

Sectoral Profile: Transportation



Footprint

The transportation industry contributes around 4% to the Canadian GDP. Small and mid-sized enterprises (SMEs, 1 to 499 employees) account for about 43% of the sector GDP, make up the majority of businesses (99.9%) and employ 52% of the workforce in that sector (Table 4).

Table 4 – The transportation sector in Canada

	GDP ^{1,2}	Businesses ^{3,4}	Workforce ⁵
Total	\$91B	264,000	1,010,050
Sector's share of the economy	4%	5.8%	5%
SMEs' share of the sector	43%	99.9%	52%

The transportation sector includes businesses that move passengers and goods, warehouse, and store goods, and offer related services.⁶ Modes of transportation are road (trucking, transit and ground passenger), rail, water, air and pipeline.

This sector also includes national post office and courier businesses, which also transport goods. Warehousing and storage businesses are subdivided according to the type of service and facility that is operated.

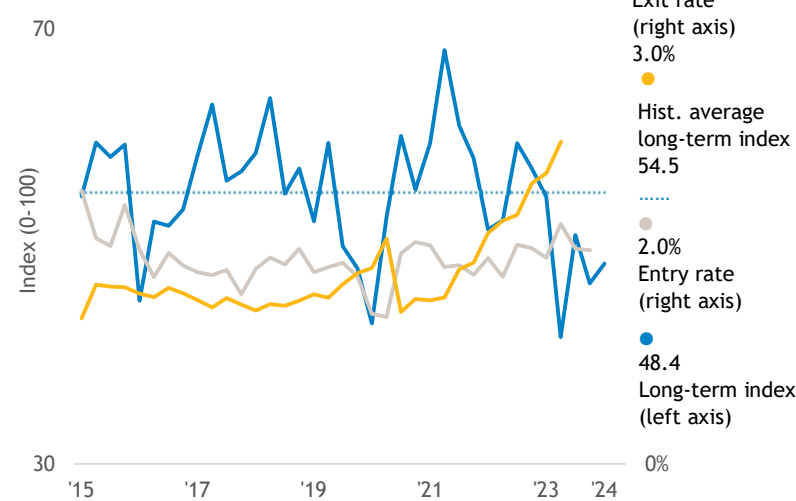
Sources

- (1) Statistics Canada. Table 36-10-0434-03.
- (2) Innovation, Science and Econ. Dev. Canada, Key Small Business Statistics 2023.
- (3) Statistics Canada. Table 33-10-0717-01.
- (4) Statistics Canada. Table 33-10-0718-01.
- (5) Statistics Canada, Labour Force Survey data, custom tabulations.
- (6) Statistics Canada. North American Industry Classification System (NAICS) Canada 2022 Version 1.0.
- (7) CFIB, Your Business Outlook Survey. January 2015 to March 2024.
- (8) Statistics Canada. Table 33-10-0270-01. Accessed on March 26, 2024.
- (9) CFIB, Business Barometer®, [Retrospective 2023](#).

Fitness

The long-term confidence index for transportation SMEs is reaching its lowest levels since the pandemic (Figure 7). Furthermore, transportation businesses are experiencing the highest exit rate in the last 10 years, which surpasses by a large margin the entry rate, even more so than during the pandemic.

Figure 7 – Low optimism drives transporters to exit the market, while entries on the market are stagnant^{7,8}



Note: Entry and exit rates are calculated as the number of business entries, and exits respectively, divided by the number of active businesses. Both rates are presented as quarterly numbers. The exit rate is until Q2 2023, while the entry rate is until Q4 2023.

Challenges

Transportation SMEs are facing numerous challenges, most notably labour shortages, and various cost constraints.⁹ Fuel, electricity and other energy costs have been traditionally the main cost hindrance on these businesses. More recently, insurance costs are affecting just as many transportation firms than energy costs (77%), and this trend has been rising gradually over the past 10 years (Figure 8). Borrowing costs and capital equipment costs also saw an increase over the last few quarters, creating difficulties for 48% and 45% of SMEs, respectively.

Figure 8 – Businesses in transportation are facing multiple costs, with insurance becoming the most important one, equalling the fuel and energy-related costs in Q1 2024

