

Transport Economics

Lecture 4

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Causes for Traffic Congestion in Cairo

Fuel Subsidies (gasoline and diesel)

encourage more private cars on the road

Poor Infrastructure

roadbuilding fails to keep up with the increasing numbers of cars on the road

Lack of Parking Facilities

Cars are either circulating or parked on the streets

The metro coverage is very limited for a city as big as Cairo

Buses are Few and Old

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Although minibuses and taxis help transporting a lot of people,

but generally they need to be able to pick up and drop off passengers more easily.

There are few road crossings for pedestrians

Sidewalks are often blocked by vendors

Few traffic lights and intersections

U-turns are badly managed

Drivers' behavior and poor enforcement

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The Economic Costs of Traffic Congestion

Traffic Jams Cost Egyptians 4 percent of GDP yearly

There are three possible measures of costs:

- ✓ how sitting in traffic reduces productivity of the labor force
- ✓ how inflated transport costs push up the prices of goods
 - Wasted fuel
 - Time that could be better spent elsewhere,
- ✓ The carbon-equivalent cost of the fumes that exhausts splutter out.

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✓ **Compared with other countries (New York , Jakarta), the relative costs of Cairo's congestion are excessive.**

✓ New York - (0.07%) of US GDP

✓ Jakarta – (0.6%) of Indonesia's GDP

✓ Cairo – (4%) of Egypt's GDP

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Elasticity of Demand for Transport Services

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Price Elasticity of Demand

- Only effective demand is of interest to the economist

The ability of the consumer to pay

the purchasing power element

The price of the services

The income of the consumer

- it is important to examine the price and income elasticities.

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Thank you

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