

Long-distance Coach services in Europe: Concessions or Free market

Didier van de Velde

University of Technology (TU Delft)

Faculty Technology, Policy and Management

Paper and presentation

- Review of the current situation in interurban passenger transport market by coach in Europe
 - Selected countries
 - Regulatory setting
 - Main market actors
 - Main developments and resulting challenges
- Chapters
 - Country cases
 - Summary of main facts
 - Trends
 - Conclusions

Scope

- Services
 - Long-distance
 - Regular, scheduled passenger transport, published timetable
 - Open to everyone (i.e. private hire, etc.)
- Selected countries
 - GB, F, D, E, I, PL, N, S
 - Not small countries (NL, B, CH,...)
 - + Eurolines
 - Brand (marketing association)
 - Regroups 35 independent coach companies in 32 countries
 - Europe's largest regular coach network (500 destinations)
 - Harmonised quality standards, sales and travel conditions

Statistics:

Modal shares (in passenger-km)

Country	Year	BUS	CAR	TRAIN
EU15	1997	8.9	84.5	6.6
EU15	2007	8.7	84.1	7.1
EU25	1997	-	-	-
EU25	2007	9.3	83.6	7.1
Germany	2007	6.4	85.8	7.8
Spain	2007	13.9	80.9	5.2
France	2007	5.5	84.9	9.6
Italy	2007	11.9	82.4	5.7
Norway	2007	7	88	4.9
Poland	2007	9.6	83.6	6.8
Sweden	2007	7.2	84.1	8.7
UK	2007	6.3	87.3	6.4

Countries in short

- **Great-Britain:** « Big Bang » (1980)
- **Sweden:** Stepwise deregulation (1993, 1999)
- **Norway:** De facto deregulation, growing from connecting regional services (1980s-2003)
- **Poland:** Privatisation and deregulation
- **Spain:** Gradual introduction of competitive tendering to replace old rights
- **Italy:** Deregulation, but...?
- **France:** Soon?
- **Germany:** Perhaps?

Summarising organisational forms in long-distance passenger transport

Authority initiative		Market initiative	
Public sector	Private concessions	Regulated	Deregulated
France: long-distance monopoly for rail (SNCF), no long-distance coach services, competitively tendered coach services at the local/regional level	Spain: exclusive concessions awarded increasingly by competitive tendering to private operators, both at the national and regional level	Germany: market initiative in theory but almost no possibility of entry in practice to due protection of railway monopoly	Great-Britain: open market, free competition, no railway protection Sweden: open market with some regulatory rights for regional transport authorities, no railway protection Norway: open markets with some regulatory rights for regional transport authorities, no railway protection Italy: open market, but still in starting stage Poland: open market but still many state-owned

+ Marketing cooperations!

Markets served

- Core target groups
 - Students
 - Elderly
 - People with no access to cars
 - Poorer people in general
 - Migrants streams (and generated traffic)
- Mainly in competition with
 - New mobility (catering for poorer segments)
 - Car
 - Rail/air (limited)

Performances

- Environmental advantage (in competition with car)
- Safety level (similar to rail and air per pass-km)
- Mostly unsubsidised
- Fare level (?)
 - Direct award, old 'concessions', etc (+)
 - Competitive tendering (-)
 - Deregulated (-)

Network effects, monopolies, barriers to entry and regulatory needs

- Marketing cooperations
 - Appear out of market process in a profitable, competitive and open market
 - Indication of desirability
 - Also indicator of questionability (regulatory point of view)
 - Does not seem to lead to abuse of dominant position
 - Strength of intermodal competition (car, LCC, rail)
 - Market seems sufficiently contestable (intramodal)
 - But conditions need to be fulfilled!
 - Coach station access less problematic: internet sales!
- Network effects need to be recognised!
- *Remark:* Expansion of European-wide operators

Regulation 1370/2007 on public service obligations in the passenger transport sector

- Principles
 - Services granted exclusive rights or financial support must be submitted to competitive tendering
 - (Complex) exceptions
 - Deregulated markets without exclusive rights are not directly affected
 - (Compensated) fare rebates can continue to exist
- Challenge
 - Survival of win/win complementarities with subsidised/tendered local services?

Towards more deregulation?

- Before deregulation
 - “Railways need to be protected against coach competition”
- Facts seem to show that (S, N, GB?)
 - Rail hardly suffers and coaches open up new markets with people that could not afford the train anyway
- Who is next?
 - France?
 - Germany?
- *Note:* Link with liberalisation of international passenger rail in 2010!

Conclusion: Concessions or free market?

- Countries that have long-distance coach services
 - Most countries: free market
 - Minority: Competitively tendered concessions and exclusive rights
- Next countries?
 - Likely to move to a deregulated regime