

An Input-Output-Based Methodology to Assess the Economic and Environmental Impact of Transport Sector on Europe Economy

Topic: Analyses of the European Union

Author: Yousaf ALI

Transport sector plays an important role in today economy and society by connecting people, businesses and resources. Efficient and effective transport facilitates the free flow of people, goods and services, contributes to productivity in all other sectors in the economy. Over the past 60 years, European Union (EU) transport sector has progressed substantially and continues to make a significant contribution to EU economy. In Europe, transport sector accounts for about 5% of gross domestic product (GDP) and more than ten million people are directly employed in 1.1 million transport companies (European Commission, 2012a). However, transport sector does have fundamental environmental impacts on air, land, water, ecosystem and human health. In EU transport sector is responsible for around a quarter of greenhouse gas (GHG) emissions and making it the second biggest GHG emitting sectors after energy. In this paper our objective is twofold. Firstly, our aim is to present an approach to look into the relation between transport sector and the whole economic system, based on the quantification of the impact of the "transport sector output" on total output and income. We compare the economic impact of the production of transport sector of different types of transport industries, observed in the European countries. Secondly, we present an approach that allows to examine and identify the role, or impact of the transport sector responsible for CO₂ emissions in the European countries. Our approach shows the contribution of transport sector to CO₂ emissions both from demand and supply perspective. The comparative analysis is performed among four European countries which make up the large portion of the European GDP: France, Italy, Germany and United Kingdom (UK).