

Asian Transport Outlook (ATO)

How much Does Transport Sector Contribute to the GDP?

The transportation sector is a crucial component of the economy and has a large impact on employment and growth. Nearly every facet of society relies on the transport sector as it provides the physical network and the related services that enable people and freight' movement. However, in addition to being a facilitator of other sectors, it is an essential industry in its own right. This relationship between transportation and the economy is a multi-faceted one. One indicator of the economic contribution of the transport sector, is the gross value added^{1, 2}.

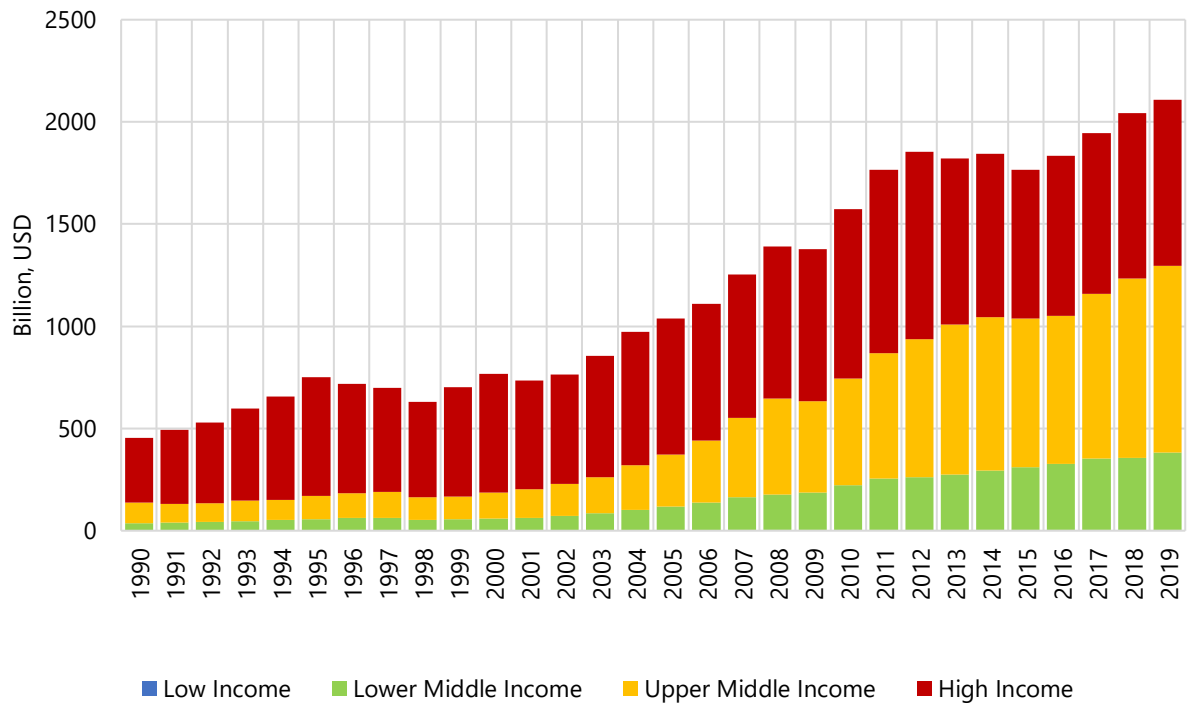
In 2019, the transport, storage and communications sector contributed 2.1 trillion USD to the ATO economies³, i.e. about 29% of the global transport sector value-added. This estimate considers "transport, storage and communications" activities related to providing passenger or freight transport, rail, pipeline, road, water or air, supporting activities such as terminal and parking facilities, cargo handling, storage etc., postal activities and telecommunication (renting of transport equipment with driver or operator). It excludes several other transport-related sub-industries, i.e., major repair or alteration of transport equipment, construction, maintenance and repair of roads, railroads, harbours, airfields, fuel manufacturing etc. The highest intensity of annual growth in gross value added in the transport sector occurred in the middle-income economies (upper and lower), i.e., 8.1% (Fig. 1).

¹ Gross value added (GVA) i.e., a measure of the value of industry production. Gross value added, is defined as the value of output minus the value of intermediate consumption and is a measure of the contribution to GDP made by an individual producer, industry or sector. It gives a USD value of goods and services produced in the economy after deducting the cost of inputs and raw materials used. By excluding net taxes, GVA provides a more accurate measure of economic activity by industry.

² the share of transport as a share in GDP is generally larger than the estimated value of 2.1 trillion i.e., share of transport as a value adding industry in GDP. Not all transport activities are classified into transport storage and communications category.

³ It is gross value added (GVA)

Figure 1: Gross Value added by the Transport Sector

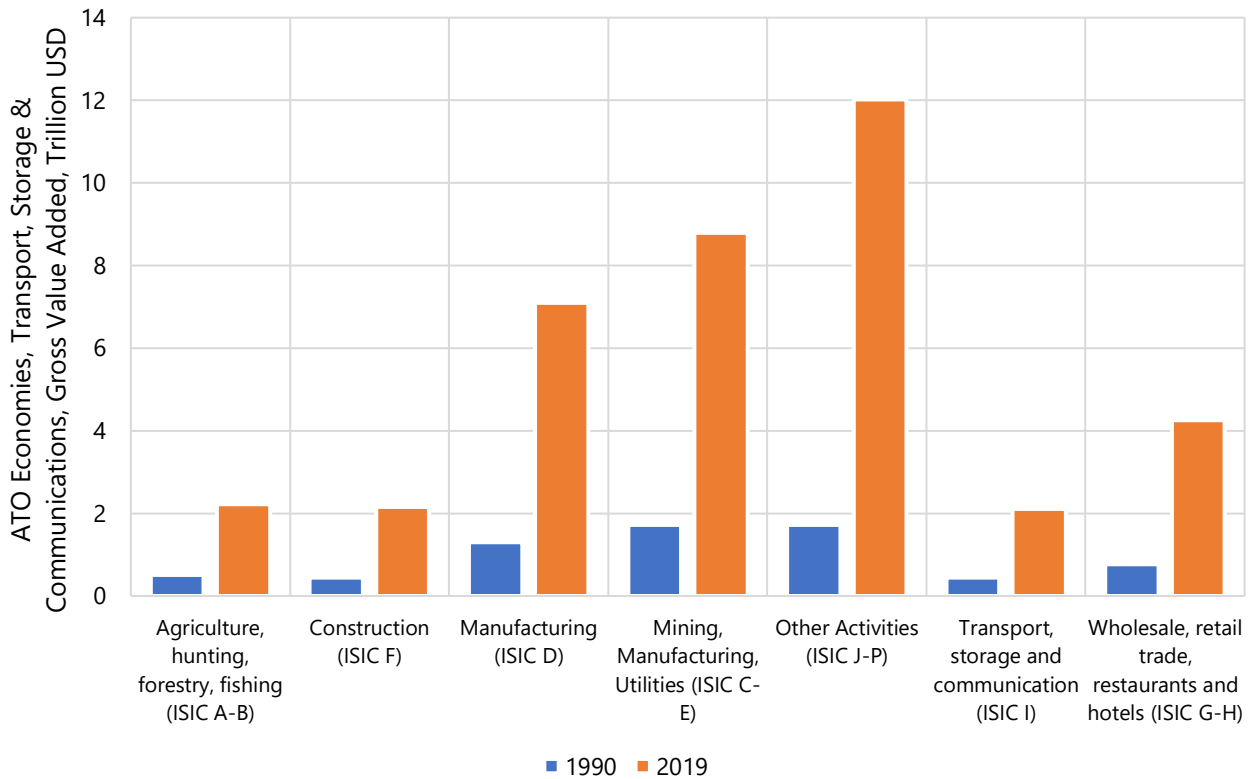


Source : UNSTATS, <https://unstats.un.org/unsd/snaama/Downloads>, ADB Data Used - 'SEC-TIV-001(2)', 'SEC-SEG-001'

In the ATO economies, “transport, storage and communication” in terms of gross value added is comparable to the Agriculture, hunting, forestry, fishing industry (combined) and the construction industry but lower than other sectors such as mining, manufacturing, utilities etc. For the ATO economies, the current share of transport, storage and communication sector in GDP⁴ is about 6.5%, and in 1990, the percentage was 7.8% (Fig. 2).

⁴ Ratio of transport, storage and communications GVA with GDP

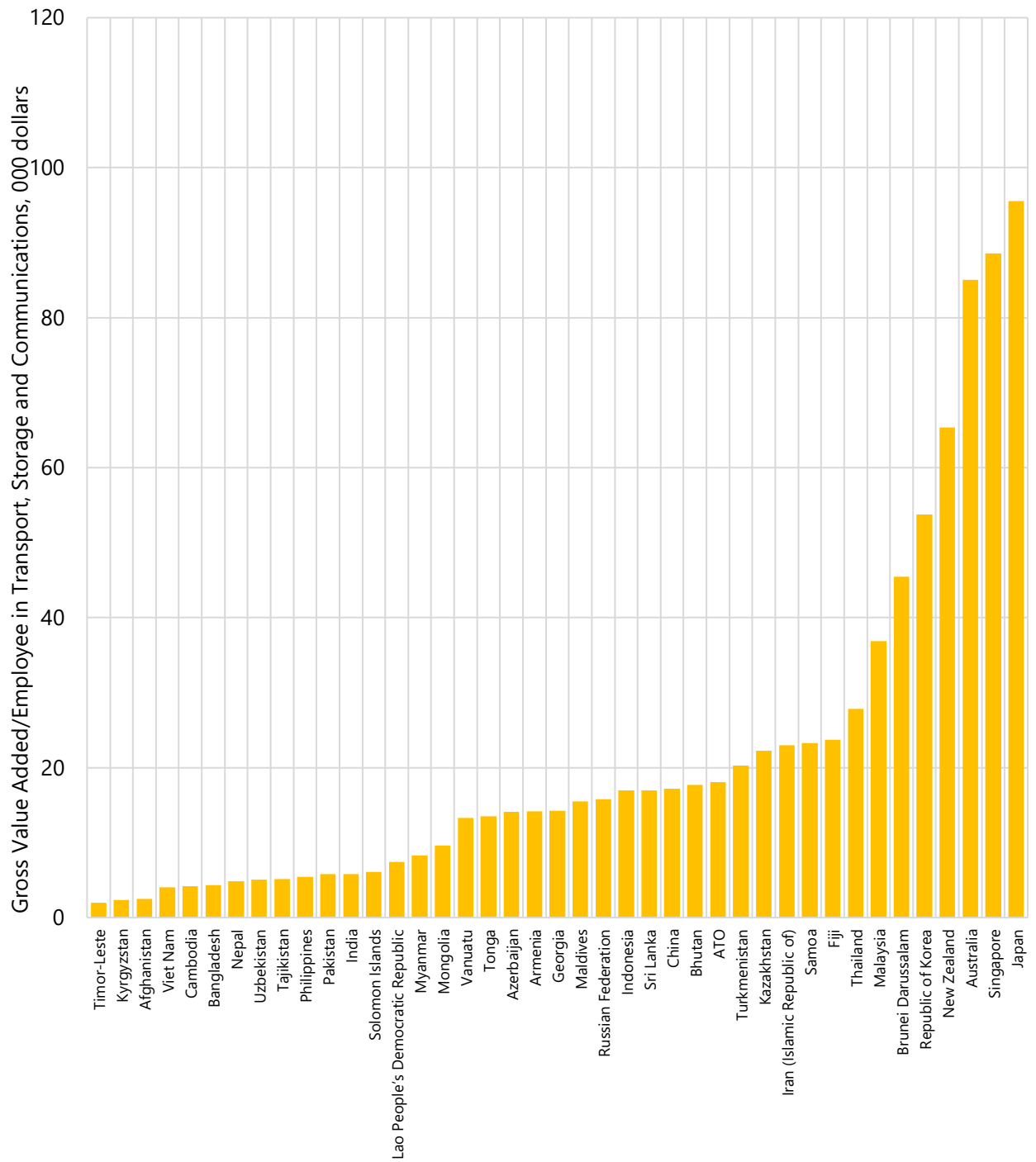
Figure 2: Gross Value Added, Trillion USD, Transport, Storage & Communications, and other Economic Sectors



Source : UNSTATS, <https://unstats.un.org/unsd/snaama/Downloads>,
 ATO Data Used - 'SEC-TIV-001(2)', 'SEC-SEG-001'

Since 1990, the gross value-added (GVA) share of transport, storage, and communications sector has consistently followed a diverging trend across all income categories (except upper-middle-income economies). The GVA share of the transport industry increased till 2004 and then decreased. In contrast, the value added by the manufacturing industry initially reduced and then increased since 2004. In high-income ATO economies, the transport share is 9%, while in low-income economies, the percentage is 7.1%. The share of GVA by the transport sector in GDP is highest in SIDS, with an average share of 10%. Among ATO economies, China and Japan jointly contribute more than 50% of the transport sector's gross value in the ATO economies.

Figure 4: Gross Value Added/Employee in Transport, Storage and Communications, 000 dollars, 2018



Source : UNSTATS, <https://unstats.un.org/unsd/snaama/Downloads>,
 ATO Data Used: SEC-TIV-001(2), 'SEC-SEG-001, SEC-TRE-002