

# Transport Economics

## Lecture 1

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Ashraf Samir Ph.D.

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**WHAT is Transport Economics?**

The movement of people and goods over.....

Space + Time

A branch of economics that deals with .....

The allocation of resources

**Transport** ?

A service aims at carrying people or goods from one place to another by means of a vehicle, aircraft, or ship.

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## Transportation system ?

A **facility** consisting of **means and equipment** necessary for.....

the movement of passengers or goods

### Three main components:

The vehicle  
(equipment)

The  
guideway

The  
operations  
plan

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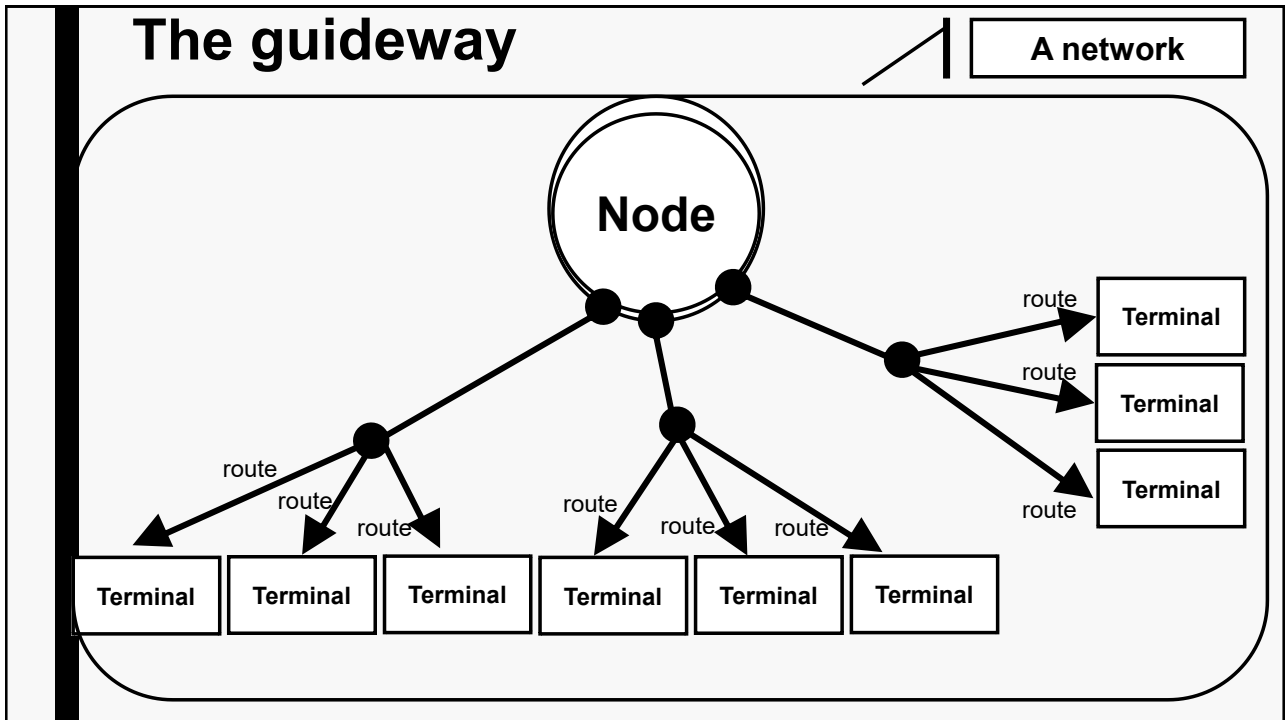
## The vehicle (equipment)

- It is what moves **objects or traffic** (people, goods).
- It consists of **a container** and some type of **motive power**, either onboard or elsewhere.

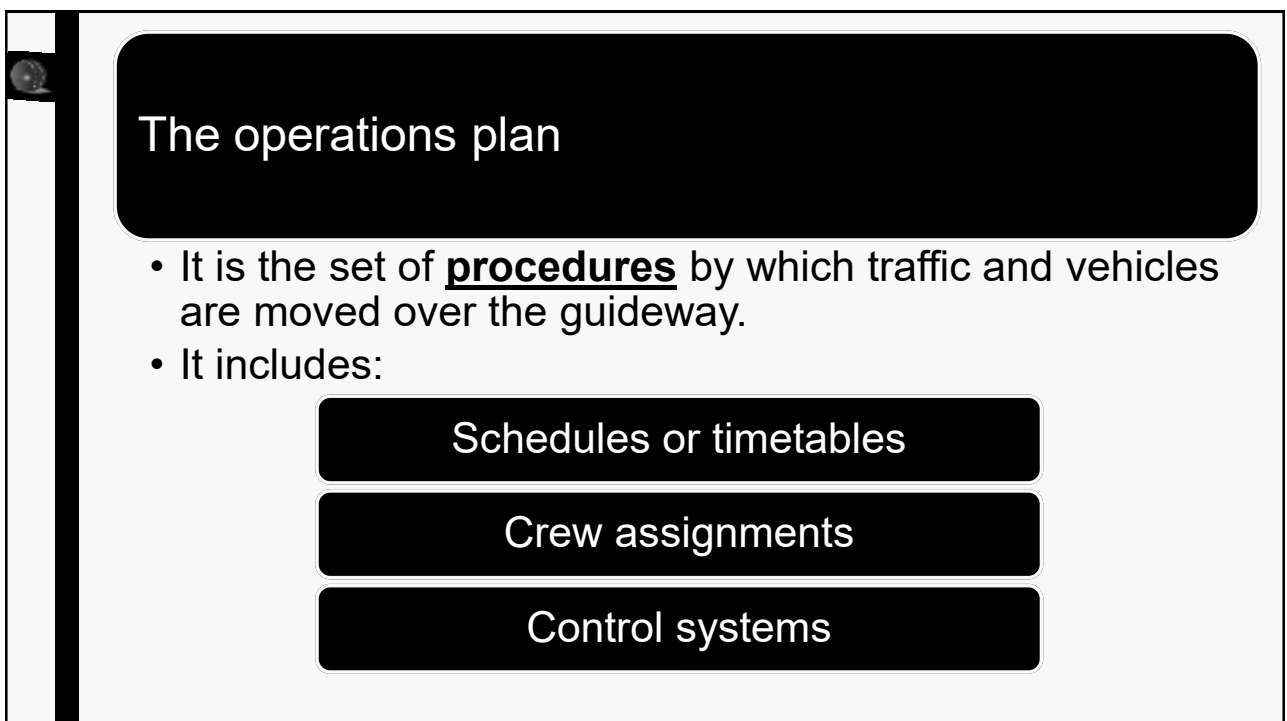
## The guideway

- It is **where** the vehicles **move along**.
- It consists of **links** and **nodes** that together form a network.
- A sequence of links is called **a route**.
- **A terminal** is a node where traffic is **transferred** from one vehicle to another.

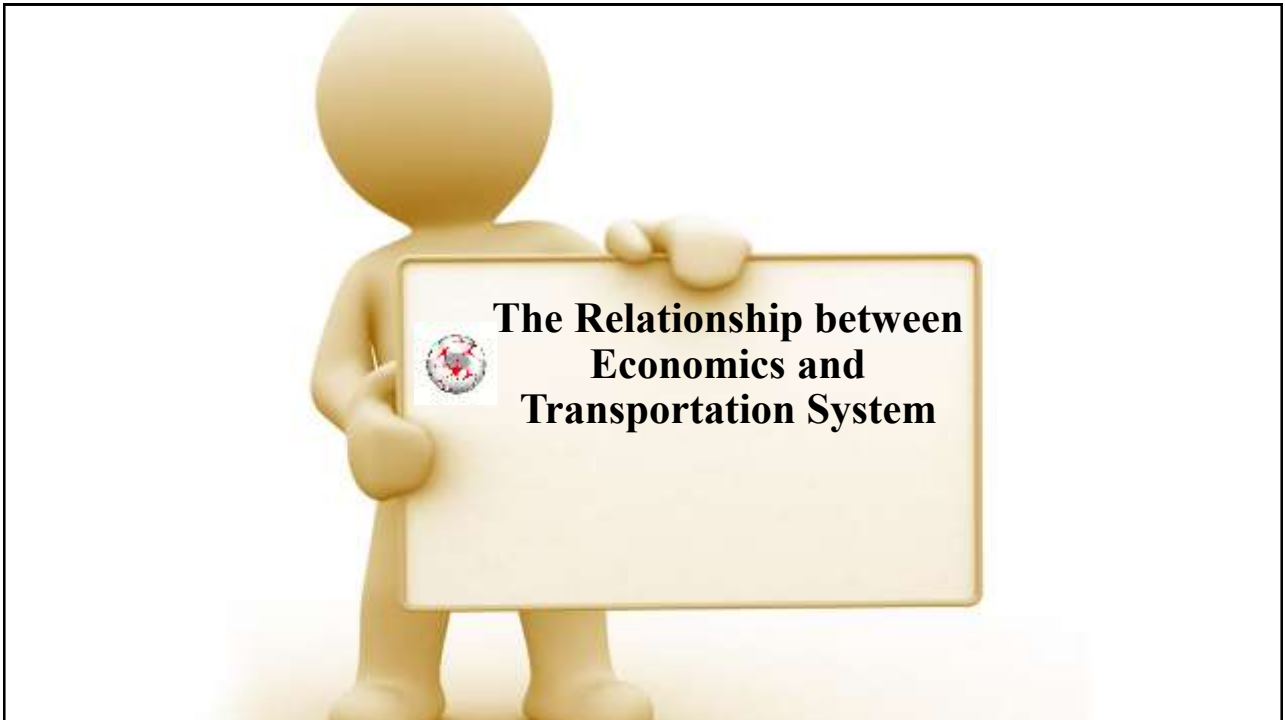
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## What are the common features between Economics and Transportation System?

- It is subject to **constraints**.
- It faces questions of **resource allocation**.
- The topics of **supply and demand**, as well as of **equilibrium and disequilibrium**, arise and give shape to the use and capability of the transportation system.
- Demand for public transport, road freight facilities or airline services is usually derived from **some other functions**.

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For example,

A company producing clothes or food sees transport as a means of moving its products from factory or warehouse to the retail store.

As retail companies, such as Carrefour and Hyper One, Spinneys, On the Run, and Metro Markets increase their number of stores, they increase the number of vehicles operated on their behalf, by transport contractors or transport operators.

In this case,

**As the demand for products increases**



**the demand for transport facilities will increase.**

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It should be noted that:

- The number of **miles** operated and the number of **journeys** per day made by each **delivery vehicle** will depend on.....

**the demand pattern**

That might be different from one place to another or from a season to another.

For example,

The retail delivery services usually hire more vehicles in cities compared to villages.

At Christmas time, the post office hire additional vehicles to cope with the Christmas mail peak.

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This implies that the demand for transport facilities is affected by two factors:

- The geographical area
- The period when the service is provided such as public holidays and summer vacations.

In all these cases, the **demand level for transport** (measured in numbers of vehicles or vehicle miles) is related directly to...

→ the demand level for the product or service.

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→ One objective of a **transport operator** (or **in-house transport fleet**) is to.....

- ✓ establish **a demand pattern** for its service.
- ✓ relate its **prices** to the **perception** and **consequent demand** of its customers,
- ✓ derive **a pricing policy** and a development or **operating strategy** for the transport operation.

For example,

Express  
Mail Service  
(EMS)

Egypt  
Post

EgyptAir

Egyptian  
National  
Railways,

cruise  
ships

Cairo  
Metro

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**However, It should be note that:**

There are some markets where transport itself is the product demanded. It is sold as a travel experience. E.g., the cruise

### **The cruise**

It is a **floating hotel** and **leisure center** with meals, entertainment, sunbathing and sports, as well as a form of transport to ports.

**River** or **sea** cruise are considered **luxury ships** which were built to serve regular **runs** from one place to another with a very **high standard of comfort** in business class or first-class cab e.g., Nile **Cruise** from Luxor to Aswan.

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Thank you

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