggest the conflict may be entering a fragile deescalation phase. The key question is how quickly the Strait of Hormuz will reopen fully to traffic. Physical flows are still likely to recover gradually rather than immediately. The main constraint is likely to be shipping, insurance, and operational confidence rather than underlying oil production capacity. Risks over the implementation and enforceability over the US-Iran agreement and potential disagreements on longer term-issues mean oil and commodity markets will probably remain volatile in the coming weeks.

Air transport is the subsector most affected by the Gulf conflict, with the 2026 growth forecast revised down from 4.3% to 1.4%. We expect passenger flows across Middle East to contract by 38% this year, a massive decline for a region that in past years has seen significant increases in both direct inbound travel and flights connecting Asia and Europe. Due to the major surge in jet fuel prices (up over 95% across the world) airlines are cutting flights, while travellers will forgo flying this year. That said, currently we do not assume that there will be damaging shortages of jet fuel in major travel hubs across Europe, North America, or Asia. Global refineries have sharply increased their production of jet fuel to take advantage of high prices, and governments have taken steps to expand the supply available.

Emerging markets will drive long-term growth

In order to improve their supply chain resilience, businesses may need to keep greater levels of inventory as a safety buffer. As a result, we expect greater demand for warehouse storage facilities. At the same time the air freight segment is benefitting from high demand for time-sensitive delivery of goods and growing ecommerce. Over the long term, we expect emerging markets in Asia Pacific, Africa, and South America to drive global transportation and logistics growth. This is particularly true for China and India, two of the world's most populous countries that are investing heavily in infrastructure and transport networks.

Industry performance forecast

Europe		Asia and Oceania		Americas		
Austria	Netherlands	Australia	Phillipines	Brazil	Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.	
Belgium	Poland	China	Singapore	Canada		
Czech Republic	Portugal	Hong Kong	South Korea	Mexico		
Denmark	Slovakia	India	Taiwan	USA		
France	Spain	Indonesia	Thailand			
Germany	Sweden	Japan	UAE		Fair The credit risk situation in the sector is average / business performance in the sector is stable.	
Hungary	Switzerland	Malaysia	Vietnam			
Ireland	Turkey	New Zealand				
Italy	UK					
						Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend.
					Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.	



Industry trends

Transportation and logistics output

Output per region	2024	2025	2026*	2027*
Global	3.9	3.3	2.5	3.7
Americas	3.2	1.6	1.6	3.1
Asia Pacific	6.4	5.2	4.7	4.4
EU & UK	1.5	1.7	1.0	1.5

Year-on-year, % change /*forecast
Source: Oxford Economics

Output per subsector	2024	2025	2026*	2027*
Land transport	4.5	3.4	2.6	3.4
Water transport	4.9	5.3	3.5	3.7
Air transport	6.9	4.3	1.4	4.6
Warehousing, support, courier, postal services	1.6	2.3	2.4	3.7

Year-on-year, % change /*forecast
Source: Oxford Economics

Strengths and growth drivers

Growth in global trade. Despite the current tariff issues, global trade is projected to continue growing in the coming years, supporting demand for freight and passenger transport in the mid-term and long-term.

New technologies. Increasing investment in warehouse digitalisation, robotics, and data is expected to increase supply chain efficiency and reduce costs. Investment in smart tech will help transport businesses improve transparency and flexibility.

Growth in ecommerce and digitalisation. This will support demand for courier services and warehousing facilities.

Constraints and downside risks

Oil price volatility. High fuel prices negatively affect margins of transport and logistics businesses across all segments.

Sustainability. Demand for green transport requires significant mid-term and long-term investment. This will create opportunities, but also poses a risk for companies unable or unwilling to adapt. If passed on to consumers, increased costs in the form of new regulations or carbon taxes could negatively impact demand.

Geopolitical risks. The maritime subsector relies heavily on freedom of navigation. The Gulf conflict has caused disruptions in the Strait of Hormuz, and many other flashpoints remain (in the Red Sea, the Taiwan Strait and the South China Sea).

Staff shortages and labour disputes. In some segments like road transport this could impact activity and growth, adding upwards pressure on labour costs.





Transportation and logistics outlook Americas

Transportation and logistics output	2024	2025	2026*	2027*
Brazil	1.6	2.3	1.8	1.7
Canada	3.6	1.2	2.4	1.8
Mexico	4.4	0.6	1.4	2.6
USA	3.0	1.6	1.3	3.4

Year-on-year, % change /*forecast – Source: Oxford Economics

USA

Slow growth amid trade challenges

The US transportation and logistics industry is navigating a complex environment. After increasing 1.6% in 2025, we expect sector output to remain modest this year, growing 1.3%. Slowing trade growth, tariff-related uncertainty and softer import demand weigh on freight volumes, while higher fuel, insurance and compliance costs continue to squeeze margins across road, air and ocean freight businesses.

US port throughput growth will flatten in 2026, as tariff-related front-loading unwinds and trade policy uncertainty persists. An effective tariff rate of close to 10% continues to weigh on transpacific trade flows, suppressing near-term import demand. Additionally, higher freight costs and geopolitical disruptions further cap volumes.

Trucks are the key transport mode for goods in the US. Land transport is expected to grow only 0.8% in 2026, with the subsector constrained by weak demand due to a more sluggish industrial activity and softer consumer spending. Additional issues are tightening capacity and rising cost pressures. Declining long-haul truckload demand is only partially offset by resilient short-haul and e-commerce activity.

Weaker trade activity with Canada and Mexico is impacting trucking, which plays a vital role in cross-border trade under the USMCA framework. At the same time oversupply in trucking persists after Covid-era capacity expansion, constraining pricing

and utilisation rates. Labour shortages are contributing to delays and rising cost, and the restrictive immigration policy could exacerbate this issue. At the same time, fuel prices - up about 50% as of May 2026 due to the US-Iran conflict - alongside higher insurance and regulatory costs, are increasing operating expenses and pushing up rates. In 2027 land transport is forecast to increase 2.8% as gasoline price increases should recede.

US air transport output is forecast to decline by 0.1% in 2026 after growing 3.1% last year. Rising fuel costs will increase air freight rates and volatility, squeezing margins and limiting capacity growth. Overseas tourism performance remains muted, after total arrivals were already down by more than 5% in 2025. Demand for air transport will be supported by logistics needs for time-sensitive goods, perishable goods and high-value, lightweight products. However, Washington's decision to end the de minimis exception for all parcels entering the US risks materially disrupting air cargo, particularly cross-border ecommerce. China-US ecommerce air cargo volumes have decreased by more than 50%.

In the mid-term, government investment in infrastructure improvement should benefit the sector by promoting greater supply chain efficiency, reducing costs, and stimulating demand for transportation and logistics services. Additionally, sector growth will be supported by rising US energy exports and reshoring initiatives under the Trump administration.

Industry performance forecast

	Brazil
	Canada
	Mexico
	USA
	Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.
	Good The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.
	Fair The credit risk situation in the sector is average / business performance in the sector is stable.
	Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend.
	Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.





Transportation and logistics outlook Asia Pacific

Transportation and logistics output	2024	2025	2026*	2027*
Australia	3.0	4.4	2.9	2.7
China	6.6	5.2	4.8	4.9
India	7.8	9.3	8.9	7.1
Japan	4.1	4.2	3.6	2.3

Year-on-year, % change /*forecast – Source: Oxford Economics

China

Resilient industrial production feeds robust sector growth outlook

Chinese transportation and logistics output is forecast to expand by 4.8% in 2026 and by 4.9% in 2027, supported by steady industrial production, continued export diversification, and sustained domestic consumption recovery. Growth is expected to remain broad-based across land, water, and air transport, with all major subsectors projected to grow above 4% annually over the medium term.

China's export sector continues to demonstrate resilience despite a more fragmented global trade environment. While geopolitical frictions and selective tariff measures remain a feature of global trade policy, their impact on China's aggregate export performance has been partially offset by strong growth in trade with Southeast Asia, the Middle East, Africa, and parts of Europe. This ongoing reorientation of trade flows is reinforcing China's role as a central node in global manufacturing networks, even as reliance on the US market gradually declines.

China's ports remain among the world's busiest and are likely to sustain high output in the coming years. This is due to increasing trade with emerging markets and ongoing innovation in port logistics. Air cargo benefits from continued advancements in logistics, and digitalisation will enhance operational efficiency, supporting growth and resilience. At the same time, China is moving up the value chain in global exports. High-tech manufactured goods, including electric vehicles, batteries, solar components, and advanced machinery, are increasingly important drivers of external demand. This structural shift is supporting more value-added logistics flows and increasing demand for specialised transport and cold-chain capabilities.

We expect the sector will benefit from government support for businesses and investment in infrastructure (domestic and international) in the coming years.

Those investments show China's ambition to ensure that it remains a major hub in global supply chains and logistics. The ongoing expansion of ecommerce is increasing demand for courier and storage facilities. Higher GDP per capita and rising household incomes will sustain demand for domestic transport services. Road freight volumes are expected to show annual growth rates of more than 3% in the coming five years.

India

Make in India supports higher freight volumes

Indian transportation and logistics output is forecast to grow by 8.9% in 2026 and by 7.1% in 2027. The government has introduced initiatives try to boost the manufacturing sector by improving the business environment and enhancing logistics infrastructure. This includes the "Make in India" campaign which promotes the country as a manufacturing hub for both domestic and international companies. Expanded manufacturing capacity should support higher freight volumes in the mid-term. India's growing middle class is spurring demand for consumer goods, supporting land, sea and air transport. However, even more investment in transport infrastructure is required to overcome existing inefficiencies and bottlenecks.

Japan

Tourism continues to be a main growth driver

We expect Japan's transportation and logistics output to grow by 3.6% in 2026 and by 2.3% in 2027. The transport sector has been remarkably resilient to various shocks in recent years and has consistently outgrown GDP. While Japan has faced macroeconomic and energy price headwinds due to the Gulf crisis, industrial growth should help provide a key tailwind towards the end of the year and into 2027. Inbound tourism, which powers a fair amount of transport sector growth, will remain robust, as the weak yen will continue to attract visitors.

Industry performance forecast	
	Australia
	China
	Hong Kong
	India
	Indonesia
	Japan
	Malaysia
	New Zealand
	Phillippines
	Singapore
	South Korea
	Taiwan
	Thailand
	UAE
	Vietnam
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	Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend.



Transportation and logistics outlook Europe

Transportation and logistics output	2024	2025	2026*	2027*
France	0.5	-0.8	-0.9	1.3
Germany	1.6	1.9	-0.3	1.4
Italy	-1.8	0.1	0.7	0.9
United Kingdom	4.3	3.2	2.2	0.4

Year-on-year, % change /*forecast – Source: Oxford Economics

European Union

A subdued economic performance weighs on sector growth

After a 1.5% increase this year, we expect transportation and logistics output in the EU to slow down to 0.8% in 2026. The economic outlook for this year is subdued with a 0.4% growth rate. The region's industrial recovery remains protracted, and higher energy prices are weighing on households' real incomes, confidence, and spending. Exports are expected to be broadly flat, reflecting weak external demand, the lingering impact of US tariffs, the recent intensification of Chinese export competition, and continued losses in global export market share. All those factors impede demand for transport, while businesses suffer from increased fuel costs. A substantial upturn in transport and logistics output will have to wait until early 2027.

Within the eurozone Germany and France continue to be the regional laggards, with output contracting in both countries. Others, such as Greece and Spain, are performing better on the back of higher tourist demand and services growth. Both will continue to be the growth leaders in terms of transport sector output in 2026.

Business services across the region indicate that the price of transport services across different segments are set to rise. Transport and logistic businesses will try to pass on as much of the oil price shock as they can, but their ability to do so will be limited in a broadly tepid macroeconomic environment.

Germany

A contraction in 2026 and more insolvencies

In Germany, the largest eurozone market, we expect transport and logistics output to contract by 0.3% in 2026, with decreases across all main subsectors (land, water, air transport). Sharply increased diesel prices have caused the situation to become increasingly strained. Many road freight forwarders must pay for diesel immediately, while customer invoices are not settled until 60 days later. Small and medium-sized enterprises are particularly affected by current price trends. Given margins of less than 3%, this pre-financing burden is causing significant problems for freight forwarders. Added to this are rising labour costs, an acute driver shortage, and fierce competition from Central and Eastern Europe. We estimate that one in four small and medium-sized freight forwarders is at risk.

For years, the logistics industry has been among the sectors with the highest insolvency rates in Germany—and a further increase in business failures is expected this year. Notifications of non-payment in the first few months of this year are already well above the comparative figures for the past five years.

Industry performance forecast	
	Austria
	Belgium
	Czech Republic
	Denmark
	France
	Germany
	Hungary
	Ireland
	Italy
	Netherlands
	Poland
	Portugal
	Slovakia
	Spain
	Sweden
	Switzerland
	Turkey
	UK
	Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.
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Transportation and logistics outlook

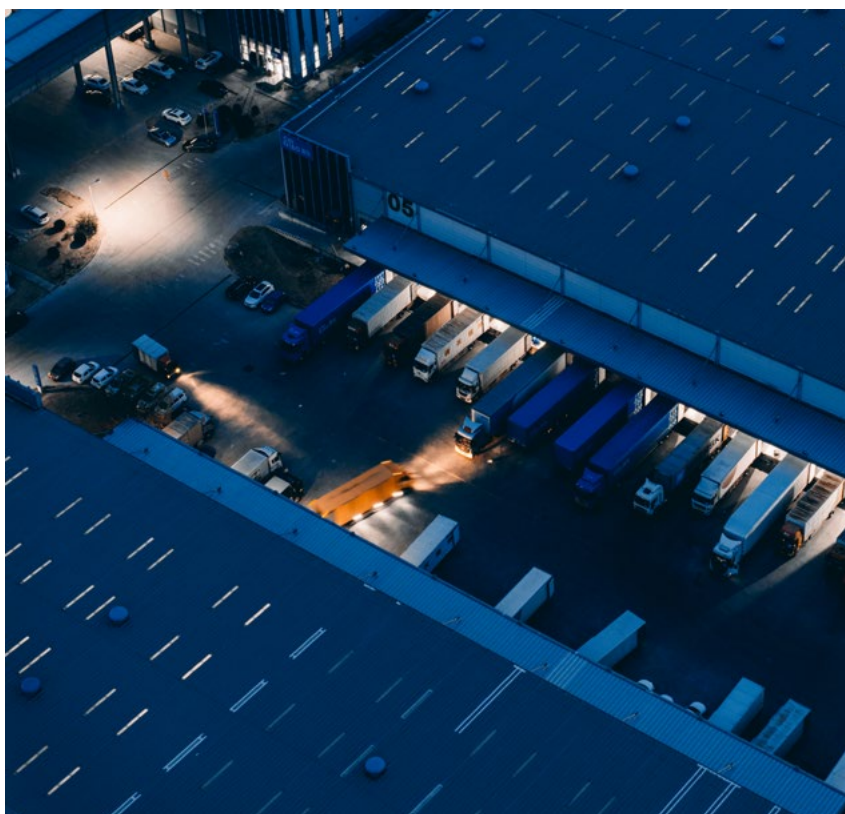
Europe

United Kingdom

Credit risk has increased again

We expect UK transport and logistics output to grow by 2.2% in 2026, with land transport up 1%. This increase is mainly due to high output in Q1, but performance has declined since then due to the impact of the Gulf crisis and subdued economic prospects. Higher energy prices have weakened private consumption, while business investment is held back by weak profitability and fragile confidence. Interest rates remain high, and fiscal policy is being tightened significantly. All this negatively impacts economic growth and related transport demand.

Next to lower demand, the UK haulage segment struggles with ongoing staff shortages, fierce competition and vehicle replacement expenses due to accelerating sustainability mandates. Current high fuel prices are also compressing profits for this already low-margin industry. Fuel typically represents about 30% of total haulage operating costs, and while cost hikes are felt immediately by service providers, contract pricing is renegotiated retrospectively. This can lead to margin shortfalls and cashflow gaps for hauliers, increasing credit risk in a segment already characterised by financial distress.





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Atradius

David Ricardostraat 1
1066 JS Amsterdam
P.O. box 8982
1006 JD Amsterdam
The Netherlands
Phone: +31 (0)20 - 553 91 11

info@atradius.com
www.atradius.com