

Support study for an
Impact Assessment
for the revision of
Regulation (EC) No
1073/2009 on access
to the international
market for coach and
bus services

Final Report
August 2017

European Commission

Our ref: 23069101
Client ref: MOVE/C1/2015-562



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Executive Summary

Introduction

On 4 December 2011, Regulation (EC) No 1073/2009 (Regulation 1073/2009) applied, replacing Council Regulation (EEC) No 684/92 and Council Regulation (EC) No 12/98 and providing a set of common rules for access to the international market for coach and bus services. It was intended to clarify and simplify rules, to improve enforcement, and to avoid an unnecessary administrative burden.

Regulation 1073/2009 sets out how:

- carriers from all Member States should be guaranteed access to international transport markets without discrimination on grounds of nationality or place of establishment;
- regular services provided as part of a regular international service should be opened to non-resident carriers (“cabotage”);
- authorisation can be refused if the service would seriously affect the viability of a comparable service operated under one or more public service contracts; and
- administrative formalities should be reduced as far as possible.

The European Commission (the Commission) commissioned Steer Davies Gleave in January 2017 to support an Impact Assessment concerning the revision of Regulation 1073/2009 on access to the international market for coach and bus services. The study builds on the ex-post evaluation of the Regulation in 2015 and the evidence gathered in our previous study, Comprehensive Study on Passenger Transport in Europe, published in April 2016.

The main finding of the ex-post evaluation was that although the Regulation 1073/2009 contributed to establishing a more coherent framework for international coach and bus services, different regulatory frameworks continue to exist for the provision of national services. As most passengers are carried within national borders, the objective of improving the modal share of coach and bus services and improving the connectivity of passengers using such services could not be achieved to the extent that would have been possible had the market in the European Union been more integrated.

During this study, we have:

- sought to describe the problem in more detail, based on evidence obtained from stakeholder consultation and additional research; and
- investigated the impact of a number of options for addressing the problem, developed in discussion with the Commission and tested with stakeholders.

In line with the Task Specifications for the study and the Commission’s objectives, the study focused on national and international interurban bus and coach services. It therefore excludes local bus services provided within urban, suburban and rural areas, which tend to be operated under public service contracts falling within the scope of Regulation (EC) No 1370/2007. In addition, following guidance from the Commission, our focus was primarily on regular services (operating to a published schedule), although we have considered the special and occasional services that also fall within the scope of Regulation 1073/2009.

Stakeholder consultation

Four separate consultation activities were undertaken to provide stakeholders and the wider public an opportunity to express their views on the importance and severity of the problems

and issues related to the current Regulation and the expected impact of a set of specific measures intended to address the problems identified, namely:

- an open public consultation organised by the Commission, which was launched on 14 December 2016 and lasted until 15 March 2017 (13 weeks);
- a targeted stakeholder consultation organised by Steer Davies Gleave, which was launched on 27 January 2017 and remained open until 24 March 2017 (9 weeks);
- 18 interviews with several stakeholders, including industry representatives, employee representative bodies, national authorities and operators, which took place during the period 9 March 2017 to 19 April 2017; and
- a special Eurobarometer survey organised by the Commission, based on interviews with 27,901 respondents from across 28 Member States between 18 March and 27 March 2017.

The stakeholder consultation exercise showed that there was a difficulty in identifying a clear consensus among stakeholders on the appropriate direction for the interurban bus and coach sector in the European Union. While there was some common ground on the nature of the problems experienced at present, there are also strong differences of opinion on how these should be addressed and whether there is a need for major changes to Regulation 1073/2009. Nevertheless, we draw the following conclusions from the stakeholder consultation exercise:

- Most European Union citizens do not make extensive use of coach services, preferring to travel by car where possible. Nevertheless, coach travel is an important means of connectivity, in particular enabling leisure and other travel for younger passengers and economically disadvantaged groups who do not have access to a car. The availability of low fares is an important factor influencing the mode choice of those using coach services, regardless of their economic status. Moreover, non-users would be more inclined to travel by coach if fares were lower. At the same time, a range of stakeholders consider that services would be more attractive if they were better integrated with other modes.
- There is no consensus on the effect of different restrictions on market access and approaches to liberalisation across the European Union. Government bodies, regulators and non-governmental organisations representing particular groups stress the need for market access arrangements reflecting the circumstances of individual Member States and providing protection for public service contractors. Operators and individuals working within the industry are generally more supportive of common frameworks designed to encourage market entry, noting the excessive administrative burden arising from inconsistent rules on market access that exist at present.
- There appears to be greater support among all stakeholder groups for measures to address discrimination in providing access to terminals.
- There is generally little support for clarification of the existing provisions of Regulation 1073/2009 other than Article 15 relating to cabotage.

Intervention logic

Following our stakeholder consultation and evidence gathering from academic and industry literature, we sought to define the problem of poor connectivity for EU citizens with little or no access to other transport modes.

The key problem identified in the Task Specifications for this study was the inability of bus and coach operators to compete fully in interurban transport markets. This constraint on competition has limited the sector's ability to grow market share relative to other modes, but

also reflects a lack of commercial rivalry between operators within the sector in some Member States. It has prevented the development of a fully integrated market for interurban travel by bus and coach, resulting in poor connectivity from some citizens, particularly those with limited access to a private car or rail services.

Our analysis indicated that the problem can be linked to:

- excessive administrative costs of entry;
- restricted access to national interurban market; and
- restrictive access to key transport infrastructure.

Policy objectives

Given these findings, we developed a number of objectives to guide the design of potential policy interventions that could be implemented through a revision to Regulation 1073/2009. Considering our observations on the Commission’s initial intervention logic we specified a new general objective to “enhance the accessibility and competitiveness of interurban bus and coach services”.

Specific objectives set out concretely what a given policy intervention is meant to achieve. We developed a set of specific objectives, shown in the table below, that aligned with the three key problem drivers.

Problem driver	Specific objective	Rationale
Restricted access to national interurban markets.	Introduce more uniform market access rules.	A range of stakeholders have provided evidence that this is a key barrier to new entry and a constraint on the further development of markets, including in Member States that have already liberalised.
Restricted access to key transport infrastructure.	Provide for greater access to public terminal facilities.	Discriminatory access is clearly widespread, including at publicly-owned terminals. Operators have confirmed that it is usually preferable to serve a terminal rather than on-street stops, particularly when passengers rely on the ability to interchange with other modes.
Excessive administrative costs of entry.	Simplify administrative procedures.	Stakeholders have confirmed that administrative costs can be significant, not least because of variations in national procedures and requirements. Excessive elapsed time in granting authorisations also leads to costs in the form of revenue forgone.

Source: Steer Davies Gleave based on review of evidence from stakeholder consultation.

Policy options

We specified two sets of options, with each set addressing different aspects of the intervention logic. More specifically:

- The first set addresses the problem drivers of excessive administrative costs and restricted access to national interurban markets, both of which relate to market and route access.
- The second set concerns access to infrastructure, particularly terminals.

We selected the policy options shown below.

Option		Summary
Of the three options for creating more uniform business conditions.	Option A0	Baseline.
	Option A1	Based on “common requirements for the protection of public service contracts”, while it may be difficult to implement, does provide a mechanism for reconciling ongoing provision of services requiring support and further liberalisation of interurban services.
	Option A2	Based on a test that passengers must be carried a minimum of 100 kilometres, appears to be practicable.
	Option A3	With no authorisation process for international services or domestic services carrying passengers a minimum of 100 kilometres, may be challenged by Member States objecting to regular services operating with no control documents, but could reduce the administrative burden associated with market entry significantly.
Of the four options related to access to terminals.	Option B0	Baseline.
	Option B1	While it includes no mandatory requirements and no monitoring of its effects, provides a possible starting point for establishing capacity availability, encouraging terminal operators to assess capacity requirements and rules for allocating capacity explicitly.
	Option B2	Would enable the Commission to consider the impact of Option B1 further, and while it would be unlikely to result in a further increase in terminal access, could provide a basis for further intervention in the future.
	Option B3	Would introduce a requirement for non-discrimination and, by implication, supporting enforcement action. This could ensure significant release of terminal capacity at some terminals, the effects of which should be examined further.
	Option B4	Which we interpret as “a road passenger transport operator that is a public entity may not control any terminal infrastructure that it uses”, appears ineffective, disproportionate and politically difficult, particularly if applied to all internal operators where there was no realistic prospect of the introduction of a coach service, such as on small islands.

Source: Steer Davies Gleave.

We sifted Options A0 to A3 and B0 to B4 against the criteria for screening options set out in the Better Regulation “Toolbox”. Given the context of this study and comments received from stakeholders, our sifting criteria focused on:

- legal feasibility;
- technical feasibility;
- previous policy choices;
- coherence with other EU policy objectives;
- effectiveness and efficiency;
- proportionality;
- political feasibility; and
- relevance.

As a result of the sift, we took all options except Option B4 forward for further analysis.

Approach to the Impact Assessment

The short-listed policy options were subjected to an impact analysis assessing the advantages and disadvantages based upon the principles of a Cost-Benefit Analysis (CBA) and in line with the Better Regulation “Toolbox”. We constructed an Excel-based IA tool to enable us to calculate the quantified and monetised impacts in each Member State across a 20-year assessment period from 2015 to 2035. The tool was used:

- to develop the baseline scenario, based primarily on input assumptions from an update of the EU Reference scenario 2016 but additionally accounting for the reform of the national regulatory frameworks of the buses and coaches market in Germany, France, Italy and Poland;
- to estimate the impact of liberalisation (changes to the baseline scenario level of transport activity arising from the implementation of defined policy measures were estimated based on evidence from previous domestic coach market liberalisation initiatives, and impacts on regulatory costs were calculated separately); and
- to assess secondary impacts: deviations from the baseline scenario level of secondary impacts were driven by changes to the level of transport activity.

We used multi-criteria analysis (MCA) to combine monetised and non-monetised impacts to judge each option in its totality. The ranking of options generated by the MCA are reproduced below.

Option	MCA score	Ranking
Providing clarification and creating more uniform business conditions		
A1: opening of the domestic interurban market limited to services that do not compromise the viability of a public service contract.	11.42	3
A2: opening of the domestic interurban market.	25.73	2
A3: opening of the domestic interurban market and abolishing authorisation procedure.	25.91	1
Providing greater access to public terminal facilities		
B1: soft regulation.	1.55	=2
B2: combination of soft regulation and reporting.	1.55	=2
B3: equal access rules.	3.09	1

Source: Steer Davies Gleave analysis.

Results of the Impact Assessment

Based on the results of the MCA and the qualitative assessment of impacts, we considered that Options A2 and B3 were the most efficient and effective options for implementation. While Option A3 delivers additional quantified benefits compared with Option A2, these are driven by savings in regulatory costs arising from the abolition of the authorisation process, a process that we consider to be important for effective monitoring of market developments and ensuring that services are operated safely.

We assessed the impacts of market opening options and options designed to improve access to terminal infrastructure separately. This is consistent with our view that the corresponding problem drivers, while contributing to the same overall problem, should be considered separately as the geographical scope of the effect is different in each case. More specifically, major restrictions on market access apply in only 50% of Member States, while the problem of discriminatory access to terminals is encountered across the European Union.

Nevertheless, we anticipate that any modification to Regulation 1073/2009 should encompass both Option A2 and Option B3, thereby addressing two key constraints on market development in one set of changes to the existing regulatory framework.

Conclusions and recommendations

Since the implementation of Regulation 1073/2009, several Member States have liberalised further, introducing legislation to open national interurban bus and coach markets. These include Germany, Italy, France and, most recently, Poland, four of the EU's largest economies. We estimate that more than 70% of the total European Union market for interurban coach travel had been liberalised, at least to some degree, by the beginning of 2017. This has led to reductions in fares, an increase in routes and operating frequencies and the introduction of innovative pricing and services. However, the German market has become highly concentrated, and there is also evidence of market consolidation in France and Italy.

Notwithstanding recent liberalisation, our review of the market identified various constraints on the ability of coach operators to develop their services and compete more effectively. Building on the evaluation of Regulation 1073/2009 undertaken by the Commission in 2016, we found evidence of:

- ongoing restrictions on access to national markets, including in countries that have already introduced market opening measures of various kinds;
- complex and protracted authorisation procedures requiring both operators and competent authorities to expend significant resources to complete them; and
- discriminatory behaviour resulting in restricted access to key transport infrastructure, particularly publicly-owned terminals in urban centres and other major locations.

To some extent, the ongoing restrictions on market access are driven by the need for transport authorities to ensure the economic viability of established services operating under public service contracts. In an open market, such services can be vulnerable to competition from operators focusing on the most profitable routes or times of the day, depriving public service operators of revenue needed to preserve the commercial integrity of a wider network. However, while the protection of public service contracts is clearly a legitimate objective, there is a risk that the discretionary application of protracted processes for assessing the impact of new commercial services on public service operators can restrict the development of the market unnecessarily.

The results of our assessment of the impacts, which included both quantitative and qualitative analysis, indicate that Option A2 is the best approach to market opening. We estimate that it would result in a 11.3% uplift in passenger-kilometres by coach in 2030 relative to the baseline. This would provide increased connectivity for European citizens, particularly those facing difficult financial circumstances, whose ability to travel is constrained by lack of access to a car and dependent on the availability of low fares. In addition, it would deliver significant savings in environmental and accident costs, notwithstanding some diversion of traffic from the rail sector.

While Option A3 delivers similar quantified benefits, we suggest that abolition of the authorisation procedure entirely would introduce risks. It would eliminate the process by which competent authorities could ensure that the 100-kilometre threshold was met, and remove an important check on the safety and quality of services being introduced as well as a key source of monitoring information.

Option B3 would reinforce the impact of market opening by releasing terminal capacity that is currently withheld and/or inefficiently used. While the impact of this option on coach traffic is more marginal, an uplift of 1.7% in 2030 relative to the baseline (with commensurate

reductions in environmental and accident costs), it could be important in Member States facing major constraints on terminal capacity following liberalisation.

In the light of these results, we make the following recommendations:

- The Commission should take steps to implement Option A2 through amendments to Regulation 1073/2009, extending the scope of the Regulation to cover national markets, prohibiting discrimination in providing access to such markets on the grounds of nationality or place of establishment and clarifying existing provisions relating to regular services and own account operations.
- The Commission should also seek amendments to Regulation 1073/2009 to establish a presumption in favour of authorisation of services carrying passengers more than 100 kilometres. The ability of authorities to apply discretionary mechanisms to determine whether new services operating below the 100-kilometre threshold would be likely to damage public service contracts should be retained.
- The Commission should take steps to define a terminal for the purposes of legislation, distinguishing it from en-route stopping points and on-street stands. It should also introduce legislation requiring Member States to ensure that operators are granted rights to access publicly-owned terminal infrastructure on fair and non-discriminatory terms for the purposes of operating regular services.

1 Introduction

Purpose and scope of the study

- 1.1 On 4 December 2011, Regulation (EU) No 1073/2009 (Regulation 1073/2009) came into force, replacing Council Regulation (EEC) No 684/92 and Council Regulation (EC) No 12/98 and providing a set of common rules for access to the international market for coach and bus services. It was intended to clarify and simplify rules, to improve enforcement, and to avoid an unnecessary administrative burden.
- 1.2 Regulation 1073/2009 set out how:
 - carriers from all Member States should be guaranteed access to international transport markets without discrimination on grounds of nationality or place of establishment;
 - regular services provided as part of a regular international service should be opened to non-resident carriers (“cabotage”);
 - authorisation can be refused if a service would seriously affect the viability of a comparable service operated under one or more public service contracts; and
 - administrative formalities should be reduced as far as possible.
- 1.3 The European Commission (the Commission) commissioned this study in January 2017 to support an Impact Assessment concerning the revision of Regulation 1073/2009 on access to the international market for coach and bus services. This study builds on the ex-post evaluation of the Regulation in 2015 and the evidence gathered in our previous study, Comprehensive Study on Passenger Transport in Europe, published in April 2016.
- 1.4 The main finding of the ex-post evaluation was that, while Regulation 1073/2009 contributed to establishing a more coherent framework for international coach and bus services, different regulatory frameworks continue to exist for the provision of national services. As most passengers are carried within national borders, the objective of improving the modal share of coach and bus services and improving the connectivity of passengers using such services could not be achieved to the extent that would have been possible had the market in the European Union been more integrated.
- 1.5 In this study we sought to describe the problem in more detail, using evidence obtained from stakeholder consultation and additional research. We also investigated the impact of options for addressing the problem, developed in discussion with the Commission and tested with stakeholders. This report sets out the results of our analysis and a number of conclusions and recommendations for further action at the European level.
- 1.6 The Task Specifications for the study and the Commission’s objectives required that the study focused on national and international interurban bus and coach services. It therefore excludes local bus services provided within urban, suburban and rural areas, which tend to be operated

under public service contracts falling within the scope of Regulation (EC) No 1370/2007. In addition, following guidance from the Commission, our focus was primarily on regular services (operating according to a published schedule), although we considered the special and occasional services that also fall within the scope of Regulation 1073/2009.

- 1.7 We also note that, while the title of the study refers to bus and coach services, in practice many Member States make no distinction between types of vehicle for the purposes of policy, regulation or operational planning. Such distinctions can anyway be difficult to make, although coaches are often equipped for longer distance travel (for example, with separate compartments for luggage). Throughout this report, we refer mainly to coach services, recognising that interurban services within the scope of the analysis can be operated by a range of different vehicle types.

Overview of methodology

- 1.8 The Task Specifications for the study included the following:

- Task 1: a collection of data supporting an analysis of the current coach market in different Member States, using desk research and stakeholder consultations;
- Task 2: the development of policy options;
- Task 3: case studies; and
- Task 4: analysis of options.

- 1.9 It was undertaken in accordance with the Commission's Better Regulation Guidelines¹ using tools and techniques described in the Better Regulation "Toolbox"². The elements of the methodology are described in more detail in the following chapters, which are arranged to follow broadly the logical sequence of data collection and analytical activities undertaken. Here we note the key steps:

- **Desk research and case studies:** we undertook desk research to supplement and update our knowledge of the European interurban bus and coach market. Appendix A summarises the literature included in the review. To gain a better understanding of the coach market in different Member States, and the experience of coach operators, we also undertook eight case studies, described in Appendix F.
- **Stakeholder consultation:** the study included, and drew on, several consultation activities. The Commission held an open consultation via the "Your Voice in Europe" website, the responses to which we have analysed. In addition, we distributed a targeted stakeholder questionnaire to a wide range of stakeholders, seeking views on possible changes to Regulation 1073/2009, and held a series of telephone and face-to-face interviews to understand in more detail the perspective of different stakeholders.
- **Intervention logic:** we developed an intervention logic, building on the problem definition developed by the Commission following the evaluation of Regulation 1073/2009 by drawing on the findings from the literature review and results of the stakeholder consultation.
- **Options development:** in discussion with the Commission, we developed a number of options for addressing the problem and associated objectives identified by the

¹ Commission Staff Working Document: Better Regulation Guidelines, SWD (2015), Strasbourg 19.5.2015.

² Better Regulation Toolbox, European Commission

intervention logic, packaging individual measures designed to simplify and clarify current legislative arrangements, to open markets for interurban coach services and to provide for greater access to coach terminals.

- **Impact assessment:** we constructed an impact assessment tool capable of estimating the impacts of the options on traffic levels, revenues, employment levels and emissions, taking account of the effects on other modes of transport. We also undertook qualitative analysis of a number of effects that it was not possible to quantify.
- **Conclusions and recommendations:** from this analysis we formulated conclusions and recommendations for changes to Regulation 1073/2009.

Organisation of the report

1.10 The remainder of the report is organised as follows:

- In Chapter 2, we describe our approach to the stakeholder consultation exercise, providing summary information on the different consultation methods, number of stakeholders interviewed and the findings.
- In Chapter 3, we define the problem and present the supporting evidence for the various root causes and problem drivers, drawing on the results of our desk research, literature review and stakeholder consultation.
- In Chapter 4, we describe the options and policy measures for analysis and subject them to an initial sifting exercise.
- In Chapter 5, we set out our approach to the quantitative and qualitative analysis, describing both the structure of the Impact Assessment Tool and the basis for a multi-criteria analysis (MCA).
- In Chapter 6, we present the results of the analysis.
- In Chapter 7, we set out our conclusions and recommendations.

1.11 The report also includes the following appendices:

- In Appendix A, we summarise the literature review that was undertaken.
- In Appendix B, we present an analysis of the different Member State approaches to regulating national interurban bus and coach markets.
- In Appendix C, we present the results of the stakeholder open consultation.
- In Appendix D, we present the results of the Eurobarometer exercise.
- In Appendix E, we present the results of the targeted stakeholder consultation for potential options.
- In Appendix F, we present the case studies.

2 Stakeholder consultation

Stakeholder consultation scope and purpose

2.1 Four separate consultation activities were undertaken, as set out in

Table 2.1: stakeholder consultation activities

Consultation activity		Duration	Responses	Start	End	Organiser
Open public consultation.	General	13 weeks	18	14 December 2016	15 March 2017	Commission
	Specialised		153			
Targeted consultation.		9 weeks	31	27 January 2017	24 March 2017	Steer Davies Gleave
Special Eurobarometer survey across 28 EU Member States.		1 week	27,901	18 March 2017	27 March 2017	Commission
Interviews with industry representatives, employee representative bodies, national authorities, operators.			18	9 March 2017	19 April 2017	Steer Davies Gleave

2.2 The objectives of the consultation, broadly defined, were:

- to provide the stakeholders and the wider public with an opportunity to express their views on the importance and severity of the problems and issues related to the current Regulation, as identified in the ex post evaluation study by the Commission in 2016;
- to obtain specialised input (numerical data and other factual information as well as industry views), including observations on specific aspects of the existing legislation and, to the extent to which they had been devised, possible new legislative provisions; and
- to gather other inputs (data and/or estimates as well as industry views) on the expected impact of and level of support for, and to the extent to which they had been devised, a set of specific measures intended to address issues and problems identified.

Stakeholder consultation process

Open public consultation

2.3 The open public consultation for this project comprised two questionnaires, one for the general public and a more specialised one for key stakeholders:

- The general open public consultation was concerned with establishing how frequently respondents used coach services, their view on the importance of such services and their motivation for using them. A total of 18 responses were received, eight from consumers/citizens, seven from companies, two from Non-Governmental Organisations (NGOs) and one other.

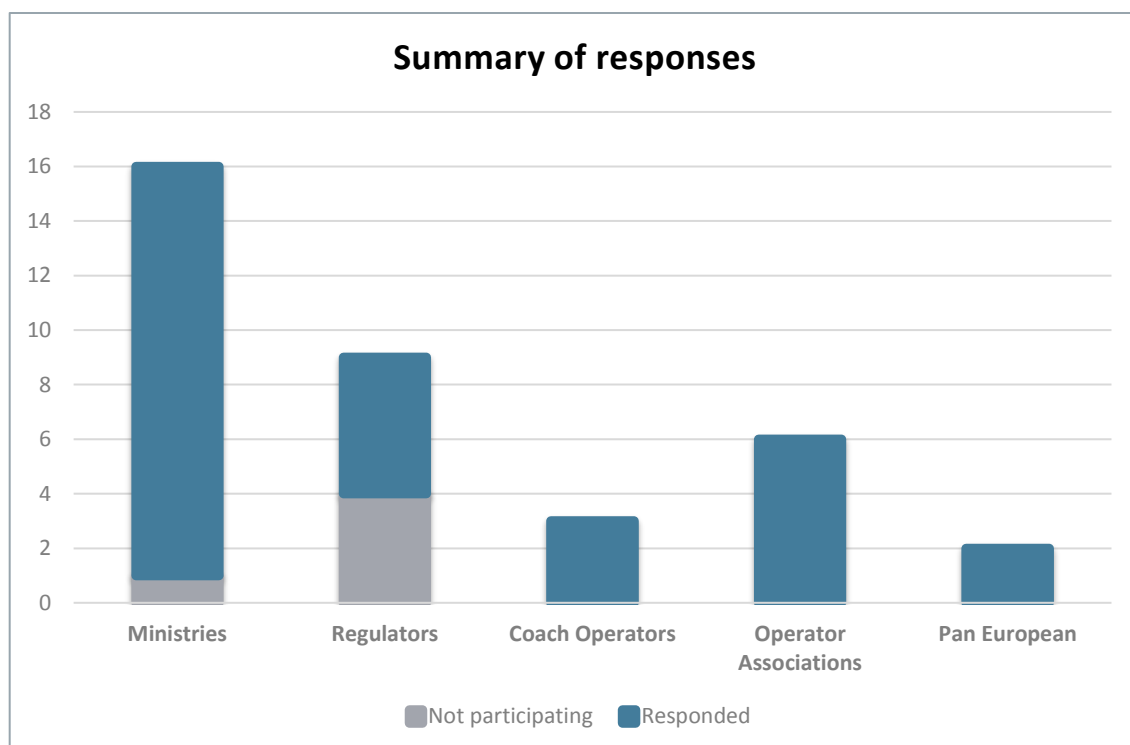
- The specialised open public consultation was concerned with determining stakeholders' views on the performance of the market and the possible impacts of potential changes to Regulation 1073/2009. There were 153 complete or partial responses, including 68 from companies involved in the transport chain, 28 from NGOs and 17 from workers in the road passenger transport sector.

2.4 The responses to both consultations are presented in full in Appendix C.

Targeted stakeholder consultation

2.5 The targeted stakeholder consultation involved sending a detailed questionnaire to key stakeholders identified during the inception stage of the study. Four different questionnaires were produced, each tailored to the type of stakeholder. Respondents were asked to comment on whether they supported different measures proposed by the Commission. Figure 2.1 below shows the total of 31 responses received.

Figure 2.1: summary of stakeholder questionnaire responses



Source: Steer Davies Gleave analysis.

2.6 The key findings from this exercise are presented graphically in Appendix C.

Interviews

2.7 The aim of the interviews was to gather more detailed insights into stakeholders' experiences and their views on the different measures under consideration. They also provided an opportunity to request quantitative data required for the impact assessment. In each case, we submitted specific questions in advance and/or sought clarification on information provided through the targeted questionnaires. Interviews were held either face-to-face or by phone. We drew heavily on the interview evidence in formulating the problem definition discussed in Chapter 3.

Table 2.2: summary of interview programme

Type of stakeholder	Interviews completed	Member States covered
Ministry/regulator	6	France, Greece, Ireland, Italy, the Netherlands, UK.
Pan-European organisation	4	
Operator	4	France, Spain, UK.
Operator association	4	Germany, Ireland, Sweden, UK.

Eurobarometer

- 2.8 The Commission arranged a special Eurobarometer survey to help inform the analysis of the European coach industry, covering both domestic and international services. The survey was based on 27,901 interviews, with respondents interviewed in their homes across 28 Member States. It included questions on the extent to which respondents use coach services, their reasons for using them and their views on the quality and cost of the service provided. It also included questions directed to non-users of coach services and to economically disadvantaged groups (identified through a question on whether respondents faced regular difficulties in paying bills).
- 2.9 Appendix D presents some of the key results of the survey in graphic form.

Stakeholder views on the current market

- 2.10 In the following sections, we summarise the main findings from the various elements of the consultation exercise on the current market for coach services in the European Union. This includes a summary of stakeholder views on some of the issues identified by the Commission in its ex-post evaluation in 2016. We consider further in Chapter 3 the implication of these findings for the problem definition.
- 2.11 Note that, even where stakeholders responded to the open public consultation or targeted questionnaire, not all responded to every question. Hence, in the discussion below the number of reported responses for each category of stakeholders varies according to the issue considered.

Use of coach services across the EU

- 2.12 According to the Eurobarometer survey, coach services are used relatively infrequently in most Member States, with an average of only 35% of respondents using services once a year or more. Economically disadvantaged groups make marginally greater use of coach services; 40% of respondents that had difficulties paying bills most of the time used coach services to travel to other locations in the same country. People under 24 make much greater use of coach services than other age groups, with 54% of respondents in this category also using them to make domestic trips.
- 2.13 Most trips by coach are made for leisure purposes, although coach services do support some work-related travel (6% of respondents cited business as the main purpose of recent coach trips). Among economically disadvantaged groups, coach services are an important means of visiting family and friends, with 48% of respondents citing this as the main purpose of recent travel by coach.
- 2.14 Among existing users, the primary reasons for choosing coach services are lack of access to a car and the low prices available from coach operators. There is some evidence that users are particularly sensitive to pricing in the newly-liberalised countries. 68% of respondents from

Germany and 48% of those from France indicated that they had travelled by coach because of the low prices on offer. Moreover, across the European Union as a whole, 32% of respondents facing difficulties paying bills most of the time opted to use coach services because of low prices.

- 2.15 Non-users are also influenced by car availability and pricing. 37% of non-users stated that they would be more likely to travel by coach if they did not have a car, and 26% stated that lower prices would make them more inclined to use coach services.

The role of coach services in improving connectivity and economic development

- 2.16 Six of the eight consumers and six of the seven companies participating in general open public consultation the gave a positive response when asked if coach services were viewed as important for jobs and the economic development of the respondent's region. A frequent comment in the free text section was that better connections and coordination between different modes of transport would encourage greater use of coach services. In general, respondents did not consider that the use of services was discouraged by excessive fares, with four of the seven companies, 100% of NGOs and five of the eight consumers viewing fares positively.

- 2.17 However, the Eurobarometer results provide some evidence that fares continue to be a barrier to coach travel. As already noted, among non-users, the most frequent responses to the question "What would make you more likely to travel by coach?" were lack of access to a car and lower prices. The corresponding responses among economically disadvantaged non-users were similar (35% and 32% respectively). Hence, while there appears to be a general awareness of the availability of low fares, the evidence suggests that a reduction in fares would stimulate additional coach travel among a range of income groups.

Restrictions on access to the market for domestic regular services

- 2.18 The stakeholders responding to the specialised open public consultation generally agreed that restrictions on access to the national market for regular coach and bus services is a problem. 50 of 153 respondents (33%) agreed that it is a major problem and 42 (27%) stated that it is a minor problem. 30 of the 45 companies that responded (67%) indicated that the restrictions have a negative impact on the ability of undertakings to expand into new markets, and none expressed the view that they had a positive impact.
- 2.19 Further, a majority of stakeholders stated that establishing a common EU framework for access to national markets for regular services would reduce the cost of compliance with legislation relative to the costs under the present rules. However, such a framework was also considered to have a possible negative effect on incumbent coach operators by 22 of 68 companies (32%), two of three EU governmental authorities, 19 of 28 NGOs (68%) and 7 of 17 workers.
- 2.20 The consultation tended to confirm that experience in gaining access to national markets varies considerably across Member States. National Express stated in an interview that there was no discrimination in providing access to its home market in the UK, citing an example of a new entrant from the US gaining access and operating a service within six months of announcing its intention. However, two operators responding to the targeted stakeholder questionnaire noted that they had been refused access to the domestic market, given partial permission to operate or asked to modify their schedule because it was in competition with an existing public service. Moreover, the National Transport Authority in Ireland has confirmed

that it has refused applications to operate where the proposed new services threatened the viability of services provided under public service contracts.

The requirement for establishment in Member State

- 2.21 Most stakeholders responding to the specialised public consultation stated that the specific requirement for local establishment is a concern, with 83 of 153 respondents (54%) identifying it as a problem. 39 of the 68 companies who responded (57%) shared this view. The biggest perceived negative impact of this requirement among companies was the associated administrative costs for carriers: 29 of 36 (81%) identified these costs as having a negative impact. However, two of three EU governmental authorities, 14 of 28 NGOs and four of seven regulatory authorities indicated that the requirement was not a problem.
- 2.22 In addition, most stakeholders responding to the specialised open public consultation considered that it would be beneficial to assist operators resident in other Member States that were seeking to enter national markets. 38 of 68 companies (56%) and 11 of 17 workers stated that this would make a positive contribution to the market. However, 15 of 28 NGOs (54%), and three of seven regulatory authorities (43%) stated that there would be no impact on the market.

Different national approaches to liberalisation

- 2.23 43 of 68 companies (63%) and 14 of 17 workers responded that the “patchwork” approach to liberalisation across the EU was a problem. Of those responding to this question, 32 of the 38 (84%) companies, seven of the nine (78%) NGOs, two of the three (67%) regulatory authorities, six of the eight (75%) workers and an enforcement authority respondent identified the administrative burden as the largest negative impact. However, two of three EU governmental authorities, 16 of 28 NGOs (57%), four of seven regulatory authorities and two of three enforcement authorities did not consider the differences between the level of liberalisation in different Member States to be a concern.
- 2.24 Concerns about differences in national approaches to liberalisation were reinforced during interviews with operators. For example, National Express highlighted that consistency on market access rules is needed as some national rules take precedence over European rules, making it difficult to enter new markets. However, the European Trade Worker’s Federation (ETF) were concerned about lack of consistency across the European Union in rules governing driver working conditions, rather than those governing market access. They cited the freight industry as an example of how problems can arise in a mature liberalised market. This opinion was supported by other pan-European organisations, including the European Disability Forum (EDF), which stated in interview that it would prefer a more regulated market, as in the rail sector.

Discrimination in access to bus and coach terminals

- 2.25 Most stakeholder groups responding to the specialised open public consultation stated that discrimination against new entrants in providing access to terminals was a problem. 39 of the 68 companies (57%), two of the three EU governmental authorities, 15 of the 28 NGOs (54%), four of the seven regulatory authorities and 10 of the 17 workers responding on this issue indicated that discrimination was either a major or a minor problem. 26 of 32 companies (81%) stated that the resulting administrative costs for carriers constituted a negative impact. No stakeholder group considered that discriminatory access to terminals had a positive

impact, although two of the three enforcement authorities did not consider discrimination to be a problem.

2.26 Various stakeholders noted the potential for discrimination during interviews. For example, Arafer (the regulatory body in France) gave an example of an ongoing dispute involving a coach service provider that could not gain access to the terminal at Beauvais-Tillé airport due to the non-publication of access rules. Megabus, a UK-based operator, told us that:

- They had been denied access to the terminal in Birmingham, which is privately owned by National Express, a rival operator.
- They had had difficulty obtaining departure slots at the public terminal in Leeds, which is managed by National Express.

Stakeholder views on possible policy measures

2.27 Stakeholders were also asked about their views on specific proposals for changing the current legislation in order to make the market more open, to improve access to terminal infrastructure, and to clarify certain provisions in the Regulation. The main findings are summarised below.

Extend the scope of the legislation to include all regular national services

2.28 Most respondents to the OPCS supported establishing a common framework in the European Union for access to markets for regular national services. 44 of 68 Companies (65%), four of seven Regulatory Authorities, all three Enforcement Authorities and 11 of 17 Workers expressed the view that the measure would improve the performance of the coach market. However, two of the three EU Governmental Authorities and 15 of the 28 NGOs (54%) responding stated that this proposed measure would not contribute to the performance of the coach market.

2.29 The respondents to the targeted questionnaire expressed mixed opinions on the proposed extension of scope. Six out of eight ministries or regulators that offered an opinion did not support extension, or considered that it should be limited and only applicable in certain circumstances. The reasons given were concerns about unfavourable impacts on coach sector employees (in Bulgaria and Estonia), the potential adverse impact on services operated as PSOs (Germany and Ireland), safety (Italy) and inconvenience (Spain). However, two of three operators, both pan-European organisations, and two of three operator associations offering an opinion were supportive. Several respondents cited the success of liberalisation in Germany and France, a reduction in bureaucracy caused by national regulations, and prevention of unfair competition, as reasons to extend the scope.

Abolishing the authorisation procedure

2.30 15 of the 20 ministries or regulators that responded to the targeted stakeholder questionnaire supported keeping the authorisation procedure. They argued that it was a useful tool to monitor the market and to ensure that safety standards were met. Only one such organisation supported abolition of the authorisation procedure, stating that the current process was an unnecessary administrative burden. Four of the six operators who responded also supported keeping the authorisation procedure but highlighted that they would like to see the permitted timescales for authorisation reduced. There was mixed support among operator associations, with two arguing for abolition to increase transparency and two stating that it should be kept but standardised.

- 2.31 The main reason authorisations are refused in Italy is that the applicant does not meet the minimal financial requirements to guarantee the service. When interviewed, the Italian Regulator was in favour of keeping the authorisation procedure and establishing a framework that could be used to evaluate the economic and financial capabilities of applicants. This view was supported by National Express, who noted that the authorisation procedure was robust but slow. They suggested that the length of the process could be reduced to two months.

Set common requirements for the protection of public service contracts

- 2.32 36 of the 68 companies (53%) and 8 of the 17 workers responding to the specialised open public consultation stated that removing the protection of public service contracts from competition would contribute to improving the performance of the market. The biggest negative impact was perceived to be the effect on incumbent coach operators. The response to the targeted stakeholder questionnaire was more divided. Of the 20 Ministries or regulators, five (Bulgaria, Finland, France, Ireland and Portugal) supported a set of common requirements, as this would help to create a more level playing field, while six (Estonia, Italy, Latvia, Slovakia, Spain and the UK) argued that protection of PSOs was outside the scope of Regulation 1073/2009 and should be addressed through Regulation 1370/2007.

Guaranteed access to national regular services markets without discrimination

- 2.33 The responses to a specialised open public consultation question concerning abolition of restrictions on access to national markets for regular services were also mixed. 42 of 68 companies (62%), four of seven regulatory authorities, and 10 of 17 workers stated that abolition would contribute to improving performance of the market. However, two of three EU governmental authorities, 17 of 28 NGOs (61%) and two of three enforcement authorities did not consider that the proposal would be beneficial.
- 2.34 Nine of the 20 ministries or regulators that responded to the targeted stakeholder questionnaire did not support this proposal. They considered that the measure could lead to discriminatory conditions or have a negative impact on employment. The other respondents within this category either did not express an opinion or did not recognise the underlying concern. The only support for the measure came from the operator associations: three of the six respondents in this category considered that it would benefit customers and lead to a better quality of service.

Devising a definition of a coach terminal

- 2.35 The respondents to the targeted stakeholder questionnaire broadly supported this proposal. Two of the three operator associations that responded to the question believed it would be useful to have one transparent definition. Of the ministries or regulators that responded, eight (40%) supported having a common definition while five (25%) did not see any merit in a definition and considered that it should be left to Member States.
- 2.36 When interviewed, EDF highlighted their preference for terminals in defined locations to guarantee better access for disabled people. EDF added that this was particularly important for people with autism as it allowed them to plan their trips in advance.

Minimum common requirements to ensure non-discriminatory access to terminals

- 2.37 Most respondents to the specialised open public consultation considered that facilitating a level playing field in access to terminals would help to improve the performance of the market. 46 of 68 companies (68%), 15 of 28 NGOs (54%), five of seven regulatory authorities

and 11 of 17 workers responded positively to this proposal, although two of the three enforcement authorities that responded considered that it would have a negative impact. 41 of 68 companies (60%) and 10 of 17 workers stated that the effect on service quality would be beneficial.

- 2.38 Moreover, most ministries or regulators that responded to the targeted stakeholder questionnaire supported establishing common requirements to ensure that access to coach terminals is fair and non-discriminatory. Seven of those responding supported the proposal, two considered that it should be left to best practice, and four stated that there are sufficient measures already. All three pan-European organisations and all three operator organisations that responded supported the proposed measure. Two operators indicated that establishing requirements was an essential measure.
- 2.39 In an interview, the Confederation of Passenger Transport (CPT), an operator association, stated that terminal access was a major concern. They suggested that there should be an EU-wide regulation requiring Member States to adopt appropriate measures to enhance and manage terminal capacity. CPT also indicated that the coach terminal at Heathrow airport in the UK was an example of good practice in the definition and transparency of schedules and tariffs.

Abolishing the requirement for occasional services to require a journey form

- 2.40 There was some positive response to the specialised open public consultation on whether journey forms are useful. All three EU governmental authorities, six of the seven regulatory authorities and two enforcement Authorities responding considered that journey forms were of value. However, 49 of the 65 companies (75%), 21 of the 27 NGOs (78%) and 15 of the 17 workers responding stated that journey forms served no useful purpose.
- 2.41 Only one Ministry or Regulator responding to the targeted stakeholder questionnaire supported abolition of the requirement for a journey form. The remainder wanted to keep the requirement as they regarded it as a useful means of monitoring and regulating coach services. One operator, one Pan-European organisation and one operator association stated that journey forms should be retained. However, three of the operator associations that responded and one Pan-European organisation stated that journey forms should be abolished in the interests of reducing bureaucracy.

Clarifying the definition of “international carriage”

- 2.42 The respondents to the targeted stakeholder questionnaire did not offer specific support on the clarification of the definition of “international carriage” to ensure that “closed door” tours visiting other Member States are included in the scope of the Regulation, although only one Ministry and one operator explicitly stated that the meaning is currently clear and well-understood. Similarly, most stakeholders responding to the specialised open public consultation considered that the definition was already clear. 40 of 66 companies (61%), two of three EU governmental authorities, 20 of 26 NGOs (77%), six of seven regulatory authorities, 13 of 16 workers and all three enforcement authorities stated that no further clarity was needed.

Clarifying the definition of “regular services”

- 2.43 The respondents to the targeted stakeholder questionnaire did not offer any specific support for modifying the definition of “regular services” to make it clear that there is no requirement for such services to have stopping points along the route (although where there are stopping

points they must be notified in advance). Most of each stakeholder group responding to the specialised open public consultation also stated that the definition was sufficiently clear. 35 of the 65 companies (54%), two of the three EU governmental authorities, 20 of the 27 NGOs (74%), four of the seven regulatory authorities, 9 of the 16 workers and all three enforcement authorities responding stated that clarity was not required.

Clarifying that an own-account operator does not require a Community licence

- 2.44 Similarly, respondents to the targeted stakeholder questionnaire did not offer specific support for clarifying that there is no requirement for an own-account operator to possess a community licence if it is to be issued a certificate for own-account operations. Among the stakeholder groups responding to the specialised open public consultation, only two of three EU governmental authorities (67%) indicated that the current provision is not sufficiently clear.

Clarify the meaning of “cabotage operations shall be authorised...” in Article 15

- 2.45 10 of the 20 ministries and regulators (50%) that responded to the targeted stakeholder questionnaire specifically mentioned that they would support modification of Article 15 to make it clear that cabotage operations are, rather than need to be, authorised under its provisions. This view was supported by the two pan-European organisations that responded, and an operator noted that it was particularly important as interpretations vary by Member State. Moreover, only four ministries or regulators (20%) considered the meaning to be sufficiently clear already.
- 2.46 The need for greater clarity was also generally supported by the results of the specialised open public consultation. Two of three EU governmental authorities, four of seven regulatory authorities and two of three enforcement authorities indicated that the current cabotage rules are insufficiently clear. However, 26 of 67 companies (39%), 20 of 27 NGOs (74%) and 7 of 15 workers (47%) saw no value in further clarification. The biggest negative impact of not having clarification was perceived to be the enforcement costs for Member States.

Conclusions

- 2.47 It is difficult to identify a clear consensus among stakeholders on the appropriate direction for the interurban bus and coach sector in the European Union. While there is some common ground on the nature of the problems experienced at present, there are also strong differences of opinion on both how these should be addressed and whether there is a need for major changes to Regulation 1073/2009. Nevertheless, we draw the following conclusions from the stakeholder consultation exercise:
- Most European Union citizens do not make extensive use of coach services, preferring to travel by car where possible. Nevertheless, coach travel is an important means of connectivity, in particular enabling leisure and other travel for younger passengers and economically disadvantaged groups who do not have access to a car. The availability of low fares is an important factor influencing the mode choice of those using coach services, regardless of their economic status. Moreover, non-users would be more inclined to travel by coach if fares were lower. At the same time, a range of stakeholders consider that services would be more attractive if they were better integrated with other modes.
 - There is no consensus on the effect of different restrictions on market access and approaches to liberalisation across the European Union. Government bodies, regulators and non-governmental organisations representing particular groups stress the need for market access arrangements reflecting the circumstances of individual Member States

and providing protection for public service contractors. Operators and individuals working within the industry are generally more supportive of common frameworks designed to encourage market entry, noting the excessive administrative burden arising from inconsistent rules on market access that exist at present. This suggests that operators could be expected to respond positively to measures intended to increase access to national markets.

- There appears to be greater support among all stakeholder groups for measures to address discrimination in providing access to terminals. A majority of most groups, including governmental bodies and operators, recognised discrimination as a problem, and there was also widespread support for a framework to help establish fair and non-discriminatory terminal access. This view was generally reinforced by the interviews, which highlighted several instances of alleged discrimination and/or other constraints on access. Again, this suggests that the market could be expected to react positively to measures designed to create a more level playing field in the allocation of terminal capacity. However, the consultation did not allow us to establish how far lack of access is constraining services at present, or to identify specific measures or options to address this constraint.
- There is generally little support for clarification of the existing provisions of Regulation 1073/2009 other than Article 15 relating to cabotage. Most stakeholders responding to the consultation in some form considered that the provisions identified by the Commission as ambiguous were already clear. This suggests that further clarification, while it might help some stakeholders to better interpret the legislation, would be unlikely to have a material impact on the market.

2.48 We discuss the results of the stakeholder consultation in the context of the problem definition in Chapter 3.

3 Intervention logic

Introduction

- 3.1 In this chapter, we develop the intervention logic underpinning the case for the policy interventions to be investigated in the next stage of the study. Our proposed intervention logic builds on that developed by the Commission following the evaluation of Regulation 1073/2009, and addresses a number of issues concerning the Commission's initial definition of the problem and weaknesses in the evidence base. We also draw on the findings from the literature review, the results of which are summarised in Appendix A, and on the results of the stakeholder consultation exercise described in Chapter 2 and Appendix C.
- 3.2 In the remainder of this chapter, we describe the problem in terms of the main characteristics of the interurban bus and coach sector in the European Union before providing a critique of the initial intervention logic and going on to set out a revised logic (together with supporting evidence and a quantification of the problem) in more detail. We then identify a general objective and specific objectives that have informed the development of options discussed in Chapter 5.

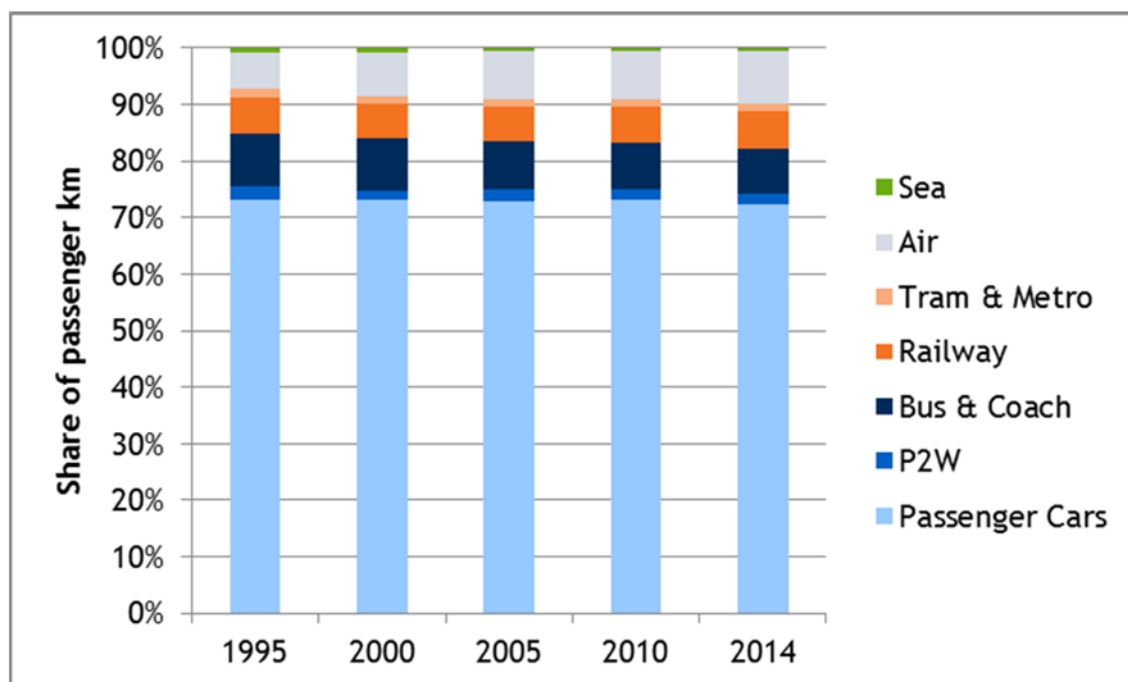
Current situation

- 3.3 The key problem identified in the Task Specifications for this study is the inability of bus and coach operators to compete fully in interurban transport markets. This constraint on competition has limited the sector's ability to grow market share relative to other modes, but also reflects a lack of commercial rivalry between operators within the sector in some Member States. It has prevented the development of a fully integrated market for interurban travel by bus and coach, resulting in poor connectivity from some citizens, particularly those with limited access to a private car or rail services.

Intermodal competition

- 3.4 There is strong evidence in support of the view that the bus and coach sector has failed to compete effectively with other modes over an extended period. The figure below shows the share of passenger-kilometres taken by each main mode of transport across the European Union in selected years. As indicated, the share of the bus and coach sector has declined over the last 20 years, falling from 9.4% in 1995 to 8.0% in 2014. Moreover, in absolute terms the number of passenger-kilometres accounted for by the sector grew by only 4.5% over the same period, an average of only 0.23% per year. While this data illustrates trends in passenger travel for the bus and coach sector as a whole, including urban and suburban bus transport as well as interurban travel on bus and coach services, they clearly demonstrate that the sector has failed to challenge the dominance of the private car in European passenger transport.

Figure 3.1: share of passenger-kilometres by mode

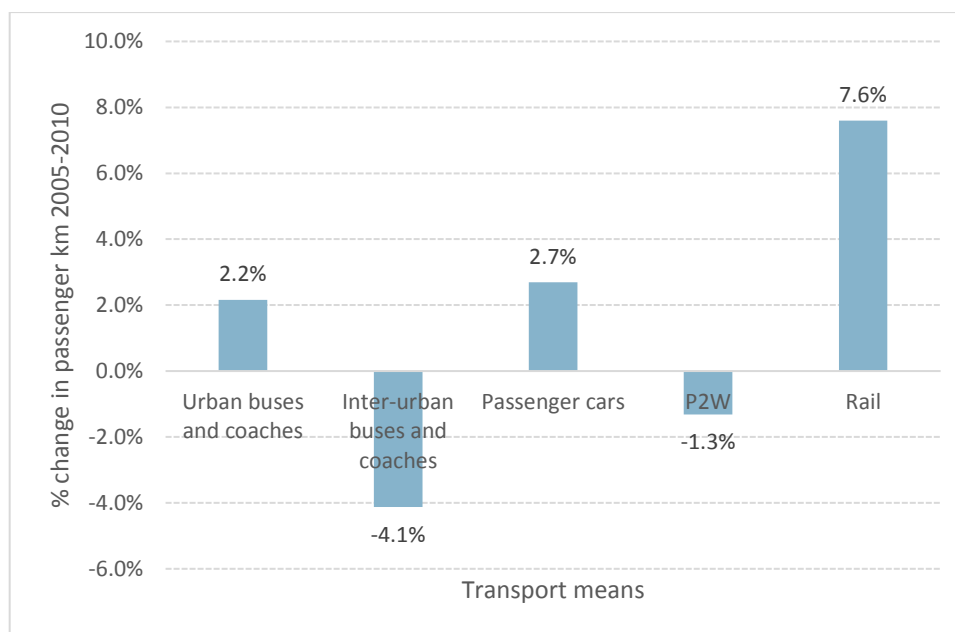


Source: Statistical Pocket Book 2016: EU transport in figures.

- 3.5 Further evidence for the limited penetration of coach services into the broader interurban passenger transport market is provided by an update of the EU Reference Scenario 2016³, which usefully distinguishes urban and inter-urban bus and coach travel. The inter-urban bus and coach travel is taken as an indicator as it is better aligned with the scope of interurban bus and coach services that provide the focus for this study.
- 3.6 Figure 3.2 shows how, between 2005 and 2010, the number of passenger-kilometres travelled by coach, in contrast to all other modes (with the possible exception of travel by two-wheeled vehicles) fell significantly.

³ This scenario includes some updates in the technology costs assumptions (i.e. for light duty vehicles) and few policy measures adopted after its cut-off date (end of 2014) like the Directive on Weights and Dimensions, the 4th Railways Package, the NAIADES II Package, the Ports Package, the replacement of the New European Driving Cycle (NEDC) test cycle by the new Worldwide harmonized Light-vehicles Test Procedure (WLTP). It has been developed with the PRIMES-TREMOVE model (i.e. the same model used for the EU Reference scenario 2016) by ICCS-E3MLab. A detailed description of this scenario is available in the Impact Assessment accompanying the Proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, SWD (2017) 180

Figure 3.2: change in passenger-kilometres by mode (2005-2010)



Source: update of the EU Reference Scenario 2016⁴

- 3.7 While the period covered includes a major economic recession, travel by both car and train, the two main competitors to coach transport, increased over the period, indicating that many potential passengers considered the combination of price and travel experience provided by these modes was preferable to that offered by coach operators.

Competition between coach operators

- 3.8 The level of competition between bus and coach service providers operating in interurban markets varies considerably between Member States, depending on the approach to liberalisation and market access as well as the economics of individual routes. Studies of recently liberalised markets suggest that competition can be strong, at least where passenger volumes on a route are sufficient to sustain two or more operators. For example, Dürr and Hüschelrath (2015) investigated the impact of liberalisation in Germany implemented from January 2013⁵. The German Federal Office for Goods Transport noted that, between August 2013 and August 2014, the number of services operated increased from 113 to 244, an

⁴ This scenario includes some updates in the technology costs assumptions (i.e. for light duty vehicles) and few policy measures adopted after its cut-off date (end of 2014) like the Directive on Weights and Dimensions, the 4th Railways Package, the NAIADES II Package, the Ports Package, the replacement of the New European Driving Cycle (NEDC) test cycle by the new Worldwide harmonized Light-vehicles Test Procedure (WLTP). It has been developed with the PRIMES-TREMOVE model (i.e. the same model used for the EU Reference scenario 2016) by ICCS-E3MLab. A detailed description of this scenario is available in the Impact Assessment accompanying the Proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, SWD (2017) 180

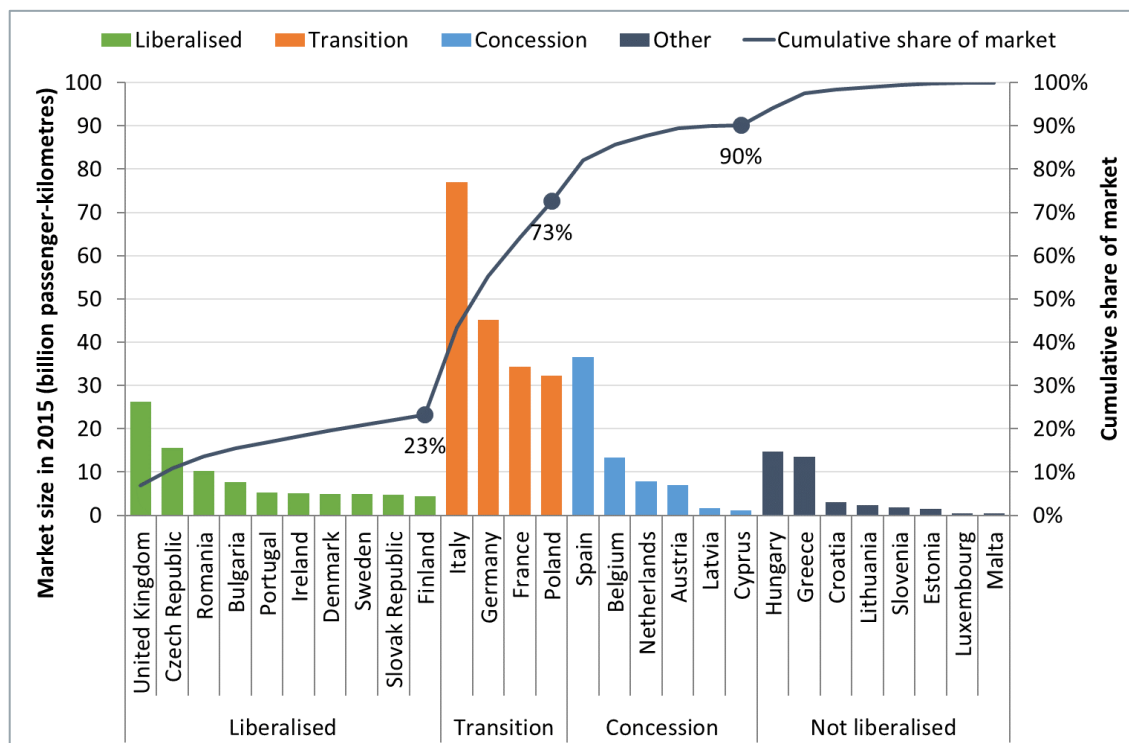
⁵ Niklas S Dürr and Kai Hüschelrath, Competition in the German Interurban Bus Industry: A Snapshot Two Years After Liberalisation, Centre for European Economic Research, August 2015.

increase of 116%, and the number of passenger journeys made increased from 2,360 to 7,088, a rise of some 300%⁶.

3.9 However, the scope for competition of the kind now developing in Germany is restricted to a limited number of Member States that have liberalised interurban bus and coach markets.

3.10 Figure 3.3 below summarises the extent of liberalisation across the European Union in 2015.

Figure 3.3: Member States and current regimes for domestic coach services



Source: market size based on the EU Reference Scenario 2016; split between different liberalisation regimes based on Steer Davies Gleave analysis.

Note: Poland has committed to transition to a liberalised market, but was not liberalised in 2015.

3.11 Ten Member States have already liberalised and four are in transition, and these states account for 73% of the total EU market or 278 billion passenger-kilometres. Of the remaining 27% of the market:

- 17%, dominated by Spain, have a concessions system.
- 10%, led by Hungary and Greece, have not yet liberalised.

3.12 This review of the extent of competition in different Member States demonstrates that, while there is clearly potential for competitive rivalry between operators, its level depends critically on both broader national policy towards service provision and the detailed design and implementation of the framework governing market access. These are considered in more detail in the discussion of underlying problem drivers and root causes later in this chapter.

3.13 Appendix B provides a summary of each Member State’s approach to the regulation of national interurban bus and coach markets.

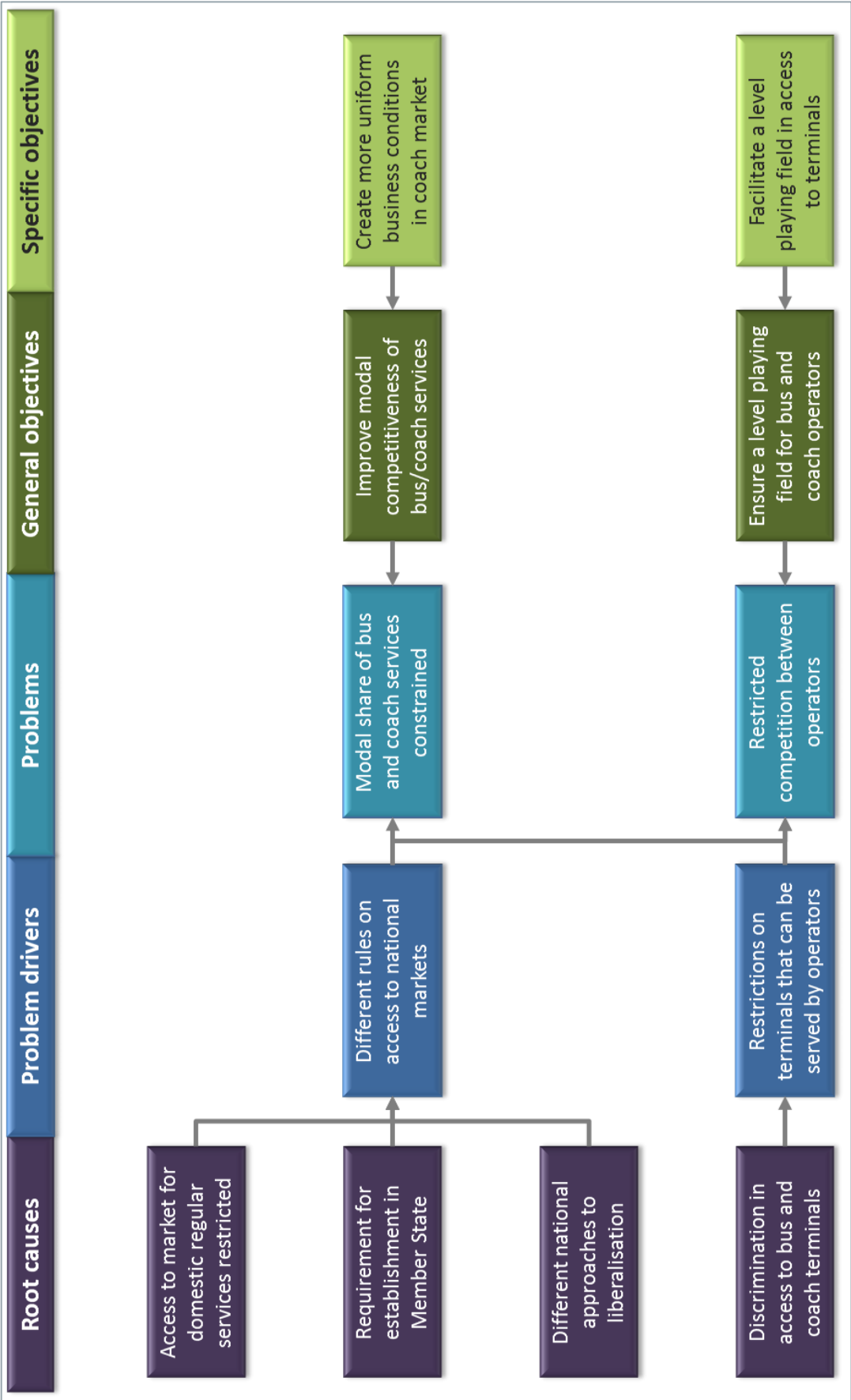
⁶ Marktbeobachtung Güterverkehr, Marktanalyse des Ferbuslinienverkehrs, Köln, 2014.

Overview of intervention logic

Review of initial intervention logic

- 3.14 Figure 3.4 summarises the initial intervention logic developed by the Commission and presented in the Task Specifications for this study.

Figure 3.4: initial intervention logic



3.15 While we identified evidence to support key elements of this definition of the problem, we consider that it is subject to a number weaknesses, as summarised below:

- **The main problem is not sufficiently defined:** as shown, the definition distinguishes intra- and intermodal competition, each relating to an aspect of the overall problem. While we acknowledge that it is important to highlight both types of competition, we suggest that the main problem should be defined in terms of a general lack of access to, and attractiveness of, coach services from the perspective of actual and potential passengers. In our view, it is important to capture the perceived availability of a competitive European coach network explicitly in any discussion of the problem, since this will determine the willingness and ability of people to use coach services in the future.
- **The specification of the problem is incomplete:** as discussed in paragraph 3.19 below, there is evidence that interurban bus and coach services are insufficiently integrated with other passenger transport modes. This is an important consideration in understanding the impact of restrictions on terminal access, and should be explicitly captured in the problem definition. In addition, we note that the problem definition does not explicitly capture the impact of administrative costs of market entry, an issue that is also considered further in the discussion of our revised intervention logic.
- **Insufficient differentiation between problem drivers and root causes:** in some cases, the specification of root causes does not add materially to the specification of the corresponding problem driver, and individual root causes are not sufficiently differentiated. In particular, “access to market for domestic regular services restricted” and “different national approaches to liberalisation” largely echo “different rules on access to national markets” rather than highlighting specific, underpinning causes. In addition, while “discrimination in access to bus and coach terminals” is only one of a number of possible causes of restricted terminal access, the intervention logic fails to identify any others and therefore potentially unduly constrains the identification of objectives and policy interventions.
- **Objectives are partially misaligned:** the problem definition identifies the interaction between both problem drivers and problems, correctly highlighting the potential for both market and terminal access to influence intra- and intermodal competition. However, the specification of two general and two specific objectives, each aligned with one aspect of the problem, ignores the potential for interaction between them. For example, we suggest that the ‘creation of more uniform business conditions in the coach market’ would help to ‘ensure a level playing field for bus and coach operators’ as well as improving modal competitiveness.

3.16 At the inception stage of the study, we also noted some deficiencies in the evidence derived from the evaluation exercise and supporting study. More specifically, we suggested that:

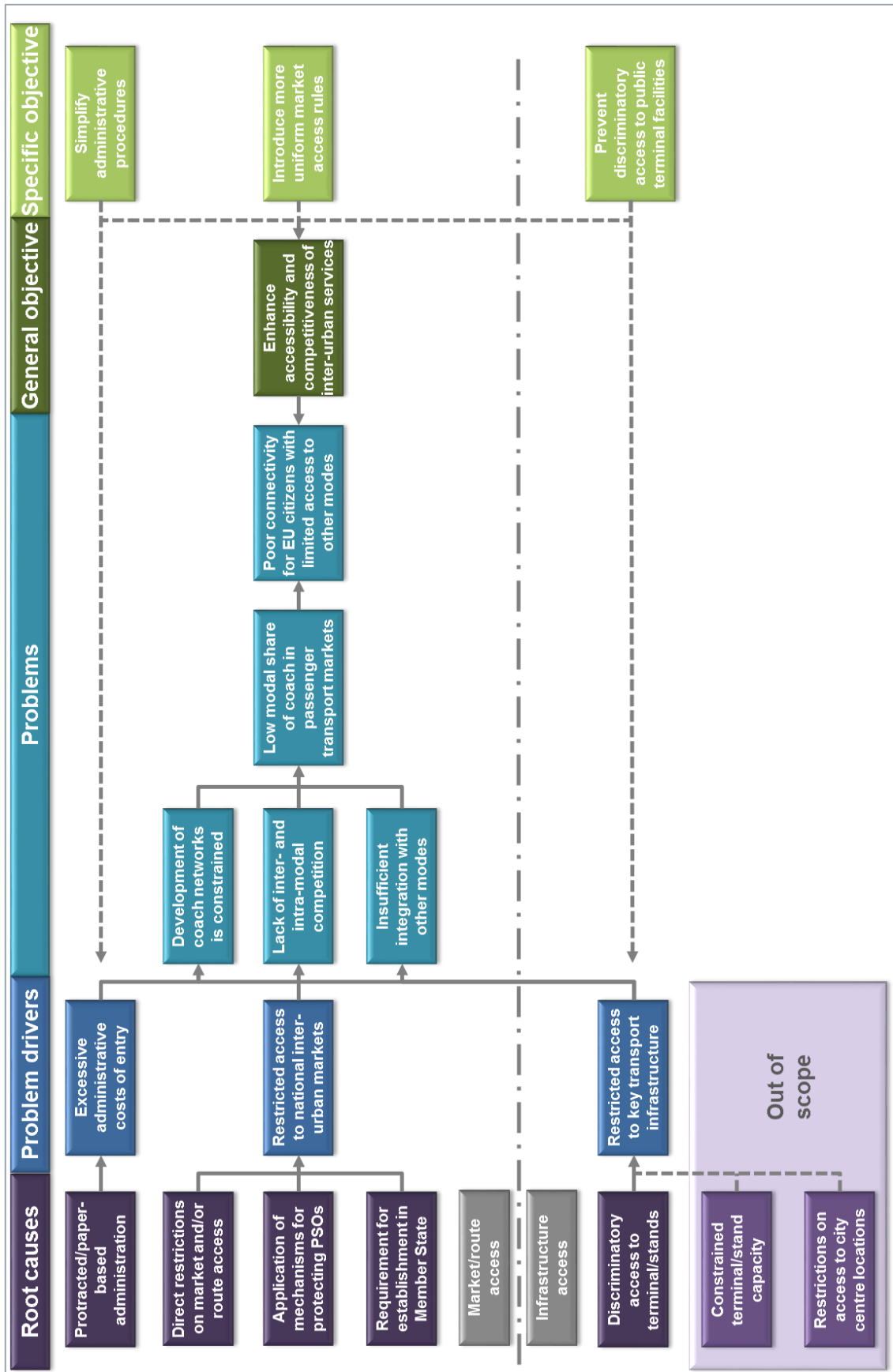
- The evidence does not fully demonstrate a link between competition and rules on national market access. This is not least because of a lack of evidence on the impact on commercial decision-making, as well as on the sustainability of competition over time.
- Further investigation is needed of the link between market access and the requirement for establishment in a Member State prior to entering the national market. This is because at least some new entrants appear to have introduced new services successfully through acquisition and subcontracting operations.
- While there is evidence of discriminatory behaviour on the part of terminal owners, the impact that this has had on new entry and the introduction of new services is not well-documented.

- 3.17 We sought to address these deficiencies through the targeted stakeholder consultation, and discuss our findings further in supporting the redefinition of the problem definition in the following section.

Revised intervention logic

- 3.18 Our revised intervention logic is illustrated below. This is broadly consistent with the Commission's initial view, and is partly based on evidence identified through the evaluation of Regulation 1073/2009. However, we consider that it captures a more rigorous and complete understanding of the problem, and recognises the potential interaction between objectives and problem drivers and, by implication, between policy interventions and problem drivers.

Figure 3.5: revised intervention logic



Problem definition

Problem specification

3.19 In line with our observations on the initial intervention logic, we redefined the main problem in terms of poor connectivity for European Union citizens with little or no access to other modes of transport. This is demonstrated by the failure of the coach sector to grow at a rate comparable to that of other transport modes, and the fact that its modal share has declined over an extended period (Figure 3.1 and Figure 3.2) As shown in Figure 3.5, we consider that there are three aspects to this problem, each of which should be considered separately.

The development of coach networks has been constrained

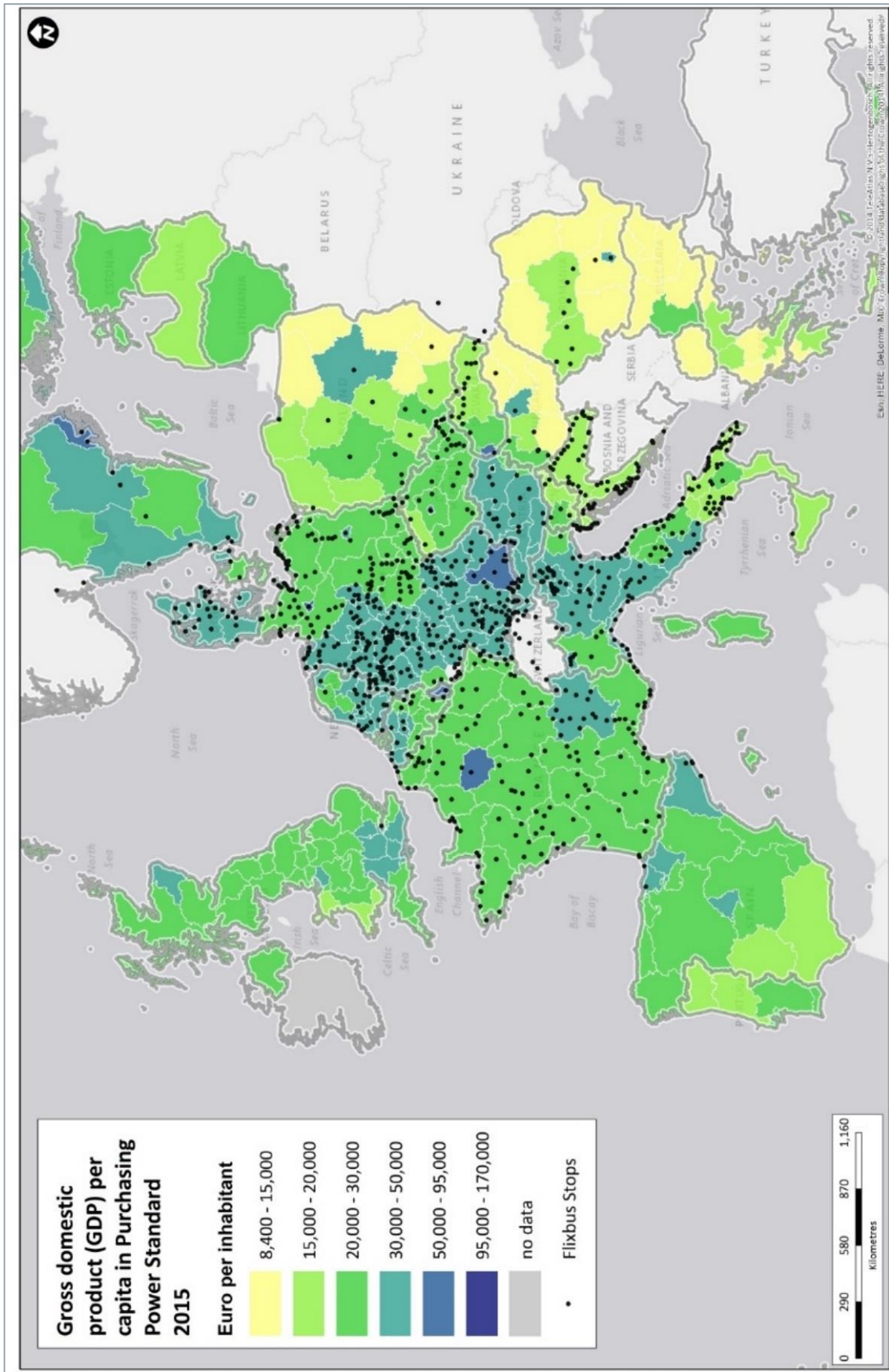
3.20 The figure below shows Gross Domestic Product (GDP) per capita (measured at purchasing power parity rates) in NUTS-2 regions across the European Union, overlaid with locations served by FlixBus's network. The expansion of the network beyond Germany, FlixBus's home Member State, is striking, demonstrating the potential for coach operators to develop pan-European networks that make little or no distinction between national and international travel. At the same time, we also note that:

- Expansion beyond German borders has been heavily concentrated in the recently-liberalised French and Italian markets.
- There has been little or no penetration of restricted markets such as the Baltic countries, Greece, Hungary, the Netherlands and Spain.
- Relatively few locations in NUTS-2 regions with GDP per capita of less than €20,000 are covered by the network, although some such locations are currently served and therefore appear to be considered commercially attractive.
- Even where markets in relatively high income countries have been liberalised, a rapidly-expanding operator may nevertheless choose not to serve them, as demonstrated by the limited number of locations covered by the network in Sweden and the UK⁷.

3.21 Hence, on this evidence alone, it is difficult to draw conclusions about how the network might have expanded had more uniform conditions of market access, based on liberalisation of the kind already introduced in some countries, been in place. Nevertheless, the figure does suggest that network expansion has been constrained significantly, notably in Greece and Spain, where the presence of well-established markets in tourism could be expected to generate significant levels of coach traffic. It also suggests that an expansion of FlixBus's network to the east could improve the connectivity of several of the more disadvantaged NUTS-2 regions by supplementing existing bus and rail networks in Member States such as Poland, Slovakia, Hungary, Romania and Bulgaria. More specifically, the ability of passengers in these regions to purchase end-to-end tickets from a competitive pan-European operator could improve their access to employment, education and leisure opportunities across the European Union.

⁷ We also note that both Sweden and the UK have only limited land borders with other Member States, and most traffic involves using ferries or fixed crossings. The UK also uses, and designs much of its infrastructure for, right hand drive vehicles.

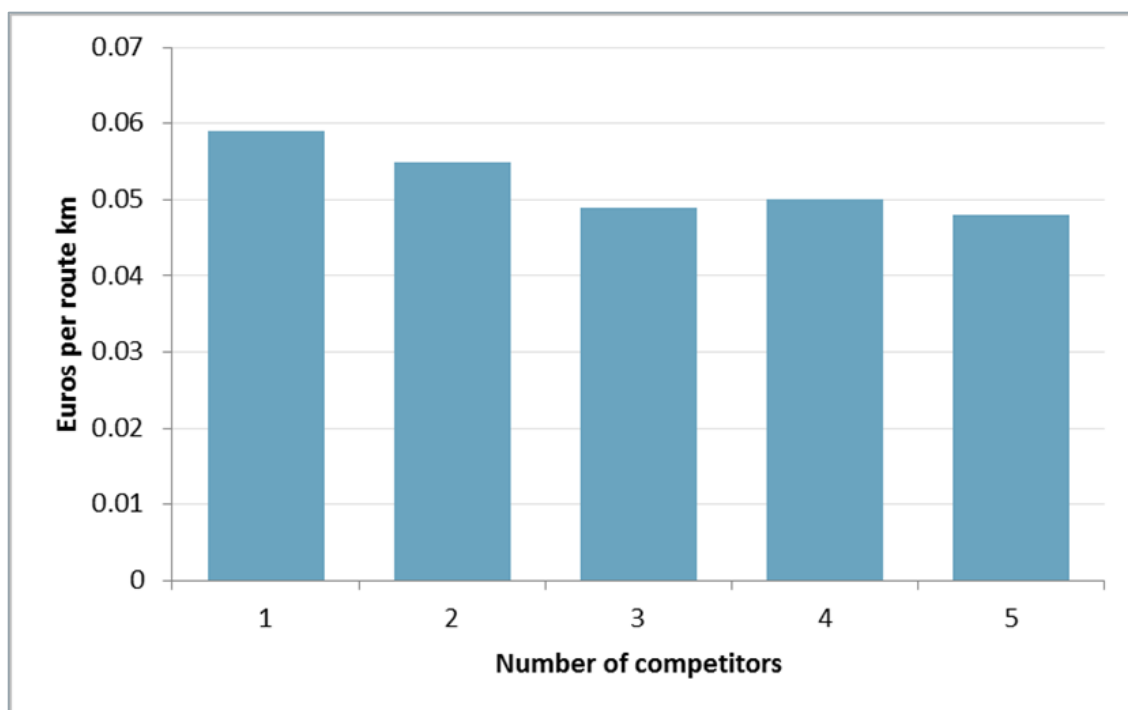
Figure 3.6: GDP per capita by NUTS-2 region and the FlixBus network



Lack of intra- and intermodal competition

- 3.22 As shown in Figure 3.3, a number of Member States have now liberalised their domestic long distance coach markets, at least to some degree. Several studies of recently liberalised markets also demonstrate the impact that liberalisation can have on competition, fares and service quality. These studies provide an indication of the benefits forgone in markets where coach operators face little or no competition.
- 3.23 For example, in the study by Dürr and Hüschelrath (2015) already cited, the authors report the results of detailed analysis of route-level data for a single week in November 2014 covering services, operators, service quality and prices offered. They identify some 600 routes served by two operators, and a further 360 served by three or more, although single operators have a monopoly of all services on 47% of routes. In addition, further analysis of fares by route demonstrated that open access to routes can have a significant impact on fare competition, as indicated in Figure 3.7.

Figure 3.7: competitors on interurban bus routes in Germany (November 2014)



Source: Dürr and Hüschelrath (2015).

- 3.24 This suggests that fares on routes served by three operators are 17% lower than on monopoly routes, although they do not appear to fall further as the number of operators increases beyond three. The study also provided evidence that service frequency increases with the number of competitors on the route, and that liberalisation has provided passengers with a greater choice of combinations of price and service quality.
- 3.25 Augustin (2013) identified a statistical relationship between the level of market concentration on German interurban routes and the fare offered, indicating that actual competition is an

important determinant of fare levels⁸. Her analysis also suggests that at the start of liberalisation the threat of new entry alone was sufficient to constrain the fares offered by incumbent coach operators such as Deutsche Bahn. In any event, the share of total timetabled kilometres taken by operators owned by Deutsche Bahn fell substantially following liberalisation, from 47% in 2012 to 30% in 2013, with private operators expanding their share by 20 percentage points over the same period.

- 3.26 These findings are reinforced by more recent studies commenting on a wide range of developments in the German domestic market in the period since liberalisation. For example, Gipp (2016) noted a gradual decline in standard long distance coach tariffs since 2012 and highlighted emerging trends suggesting greater innovation in the interests of passengers (including the introduction of web-based ticketing and sales systems and industry-leading standards in the provision of WiFi on public transport services)⁹. A review of the market by the Busworld Academy also indicated that coach services are now being promoted more actively, with services marketed on the basis of the size of the route network, better value for money and the environmental benefits of coach travel¹⁰.
- 3.27 The literature similarly offers evidence that more recent liberalisation in both Italy in 2014 and France in 2015 has had beneficial effects on services available to passengers.
- 3.28 In Italy, the review highlights a 33% increase in services and a 38% increase in service frequencies in the first year of liberalisation. In absolute terms, connections between the north, south and centre of the country experienced the largest increases in service level. Moreover, services operating within the north, which were previously limited, increased substantially in relative terms (by more than 200% between 2013 and 2015). In addition, Grimaldi et al (2016) provide evidence that new entrants to the Italian market are introducing pricing strategies based on airline-style yield management, with substantial discounts available for early booking, in contrast to the more rigid, distance-based fares strategies still pursued by established incumbents¹¹.
- 3.29 In France, the review notes that marketing expenditure promoting coach travel has increased substantially, as it has in Germany, and that there is much greater awareness of the mode than previously. However, it is not yet clear whether the French government's projections of up to 5 million passengers per year as a result of liberalisation will be realised.
- 3.30 In principle, the benefits of competition described above demonstrate the benefits forgone in Member States in which there is little or no competition between operators. As indicated in Figure 3.3, fourteen Member States have, or will soon have, liberalised longer-distance domestic bus and coach markets, with the remainder restricting entry either through the

⁸ Contestability of the long distance German coach market, Katrin Augustin, KCW GmbH, European Transport Conference 2013.

⁹ Economic Lessons from the Liberalization of the German Bus Market, Christoph Gipp, IGES Institut GmbH, March 2016.

¹⁰ Liberalisation of passenger transport in Europe and its consequences for the fleet, Jan Deman, Director of Busworld Academy.

¹¹ Intercity coach liberalisation - the cases of Germany and Italy, Raffaele Grimaldi, Katrin Augustin, Paolo Beria, World Conference on Transport Research, July 2016.

award of concessions covering a defined area or other mechanisms effectively protecting incumbent operators from competitive entry. More specifically:

- 14 Member States have already liberalised markets to at least some degree, in some cases restricting the scope of liberalised services by reference to a geographical market definition (e.g. interregional services) or a distance threshold (such as that each passenger is carried 50 kilometres or more).
- Of these, three (Germany, Italy and France) may be said to be in transition, since the relevant legislation providing for liberalisation only came into effect within the last four years. One, Poland, only introduced full liberalisation at the beginning of 2017, and its effects have therefore yet to materialise.
- Six Member States have relied heavily on concessions awarded through competitive procurement, and a seventh (Hungary) is introducing competitive tendering in 2017. We also understand that Greece is planning to introduce competitive procurement, but the timescales for this are not clear.
- In the remaining Member States, there is considerable variation in the rules on market access, with some countries awarding a single concession to a publicly-owned monopoly and others constraining services operated by private sector service providers through licensing arrangements and/or the specification of public service contracts.
- Even among Member States that have introduced liberalisation, several rely on services provided under public service contracts to supplement commercially operated networks, and provide for protection of road or rail services operated under such contracts on a case-by-case basis.

3.31 Hence, the evidence on the effects of competition to date, coupled with the demonstrable restrictions on market access in many European countries, suggests that there is considerable scope for improving the competitiveness of the sector from the perspective of passengers. Greater competition within national markets could be expected to result in lower and more innovative fares, more effective promotion of bus and coach services, and a range of improvements in service quality ranging from greater service frequencies to the more extensive provision of WiFi on board.

3.32 However, this conclusion must be qualified, since the recently-liberalised markets are not yet mature and it is not clear how far effective competition across a broad range of routes can be sustained. The potential for markets to consolidate and/or remain dominated by a single operator over extended periods is clearly demonstrated by experience in the UK, where National Express continues to operate the only extensive national network notwithstanding more than 35 years of market liberalisation. In addition, several studies have noted a trend towards greater market concentration in both Germany (where the principal operator, FlixBus, already has around 90% of the market) and Italy. The resulting impact on competition, prices and service provision is difficult to predict, but the following studies provide useful evidence:

- Hibbs (1991)¹², reviewing the UK market some 10 years after liberalisation, concluded that while the Transport Act 1980 and subsequent privatisation of National Express did not lead to a highly competitive market in long distance coach travel, it did result in a marked decline in fares and an increase in service frequencies on the busiest routes. This was accompanied by an overall increase in the level of passenger travel, from which both the coach and rail industries benefitted. Further development of the coach sector was

¹² The liberalisation of the British bus and coach industry, John Hibbs, 1991.

constrained to some degree, but this was largely a result of motorway congestion rather than the dynamics of the market.

- Grimaldi et al (2016) note that the German market had substantially consolidated by 2015 as a result of the merger of FlixBus and MeinFernbus¹³. The merged organisation accounted for 70% of timetabled service-kilometres in the same year, a higher share than Deutsche Bahn enjoyed in 2012 prior to liberalisation¹⁴. Moreover, while insufficient time has passed to determine how this will affect fares and service quality over the longer term, Augustin's analysis of the impact of market concentration in Germany suggests that it is again influencing price-setting behaviour, as the market power of the main operator has grown¹⁵.
- Grimaldi et al (2016) also provide evidence of market consolidation in Italy, although the national market remains relatively fragmented. In contrast to the situation in Germany, the market for coach travel was well-established in Italy prior to liberalisation, and with a range of incumbents supplying monopolised markets. These have been more difficult to challenge, and the market response to liberalisation has therefore been less dynamic, except in the north of the country where the level of service provision has historically been limited.

3.33 The rapid growth in FlixBus's market share is striking, and appears to have influenced decisions by at least two commercial operators to withdraw from the German market. National Express noted that it was not able to compete in the face of FlixBus's aggressive pricing strategy, particularly following the merger with MeinFernbus. In addition, Megabus indicated that while its decision to withdraw from the German market was purely commercial, it was informed by the position taken by the German competition authorities on market definition, namely that coach and train operators compete in a single market for interurban travel.

3.34 This evidence suggests that liberalisation may not lead to sustainable competition over the long term, and that the form that competition takes, once it is introduced, can vary significantly between Member States. The implication is that while competition between operators has delivered significant benefits to passengers, both in terms of fare reductions and improved service levels, the market dynamics observed in the early years of market liberalisation are unlikely to continue indefinitely. To some extent, some degree of market consolidation may benefit passengers, since it results in greater stability of route networks and enables them to plan journeys with greater certainty. Nevertheless, any consideration of the link between competition and government policy towards market access, an issue to which we return below, must take account of the tendency of liberalised markets to become more concentrated over time.

3.35 At the same time, coach services frequently fail to compete effectively with other modes, in particular the private car, as a means of making longer distance journeys. This reflects the fact that, from a passenger's perspective, travel by car is more flexible and convenient (since travel times are not constrained by a published schedule) and typically faster (since a car driver can select the quickest route and does not need to make intermediate stops). Figure 3.8 and

¹³ In the work previously cited in footnote 10.

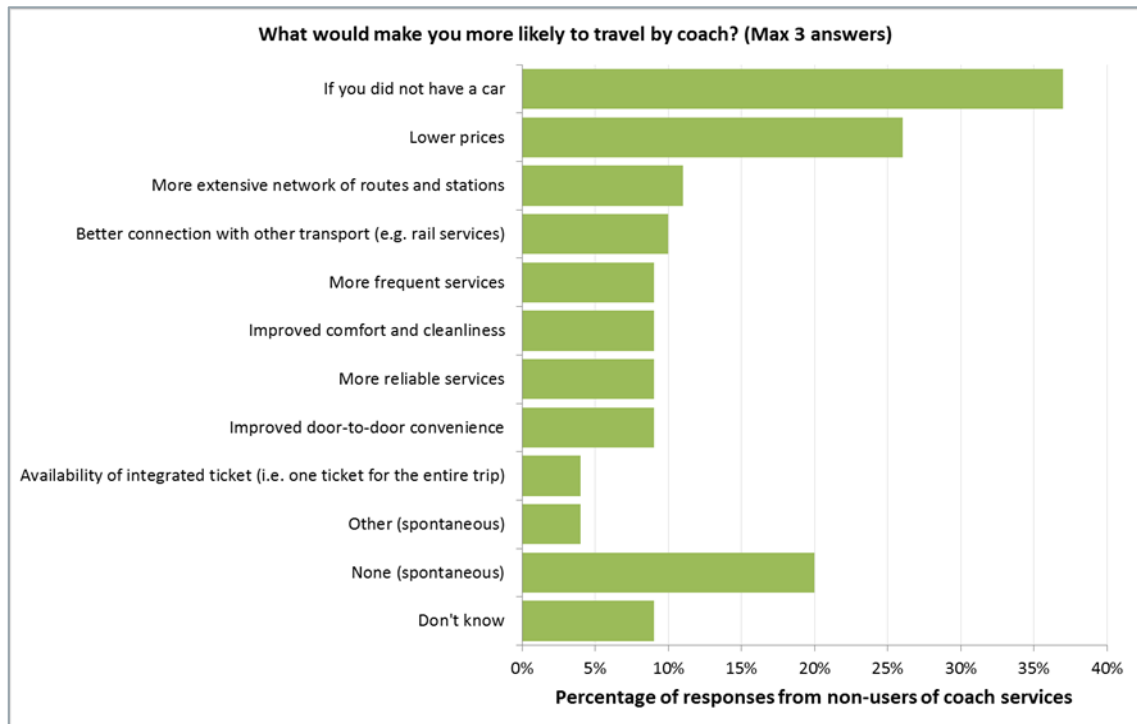
¹⁴ Information obtained from our stakeholder consultation suggests that FlixBus's share is now above 80% and may be as high as 90%.

¹⁵ In the work previously cited in footnote 7.

Figure 3.9 below, based on results from a recent Eurobarometer survey of both users and non-users of coach services, highlight the importance of private car travel for both groups, indicating that:

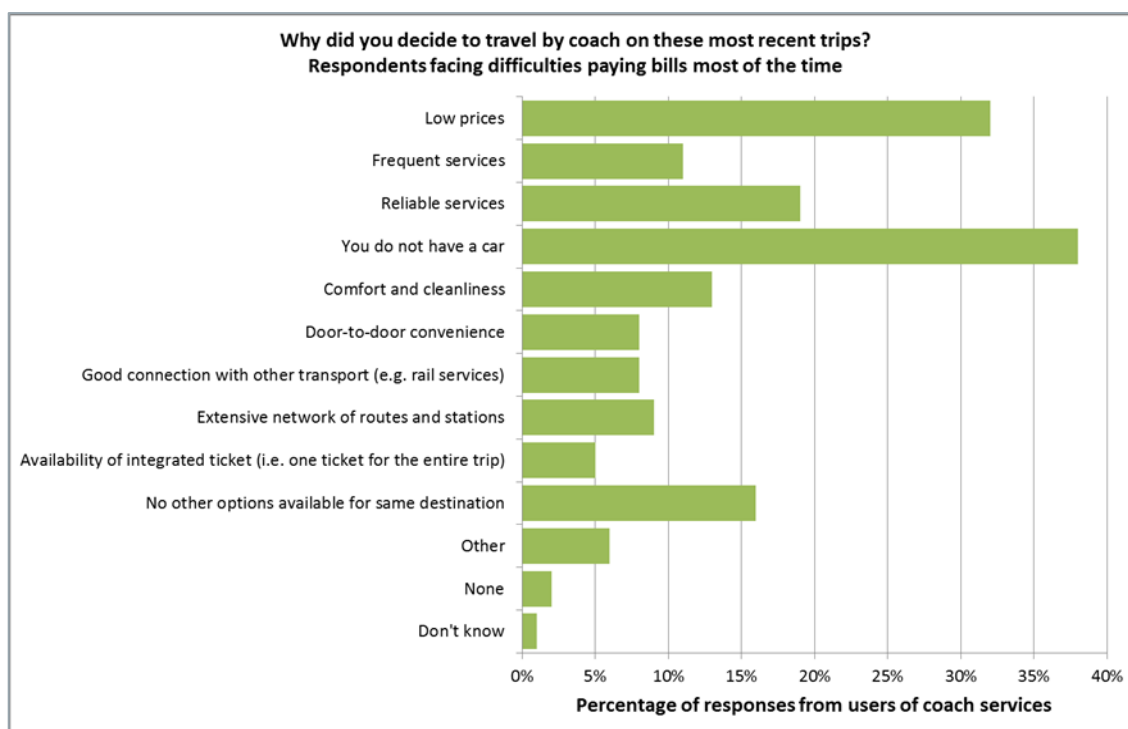
- a relatively high proportion of non-users would make greater use of coach services if they did not have access to a car; and
- a similar proportion of users of coach services in economically disadvantaged groups (interpreted as those frequently facing difficulties in paying bills) chose to use coach services to make recent journeys because they did not have access to a car.

Figure 3.8: factors increasing the chances of travel by coach by non-users



Source: Special Eurobarometer survey on coach services, March 2017.

Figure 3.9: factors influencing choice of coach by economically disadvantaged groups



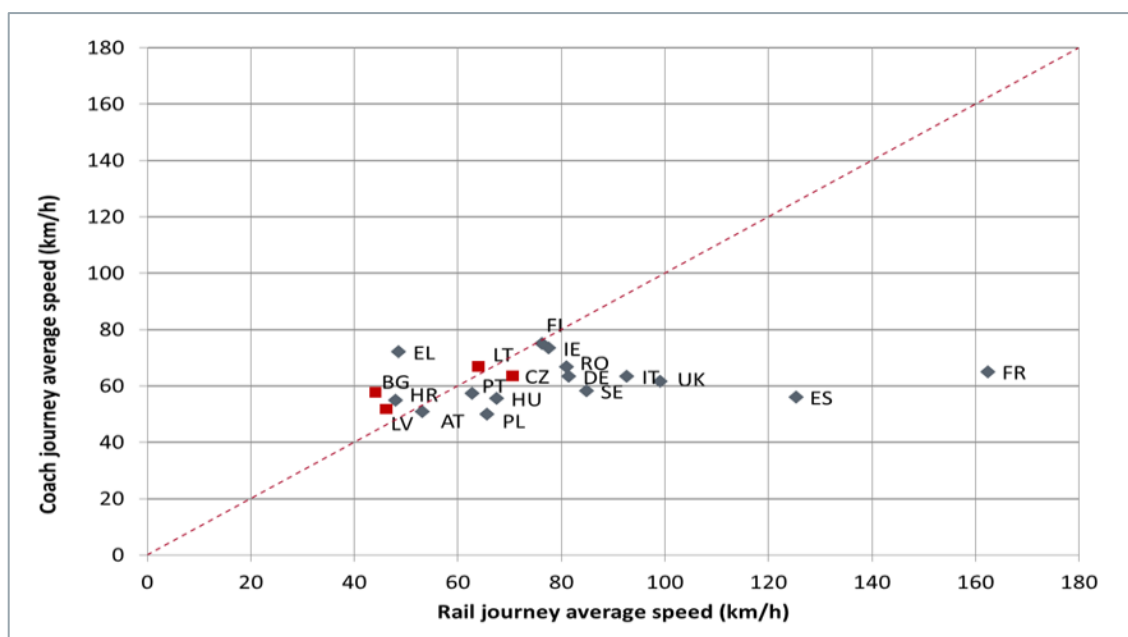
Source: Special Eurobarometer survey on coach services, March 2017.

- 3.36 Moreover, some stakeholders interviewed during the consultation process suggested that the growth of shared economy services based on the internet has increased competition from the private car. Both BusUp, a provider of occasional and discretionary services, and Ouibus, the coach service subsidiary of SNCF, drew attention to the potential for car-sharing apps such as BlaBlaCar to be used to arrange regular services competing with established coach routes. We understand that BlaBlaCar has recently been subject to legal action by coach operators because some users were allegedly organising regular services, undermining fair and transparent competition. In addition, BusUp noted ongoing competition from more traditional car-based alternatives to public transport such as car rental.
- 3.37 The level of competition between rail and coach services varies considerably by route. Travel by coach is frequently slower than travel by train, although it may also be significantly cheaper, depending on the route. In a study on rail fares and service quality undertaken for the Commission in 2016¹⁶, we investigated coach and rail journey times for 26 domestic station-to-station routes in different Member States¹⁷. The results are reproduced as Figure 3.10 below, and demonstrate the greater speeds, and hence shorter journey times, that are typically offered by rail services in the majority of countries.

¹⁶ Study on the prices and quality of rail passenger services, Steer Davies Gleave, April 2016.

¹⁷ See Table 4.2 in study cited above.

Figure 3.10: interurban coach and rail journeys under 300 kilometres: average speeds

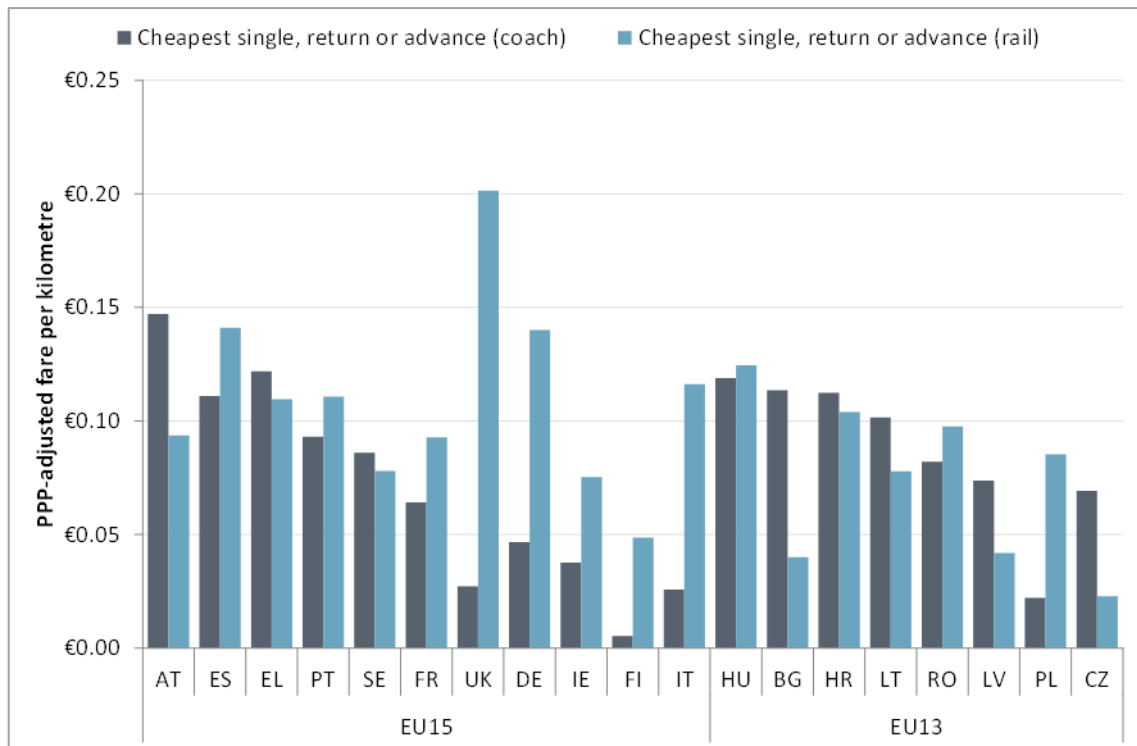


Source: Study on the prices and quality of rail passenger services, Steer Davies Gleave, April 2016.

3.38 While coach operators often compensate for longer journey times by offering fares that are lower than those of competing rail operators, it is not the case that coach fares are routinely lower than rail fares for an equivalent journey. In a further study for the Commission on passenger transport by coach in Europe, also completed in 2016¹⁸, we noted that in many Member States the average cost of coach and rail travel are broadly comparable. Figure 3.11 below, which reproduces a comparison of coach and rail fares undertaken for the 2016 study (based on a sampling of fares for the same station-to-station pairs underpinning the analysis in 3.37), suggests that there is no systematic discounting of coach fares against the rail alternative, and that in some countries coach fares are substantially higher. We also note that the level of discounting appears to be greatest (and the fares per kilometre lowest) in countries that have liberalised domestic coach markets, at least to some degree (namely the UK, Germany and Italy).

¹⁸ Comprehensive study on passenger transport by coach, Steer Davies Gleave, February 2016.

Figure 3.11: interurban coach and rail journeys under 300 kilometres: fares



Source: Comprehensive study on passenger transport by coach, Steer Davies Gleave, February 2016.

3.39 We emphasise that the sample of fares on which this comparison is based is limited. Nevertheless, taken together, Figure 3.10 and Figure 3.11 provide support for the view that in some Member States the coach sector lacks a coherent strategy for competing effectively with other modes. These results are also consistent with the results of the Eurobarometer survey reported above, which indicate that the pricing of coach services is an important factor in the mode-choice decision of both non-users and economically disadvantaged users. More specifically, we note that more than one-quarter of non-users stated that they would be more likely to travel by coach if prices were lower, while around one-third of users facing difficulties paying bills indicated that they would travel more if the cost were lower.

Insufficient integration with other modes

3.40 We also identified evidence that the attractiveness of longer distance bus and coach services depends on the extent to which they connect with other modes of transport and the convenience of the connections provided. In particular, we note the following observations:

- National Express has confirmed the importance of co-locating bus and rail terminals where possible, and that roadside stops are not appropriate when marketing strategies are based partly on encouraging multimodal travel. In the UK, it is arguing for terminals at the new London Crossrail stations to facilitate interchange, and supports the development of a terminal at Stratford, a local and regional transport hub in east London. It has also highlighted the importance of ensuring connectivity between international and domestic coach services, between which 20-25% of its passengers in London connect.
- Megabus has similarly highlighted the importance of serving terminals that enable interchange with other modes, and observed that it will seek to arrange stops close to rail

stations where access to a terminal is not available. It has reported difficulty in obtaining access to some railway terminals, as we discuss further below.

- In Belgium, the Federal Public Service for Mobility and Transport, which is responsible for the regulation of international regular coach services, includes among its key objectives enhancing the complementarity of different transport modes and harmonising differential modal timetables. It stated that coordination of transport in the interests of improving the overall quality of service is a key regulatory function.
- The European Disability Forum told us that multimodal terminals are particularly important for persons with restricted mobility (PRMs), who rely on being able to transfer between modes easily. They noted that terminal quality varies considerably between Member States, and highlighted examples of old terminals in Germany and France that are capacity-constrained (resulting in coaches stopping on adjacent streets) and poorly-connected with city centres.
- The IRU, which represents 28 national bus and coach transport associations around the world, stated that there was a general lack of integrated terminal facilities supporting door-to-door transport, and that this undermined the ability of operators to meet customer needs. This was particularly evident in the lack of facilities enabling transfer from train to coach, frequently the result of publicly-owned terminal capacity being reserved for local bus services.
- In Greece, the government considers that the lack of any mandatory requirements for national and international coach terminals is a major gap in Regulation 1073/2009 and is addressing this through new national legislation. It is seeking to define five categories of terminal, one of which will cover the new facility planned in Athens providing for interchange between coach and metro services.

3.41 While concerns about terminal access are not restricted to access to multimodal facilities, it is clear from this evidence that easy interchange between modes can be an important element of a coach operator's offer, and that lack of access to a multimodal terminal can undermine the competitiveness of a service. This is a particularly important consideration for both operators and policymakers seeking to build more integrated transport networks and encourage travel among PRMs and other social groups who may be less inclined to travel.

Problem drivers and root causes

Restricted access to national interurban markets

3.42 We identified a wide range of restrictions on access to national interurban bus and coach markets, including among Member States that have introduced market liberalisation, and operators have confirmed that these limit competition between them. Our review of the evidence to date suggests that the impact of market restrictions depends partly on the business model adopted by an operator when seeking to introduce domestic services in a new country. We have identified three distinct models, each of which can be used in isolation or in combination with others:

- An operator may register a business in the Member State concerned for the purposes of complying with national regulations. For example, National Express operates services under concession contracts in Spain through ALSA, its Spanish subsidiary.
- Alternatively, the operator may subcontract services to another already established in the Member State. Under this model, the main operator will typically publish an integrated timetable but may offer services to its subcontractors, for example procurement of a coach fleet to exploit economies of scale. This model has been central to FlixBus's rapid

expansion in Germany and several other European countries, but has been adopted by other operators including Ouibus, National Express and Megabus.

- Some operators have sought to circumvent national approvals processes by introducing international services and providing cabotage. For example, Megabus introduced a service between Amsterdam and Paris partly with the aim of introducing a French service through the authorisation process provided for by Regulation 1073/2009. However, such an approach may not be successful in avoiding all restrictions. Megabus pointed out that, despite the liberalisation introduced by the Macron law, there are limitations on the number of French domestic passengers that may be carried on a vehicle operating from another Member State.

3.43 While all these models can and have been used by operators to enter new domestic markets across the European Union, we note that they inevitably involve additional costs, beyond those incurred in demonstrating that the operator is financially secure and operates services that comply with relevant safety standards applying to drivers and vehicles. We also note that, of the models adopted to enter the newly liberalised markets of Germany, Italy and France, the model based on subcontracting appears to be the most successful. It is particularly striking that National Express, the dominant operator in the UK, was not able to compete with FlixBus in Germany, while Megabus eventually withdrew from the European market after first providing subcontracted services in support of FlixBus's expanding European network.

3.44 We suggest that, while different business models adopted by different operators may succeed or fail in a competitive market, market restrictions that favour one model over another are likely to distort competition in the long run. As FlixBus's experience has demonstrated, the advantages of a particular model may enable an operator to expand rapidly in response to market opportunities arising from liberalisation and new trends in passenger travel. However, it is open to question whether the resulting market dominance is in the interests of passengers, particularly where national competition authorities are slow, reluctant, or unable (given local competition law and precedents) to act. This potential for market distortion demonstrates the importance of examining and addressing the root causes of restricted access to national markets, rather than relying on operators to identify cost-effective ways of circumventing them.

3.45 Figure 3.5 showed how we identified three separate, although interrelated, root causes of restricted market access. In some Member States, access is directly restricted through the award of contracts to monopoly service providers. In Greece, for example, contracts are awarded directly to operators within KTEL, a jointly funded group of companies, although we understand that other operators will in the future be able to bid for contracts. In other Member States, such as Spain, contracts are competitively tendered, which subjects operators to competitive discipline periodically.

3.46 By definition, the award of monopoly contracts effectively eliminates the scope for competition on individual routes except where they overlap or connect the same points by different routes. In addition, it can substantially constrain the development of international commercial networks. Even where contracts are subject to competitive procurement, the cost and uncertainty of mounting a bid to operate an entire route network may discourage potential market entrants who would otherwise have tested commercial opportunities through more limited route-by-route market entry. Moreover, the length of concession contracts (which have been up to 10 years in Spain), further limits the opportunity for new entry.

- 3.47 We have seen no evidence that Member States currently awarding monopoly contracts have plans to liberalise their domestic interurban coach markets in the foreseeable future. Indeed, the Passenger Transport Directorate of the Ministry of Public Works and Transport in Greece confirmed that such contracts are considered essential for the provision of coherent public transport services. They do not consider it appropriate to rely on private sector operators, responding to purely commercial pressures, to determine the level of such services.
- 3.48 Restrictions can also apply in circumstances where markets have already been liberalised. We have already noted that Megabus has been frustrated by French restrictions on the number of cabotage passengers carried on each route. In some Member States, however, operators can be excluded entirely from potential markets, particularly where a proposed new service threatens the economic viability of operations meeting public service obligations and provided under contract. Constraints can take the form of:
- a prohibition on particular types of operation, for example cabotage services as in Latvia;
 - restrictions on services that are below defined distance thresholds, such as in France, where entry is subject to regulation unless the passenger is carried more than 100 kilometres;
 - prohibited entry to routes already served by an operator (whether road or rail) meeting public service obligations under a contract, as in Germany, where new services will not normally be authorised unless the distance between stops on the proposed route is greater than 50 kilometres and there is no rail service with a journey time of less than one hour already serving them; and
 - withholding permission to operate following an analysis of the impact of the proposed service on an established operator meeting public service obligations, a practice applied in a number of Member States including Denmark, Finland, France (in the case of passenger carried less than 100 kilometres, when there is an additional test that they must cross an administrative authority boundary), Ireland and Italy.
- 3.49 A number of stakeholders confirmed that such restrictions can discourage or even frustrate new entry, and that the application of different approaches to protecting operators meeting public service obligations in different Member States makes it difficult to plan new services. For example ART, the body responsible for regulating transport services in Italy, argued for a simple distance-based threshold to determine whether individual regions have competence to authorise services. At present, any service operating within a region, regardless of distance, is subject to approval by the regional authority. The German Bus and Coach Operators' Association argued for a more general harmonisation of requirements for protecting services meeting public service obligations. Arafer, responsible for regulating coach services in France, is also supportive of common requirements across Europe, but noted that these must respect national regulatory frameworks.
- 3.50 We also established that applications to operate services have been refused or modified because of the potential impact on established public services. For example, we understand that the National Transport Authority (NTA) in Ireland has refused applications made by commercial operators seeking to provide peak-only services on a corridor already operated under contract (with limited potential to expand demand), and in other circumstances where competition could be expected to lead to a reduction in contracted frequencies. At the same time, the NTA has noted that this approach is fully consistent with the promotion of competition where appropriate, and that it has permitted new services on a number of commuter corridors with established operators providing services under contract.

- 3.51 There is also evidence that restrictions on market entry can be exacerbated through the process of awarding public service contracts, which may favour incumbent operators and prevent potential new entrants from competing on equal terms. For example BusUp, a provider of occasional and discretionary coach services, noted that both existing and new contracts are often tendered on terms that only established operators can meet. Similarly, the Coach Tourism and Transport Council in Ireland suggested that the prequalification criteria for bidding for recent Irish public service contracts effectively exclude the majority of private operators. Limiting the number of potential bidders in this way may mean that new operators are prevented from extending their networks even where they are prepared to operate services under public service obligations and meet contractual requirements defined by regional and local authorities.
- 3.52 The existence of the third root cause underpinning restrictions on market access, namely a requirement to establish in the Member State in which domestic services are provided, was established through the evaluation of Regulation 1073/2009. The Commission's Intermediate Evaluation Report noted that "most Member States require operators of national regular services to be locally established". In addition, the 2016 study found that few Member States had taken the opportunity to issue Community licences under the provisions of Regulation 1073/2009 for the purposes of licensing national operations. In principle, the requirement for local establishment creates a barrier to entry, particularly for SMEs lacking the resources to establish subsidiaries outside their home country.
- 3.53 As discussed above, until now coach operators have overcome this barrier, at least to some extent, through the adoption of different business models. These have included subcontracting services to local operators as well as establishing new subsidiaries. Nevertheless, discussions with operators confirmed that the costs of circumventing local establishment requirements can be significant, even for large established operators. For example, National Express, which subcontracts a substantial proportion of its operations, noted that it is necessary to monitor the performance of contractors and their drivers daily, and that customer service and engineering standards must be checked, although they noted that the model generally works flexibly and well. Megabus told us that it preferred to establish its own operations, but opted to work with subcontractors in France because of difficulties in obtaining a licence.
- 3.54 There is also evidence that establishment requirements can affect service planning, even where it is not a licence or authorisation condition. For example, Megabus indicated that, in some Member States, only locally-registered operators can apply for access to on-street stops and terminals. This restriction applies even in the case of international services operated under the provisions of Regulation 1073/2009.

Excessive administrative burden

- 3.55 The targeted consultation highlighted evidence of a number of administrative barriers that add to the cost of entry. We have not identified any operator that records such costs systematically, but some confirmed that they can increase the time taken to introduce new services significantly. For example:
- Even in Member States that have liberalised the market, administrative procedures for obtaining permission to introduce services can be unnecessarily protracted. In Germany, the process can take up to four months, whereas several operators considered that two (one month to consult and one month to prepare a response to the applicant) should be

sufficient. One operator noted that it was necessary to employ a subcontractor to facilitate an application in Italy. Ouibus contrasted the protracted nature of the authorisation procedure for international services with the simplicity of the 100-kilometre rule under the Macron law in France (whereby there is no need for authorisation in the case of services on which all passengers are carried more than 100 kilometres), and BusUp also noted the difficulties of securing authorisation when there are existing services subject to a public service contract.

- Application procedures and requirements vary substantially between Member States, even in the case of applications to operate international services under Regulation 1073/2009. Megabus considered that applications concerning international services should be made online through a single portal, although National Express suggested that this would simply add to the complexity of the process. The German Bus and Coach Operators' Association indicated that existing processes tended to favour larger, established operators with the resources needed to investigate and meet the various requirements. National Express acknowledged that members of Eurolines were particularly well placed to understand national requirements and processes.
- Procedures and requirements can also vary within Member States. In Germany, different procedures apply in the different Länder, and in the case of domestic services applications must be made to the Land in which a proposed service is planned to start. It can be difficult even to contact and engage with the individual responsible for making the decision, who may also be responsible for operating bus services.
- Several stakeholders highlighted the importance of language barriers and the need for translators to communicate requirements and to complete application forms.
- It can be difficult to coordinate terminal arrivals and departures, since different cities are responsible for different terminals. For this reason, Megabus found the planning of schedules in Germany particularly problematic.
- Some Member States have already taken action to reduce the administrative burden, with the implication that there is scope for introducing similar reforms elsewhere. For example, a number of Scandinavian and Baltic countries have abolished the journey form, a move strongly supported by a number of operators, and the Ministry for Infrastructure and Transport in the Netherlands is contemplating similar action. The Finnish Ministry of Transport and Communications is similarly considering a new Transport Code, which would have the effect of abolishing licences and protecting established public services through a new administrative process. Moreover, although ministries in several Member States argued for the continued use of the journey form as an important regulatory measure, at least one considered that electronic submission of such documents would help to streamline the administrative process.

3.56 We note that many of these issues concern national and local application procedures and requirements, rather than those relevant to the operation of services under Regulation 1073/2009. Nevertheless, operators would welcome simpler and more efficient mechanisms for authorising new services, even if these only serve to facilitate their international operations. At the same time, the evidence collected to date also demonstrates that apparent administrative failures can significantly delay, if not frustrate, the development of domestic networks.

Restricted access to key transport infrastructure

3.57 In the 2016 study, we identified evidence of restrictions on access to terminals and other infrastructure in a range of Member States, as summarised in Table 3.1.

Table 3.1: restrictions on terminal access identified in the 2016 study

Member State	Restriction
Belgium	There is no network of coach stations, partly the result of a failure to provide for access to interchange facilities under national legislation governing coach services.
Croatia	There have been several complaints and court proceedings relating to access to terminals owned by coach operators. These concern issues such as refusal to publish the timetables, or sell the tickets, of competing operators.
Czech Republic	While many terminals have been modernised, some are overcrowded and have limited facilities. There is anecdotal evidence of disputes between operators and terminal owners over charges for access.
France	There are various models of terminal ownership and management across the country, and some operators have reported some difficulties in identifying the authorities to which requests for access should be made. The quality of terminals also varies considerably. A number of terminals are located within or adjacent to railway stations managed by SNCF, the national rail service operator in France. Since SNCF also operates coach services through its Ouibus subsidiaries, it may be difficult for competing operators to gain access.
Germany	A number of terminals are becoming capacity-constrained as a result of the growth in services following liberalisation. This has prompted a debate between national and local transport authorities and operators about responsibility for funding investment.
Greece	Construction of a new terminal in Athens has experienced delays due to funding and planning difficulties.
Ireland	Most terminals are owned by CIÉ, the national transport holding company, and only Bus Éireann has access to them. However, there are plans to enable local authorities to specify terminals as shared access facilities, and such facilities are provided in Galway (where the local council has funded a coach terminal available to all operators) and Dublin.
Italy	The operator of Bologna terminal has alleged that some operators illegally allow passengers to board and disembark at other locations.
Slovakia	There are several disputes concerning the level of charges for access to terminals.
Sweden	Stockholm's Cityterminalen has limited capacity and occupies a constrained urban site that cannot be readily expanded.
UK	Operators have noted that access can be restricted due to a lack of capacity and/or operational constraints (e.g. an inability to cater for night operations or PRMs).

Source: Steer Davies Gleave, 2016 study.

- 3.58 This evidence supports the proposition that operators cannot always serve particular terminals because access is restricted, but is insufficient to demonstrate that this has a material impact on competition. In practice, this will depend on the options open to an operator that cannot gain access to a preferred terminal location, which will vary with local circumstances. Experience in Germany demonstrates that terminal access may only become a problem following liberalisation, when a rapid expansion of services puts pressure on available capacity. At the same time, not all operators require access to terminal facilities, and may even prefer to operate between kerbside and other locations to avoid charges or offer greater flexibility to the customer. For example, the Oxford Tube, a subsidiary of Stagecoach, operates coach services between Oxford and London Underground (metro) stations, and is therefore not dependent on the availability of capacity at London's main Victoria Coach Station.
- 3.59 We therefore investigated terminal access further through the targeted consultation exercise. The evidence gathered indicates that restrictions on terminal access are widespread, and that they can have a material impact on the services available to passengers. The following

summary provides an indication of the issues raised by a range of stakeholders, including operators, regulators and ministries:

- Arafer, the regulatory body for the coach sector in France, cited a recent case in which it was required to resolve a dispute concerning access to Beauvais airport. Initially, the terminal operator failed to publish access rules and, while they were subsequently made available, Arafer considered that they were poorly written and that the objective of the rules was open to question. At the time of writing there is an ongoing procedure, whereby Arafer is investigating whether the terminal operator has breached its legal obligations.
- ART, which is responsible for regulating the sector in Italy, highlighted a general lack of terminal capacity in cities such as Rome and Turin. The terminals that are available are heavily congested and it is difficult for new operators to gain access. ART also suggested that the lack of a clear definition of terminals, setting out minimum standards for facilities, made it difficult to enforce access.
- The Ministry of Public Transport and Works in Greece stated that it is bringing forward a Presidential Decree defining mandatory standards for different categories of terminal to clarify the facilities that should be made available to operators. It also referred to the construction of a new terminal at Elleonas, consolidating the existing facilities at Kifisos and Liosia. This will provide capacity for international services, which are currently not permitted to use the intercity terminals operated by KTEL companies.
- The Ministry of Transport and Construction in Slovakia cited a case recently referred to them in which an operator complained that a regional authority had refused to grant a licence because the city centre at one end of the proposed route was congested. The Ministry subsequently confirmed that the licence should be issued, but the example demonstrates how local restrictions can frustrate or at least delay market entry.
- The German Bus and Coach Operators' Association noted a tendency for terminals to be moved out of city centres. In Stuttgart, the city authorities are building a new terminal at the airport, which is half an hour from the city centre by S-Bahn, with the result that passengers can spend more time making the connection than they spend on the coach. In Köln, the terminal is also being moved to the airport, and in Jena the authorities are seeking to require all international coach services to serve a terminal in a remote suburb. More generally, coaches are being discouraged from travelling to city centres for environmental reasons and because centres are already considered congested.
- Regional authorities in Germany with responsibility for transport tended to confirm this while offering a different perspective. For example, the Ministry for Transport for Baden-Württemberg observed that while there is no discrimination in terminal access in Germany, infrastructure designed for local public transport is not necessarily suited to longer distance transport services. The Supreme Building Authority within the Bavarian Ministry of the Interior also noted that local authorities must be permitted to determine how the facilities that they owned were used to further their own transport objectives.
- Megabus confirmed that it preferred to use terminals rather than on-street stops, particularly when passengers require intermodal transport links. It noted that it had experienced difficulties in gaining access to terminals owned and managed by railway operators, citing Trenitalia's refusal to provide access to the terminal in Padua. It also observed that there is no terminal in Brussels and that the city centre is reserved for tourist coaches.
- Ouibus similarly noted difficulties in obtaining access to terminal facilities as well as on-street stops in some French cities, and indicated that in some cases coaches had effectively been prohibited from operating to city-centre locations.

- National Express observed that there are generally insufficient public terminals across Europe, and that several major cities including Amsterdam, Paris and Brussels do not have any public terminals. In Austria, terminals tend to be owned by the rail operator and requests for access can be refused, while in France they are increasingly being located outside of city centres. Competitors are generally unwilling to share their terminals and they are anyway frequently capacity constrained.
- This view was echoed by the European Passenger Transport Operators (EPTO), an organisation representing a number of large private sector providers of public transport services in Europe. It noted that coaches are often forced to use roadside pick-up and drop-off points, and that accessible terminals are frequently outside the city centre.
- The Sveriges Bussresearrangörer, which represents 140 operators based in Sweden, noted that some cities in Italy, in particular Florence, Rome and Venice, restrict access to the city centre, and that congestion in Paris can lead to delays or even additional charges for operators (although access to hotels is generally not a problem).
- BusUp highlighted the difficulties experienced by providers of occasional and discretionary services in gaining access to publicly-owned terminals.

3.60 This summary of the evidence gathered provides support for all three of the root causes of restricted access to key transport infrastructure (including city centre road networks as well as terminal facilities) identified in Figure 3.5. At the same time, it serves to highlight the need to consider them in a broader policy context, rather than simply in relation to their impact on bus and coach markets. In particular, restrictions on access to city centres arise from concerns about environmental emissions, congestion and other disbenefits that must be balanced against the benefits for passengers of travelling to city centre destinations by coach. Similarly, the emergence of constraints on existing terminal capacity raises questions about the appropriate source of funding for capacity enhancements, and how calls on public funds to support terminal investment should be balanced with other demands driven by policy considerations going beyond the transport sector.

3.61 Hence, in our view, it would not be appropriate to address the general causes of constrained terminal capacity and restrictions on access to city centres through revisions to Regulation 1073/2009. We agreed with the Commission that they are therefore beyond the scope of this study, although we consider their impact on policy outcomes in our assessment of the impacts of options later in this report. We also note that these potential restrictions on the development of coach services tend to reinforce the need for access to multimodal terminals, to enable passengers to connect with other local, regional and long-distance transport.

3.62 However, the issue of discriminatory access is more specific to the coach sector, and it is clear from the evidence gathered to date that discrimination is a common problem and occurs where terminal facilities are both privately- and publicly-owned. We suggest that discriminatory behaviour in relation to privately-owned terminals is more difficult to challenge from a policy perspective, since the business case underpinning private sector investment may depend on a single operator having exclusive use of the available capacity. Regulations having the effect of providing a right of access to third parties, whether set at the European Union or national level, could therefore have the effect of discouraging such investment. For this reason, concerns about discrimination relating to privately-owned terminals are arguably better addressed through competition policy, whereby the relevant authorities can assess the merits of particular actions on the part of terminal owners case-by-case.

3.63 By contrast, discriminatory behaviour by the operators of publicly-owned terminals is more difficult to justify, since the underlying investment is more usually driven by a recognition of the importance of providing appropriate facilities to support good quality public transport services within a country, region or city. Moreover, public terminal facilities are often provided to ensure that passengers can interchange between transport modes, an important consideration in the planning of many coach services as discussed above. We therefore conclude that consideration of this aspect of the problem should be confined to discriminatory access to publicly-owned terminals.

3.64 While we identified various instances of apparently discriminatory behaviour across the European Union, we note that allegations of discrimination do not constitute proof of such behaviour. We therefore reviewed a number of disputes over terminal access investigated by competition authorities in different Member States. This enabled us to identify cases in which an authority has made a clear ruling on whether the actions of particular transport and terminal operators were anti-competitive. The cases identified are summarised in the table below.

Table 3.2: cases of alleged discriminatory behaviour relating to terminal access

Member State	Year of ruling	Summary
Bulgaria	2009	Planeta Trans complained to the Bulgarian Competition Authority (CPC) that Avtobusni prevozi, a bus terminal authority in the city of Pleven, was abusing its dominant position by retaining 10% of ticket prices as a service charge, and discriminating between longer distance and shorter distance operators. The CPC upheld the complaint and imposed sanctions on the terminal operator, but was challenged by the terminal operator in the Supreme Administrative Court because it had not demonstrated that the 10% service charge was excessive. While subsequent analysis by the CPC demonstrated that the 10% charge was reasonable (i.e. related to costs), it nevertheless concluded that the terminal was an 'essential facility', and that operators could not be denied access because they had not settled their debts.
	2013	The CPC sanctioned two municipal undertakings in the city of Pleven for imposing excessive tariffs on bus operators for use of the city's bus terminal. The investigation was prompted by a complaint from Hebros Bus, a bus company, concerning the imposition of a departure tariff linked to the distance of bus routes. In this case, the CPC concluded that the departure tariff did not have any relation to the costs of the service provided (which did not vary by length of route) and imposed a fine on the municipality of the city of Pleven (the owner of the undertakings responsible for managing the terminal). However, CPC rejected the claim of discrimination brought by Hebros Bus because the pricing methodology was applied to all operators in the same way.
Croatia	2010	The Croatian Administrative Court upheld a previous decision by the Croatian Competition Authority that Presečki grupa, a bus operator, had not abused its dominant position by transferring all its operations in the municipality of Krapina to a new terminal. Competing operators had argued that this made the old terminal less attractive from the perspective of passengers, since it offered few connections. The Court concluded that the new terminal did not have a natural monopoly, and that Presečki grupa had obtained all necessary licences and permits for its operation. Nevertheless, the Court did not appear to challenge the view that the incumbent's move to a new terminal damaged its competitors.

Member State	Year of ruling	Summary
Czech Republic	2006 - 2010	<p>ČSAD Liberec, the operator of the bus station in the city of Liberec as well as a series of bus routes including Prague-Liberec, refused access to Student Agency, a competing operator. Student Agency had intended to introduce its own Prague-Liberec service, and was seeking to use capacity in the terminal since it was available to the incumbent and third parties.</p> <p>Initially, the Office for the Protection of Competition found that ČSAD Liberec had abused a dominant position, but this was subsequently challenged. On appeal, the Supreme Administrative Court found that, while the terminal was not an “essential facility” (since Student Agency had established a service despite not having access to the terminal), ČSAD Liberec was abusing a dominant position by not allowing Student Agency access to the terminal on the same terms as other operators.</p>
Finland	2016	<p>An investigation by the Finnish Competition and Consumer Authority revealed that major bus companies formed a cartel with the aim of preventing market entry. In particular, they refused access to certain services, which made their competitors unable to include their routes within published timetables, or to sell their tickets through established service points. The Authority ordered the parties to end the anti-competitive practices and proposed a substantial fine to the Market Court for consideration.</p>
Latvia	2016	<p>The Competition Council of Latvia initiated an investigation against SIA Rēzeknes after receiving a complaint from SIA Norma-A, a bus operator, that it was charging excessive fees for access to a regional bus station. The fee included a lease payment determined by the owner of the bus terminal and other elements including a charge to cover the costs of reconstructing the terminal. The Council concluded that by charging unreasonable fees, SIA Rēzeknes had abused a dominant position and encouraged the inefficient use of public resources.</p>
UK	2014	<p>Arriva, a UK-based coach and bus operator, claimed that Luton Airport had abused a dominant position by granting exclusive rights to operate to the airport. The case arose after the airport granted exclusive rights to National Express following a competitive tender, the effect of which was to displace Arriva’s established service. The judge ruling on the case concluded that the airport derived commercial and economic benefit from the granting of an exclusive concession (by receiving a fee based on a percentage of the winning operator’s revenue) and that the airport’s action was therefore an abuse of a dominant position.</p>

Source: National Competition Laws Bulletin – various 2006 to 2014.

3.65 These cases demonstrate the variety of impacts that discriminatory behaviour can have on the services provided by competing bus operators:

- refusal to grant access on competitive terms can prevent a competitor from introducing a new service on a given route;
- a decision by a terminal owner to allow access to a single preferred supplier can have the effect of displacing even an established competitor;
- a decision by an incumbent bus or coach operator to vacate a terminal in favour of a new facility can have the effect of undermining the services of competitors who remain.

3.66 They also demonstrate that the time taken to reach a decision on cases involving abuse of a dominant position and anti-competitive behaviour can take several years, particularly where initial decisions are challenged in court. We consider these issues further below in the context of quantifying the problem.

Quantification of the problem

3.67 We discuss next the quantification of the problem in terms of the three problem drivers identified in Figure 3.5.

Restricted access to national interurban markets

3.68 We quantified the problem of restricted access by identifying, in Figure 3.3, the proportion of the European Union market for interurban bus and coach travel that has not been liberalised.

3.69 As a starting point, we took the results of an updated version of the EU Reference Scenario 2016¹⁹, and separated the inter-urban transport activity projections of buses and coaches by country group according to the approach to market regulation summarised in paragraph 3.30. The updated EU Reference scenario 2016 does not account for the market liberalisation in Germany, Italy, France and Poland. Hence, the scenario has been adjusted to reflect changes in inter-urban coach transport activity in these Member States as a result of a reformed national regulatory framework.

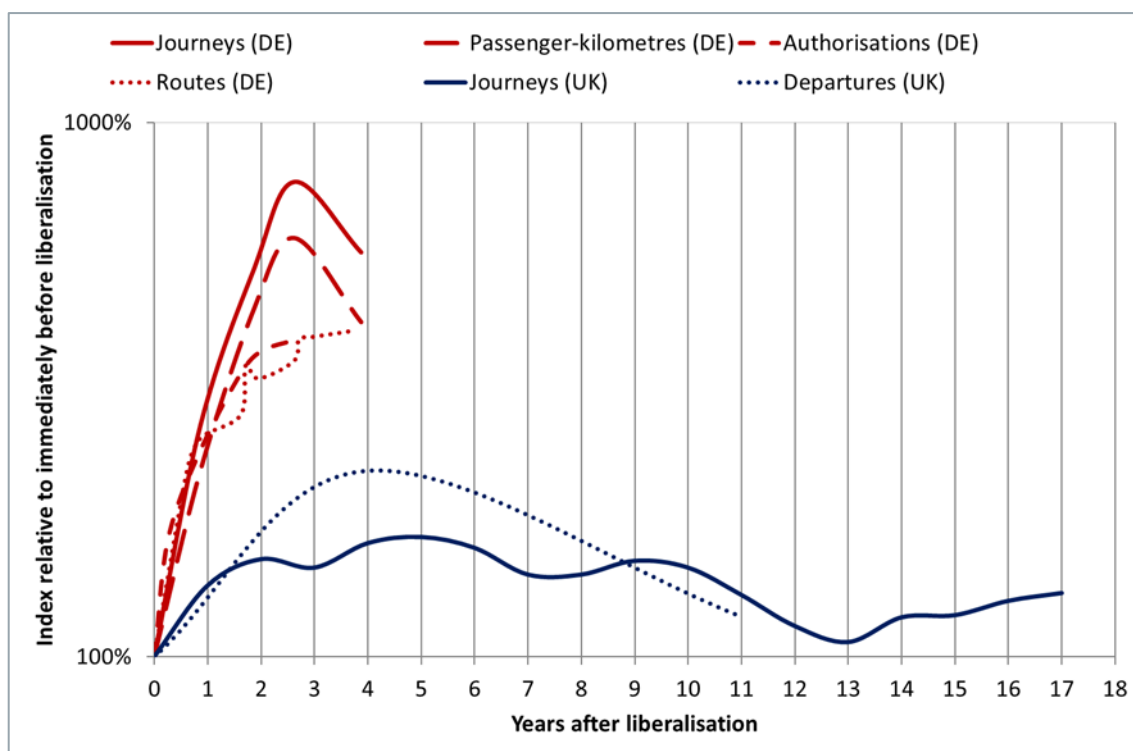
3.70 It is difficult to identify a robust basis for adjustment since:

- The number of Member States for which long term trends following liberalisation can be established is limited to Sweden and the UK, and we were only able to identify data for the relevant years for the UK.
- Among the Member States liberalising their markets more recently, which in principle provide an indication of the short-term impact in today's market, only Germany has reported sufficient data over a sufficient length of time to support an estimation of recent trends in coach traffic.
- As already discussed, even among those Member States that have liberalised their markets, there are differences both in the regulatory conditions before and after liberalisation, and in other factors affecting market dynamics, such as geography and population density.

3.71 Figure 3.12 shows observed trends in the UK market in the years following liberalisation in 1980 and in Germany in the years since 2013. We used these as a basis for adjusting the updated Reference Scenario 2016 projections for passenger-kilometres by coach in Germany, Italy, France and Poland.

¹⁹ This scenario builds on the EU Reference scenario 2016 but additionally includes some updates in the technology costs assumptions (i.e. for light duty vehicles) and few policy measures adopted after its cut-off date (end of 2014) like the Directive on Weights and Dimensions, the 4th Railways Package, the NAIADES II Package, the Ports Package, the replacement of the New European Driving Cycle (NEDC) test cycle by the new Worldwide harmonized Light-vehicles Test Procedure (WLTP). It has been developed with the PRIMES-TREMOVE model (i.e. the same model used for the EU Reference scenario 2016) by ICCS-E3MLab. A detailed description of this scenario is available in the Impact Assessment accompanying the Proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, SWD (2017) 180

Figure 3.12: services and passenger volumes following UK and German liberalisations



Source: Regular interurban coach services in Europe, Round Table, United Kingdom, Peter R White, Transport Studies Group, University of Westminster, 2001, BAG and BMVI.

- 3.72 The circumstances of liberalisation in the United Kingdom and Germany are different.
- 3.73 In the United Kingdom before liberalisation, a well-established network of coach services was provided by an incumbent national operator. Following liberalisation, this operator was challenged by new entrants, none of which succeeded in building and sustaining a rival network. The pattern suggests that supply (dotted blue line) increased faster than demand (solid blue line), which also resulted in a decline in real fares²⁰, but the new entrants were ultimately unable to capture market share, possibly because of the limited abilities at the time to market and build awareness of a niche service. Both supply and demand appear to have peaked after around four years, and subsequently reverted to close to former levels.
- 3.74 In Germany before liberalisation, in contrast, the market for coach services was relatively underdeveloped. Following market opening, many new entrants simultaneously attempted to build networks, before consolidation began and FlixBus became dominant. Relative to the United Kingdom, this resulted in a much greater growth in absolute volumes of supply and demand. Unlike in the United Kingdom, measures of demand (solid and long dash red lines) appear to have grown faster than measures of supply (short dash and dotted red lines), suggesting that the new entrants could market and fill their services. This may reflect the effectiveness as marketing tools of the internet and social media, which were not available at the time of liberalisation in the United Kingdom. Nonetheless, four years after liberalisation, the evidence from Germany already suggests that:

²⁰ Further analysis of this data, including comparison with limited information of average fares over the period following liberalisation, is included in the case study on the United Kingdom.

- demand, as measured by journeys and passenger-kilometres, has peaked; and
- supply, as measured by authorisations and routes, has almost ceased to grow.

3.75 Early indications are that the market in France is following broadly the pattern of consolidation shown in Germany, although it is too early to predict or identify the timing or level of any post-liberalisation peak.

3.76 Using this evidence, we calculated adjusted average annual growth rates for the four transition countries using the process:

- i. In the case of Germany, we substituted the observed market growth rates for the years 2012-2016 for those in the updated Reference Scenario 2016.
- ii. We calculated the compound average annual growth rate of National Express passengers in the five years following liberalisation in the UK (1980-1985) and the equivalent average for the German market in the four years following liberalisation there (2012-2016).
- iii. We also calculated the average annual growth rate of National Express passengers for all the years following liberalisation to the end of the available data series (1980-1997), which provides an estimate of long term 'steady state growth' in a liberalised market.
- iv. We then determined the ratio of the growth rates calculated in (ii) to that calculated in (iii) to give a measure of the relative impact of liberalisation on market growth. This indicated that annual growth in the UK was 6.7 times the steady state growth rate in the five years following liberalisation, and, in Germany, was 33.6 times steady state growth rate in the four years following liberalisation.
- v. We then calculated an average of the two ratios (giving an average ratio of 20.1), which we consider provides a conservative estimate of relative potential growth in Italy, France and Poland (which, like Germany, could be expected to benefit from the development of internet-based sales and marketing channels but, like the UK, had more developed coach markets prior to liberalisation).
- vi. The ratio was used to adjust the inter-urban coach transport activity of the updated Reference Scenario 2016 growth rates for Italy, France and Poland, taking account of the date at which the market was first liberalised. For example, France liberalised in 2015, so we adjusted the updated Reference Scenario 2016 growth rate for the five-year period 2015-2020.
- vii. Updated Reference Scenario 2016 year-by-year growth rates were applied from six years after liberalisation.

3.77 We recognise that our approach is subject to weaknesses. In particular

- The UK data is for National Express rather than the market as a whole.
- We assumed that the relative growth in the three most recently liberalised markets will be between that in Germany and that in the UK;
- We assumed that passenger-kilometres grow at a similar rate to passenger volumes, notwithstanding that passengers may begin to take longer journeys by coach, particularly where the range of services on offer changes markedly.

3.78 However, we consider that the approach generates a plausible estimate of the potential impact of liberalisation on sector activity.

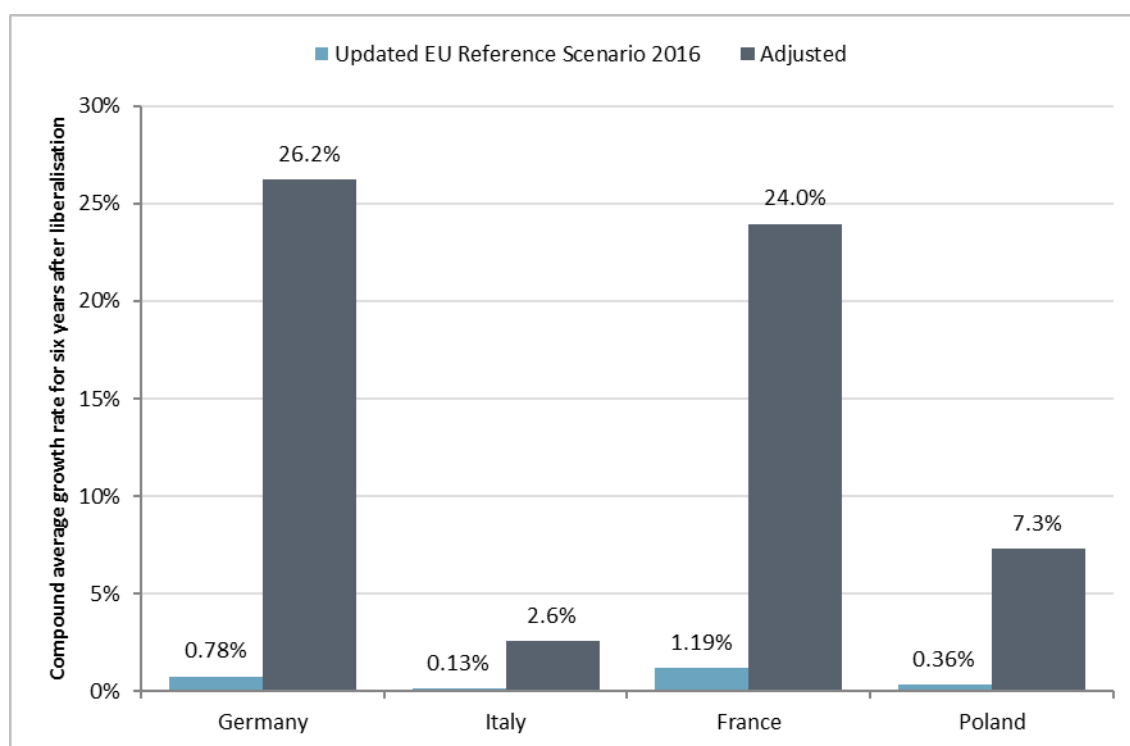
3.79 The pattern of market development in countries such as Italy and France will be influenced by marketing and sales channels not available in the UK in 1980, and that the circumstances

observed in Germany immediately before liberalisation tended to encourage particularly rapid market growth (which may not be observed elsewhere). This suggests that the relative expansion of services and traffic in the other transition countries is likely to lie between that observed in Germany and the UK.

3.80 Moreover, the implicit assumption that average journey lengths will not increase can be expected to result in a conservative estimate of growth, at least in Member States such as Italy, where opportunities for longer distance travel by coach have increased substantially with the introduction of new routes. Finally, we have already observed that National Express was (and continues to be) the dominant operator in the UK in the period since liberalisation, and this operator’s passenger volumes are therefore a reasonable proxy for market volumes.

3.81 Figure 3.13 shows the resulting changes to the growth projections for Germany, Italy, France and Poland.

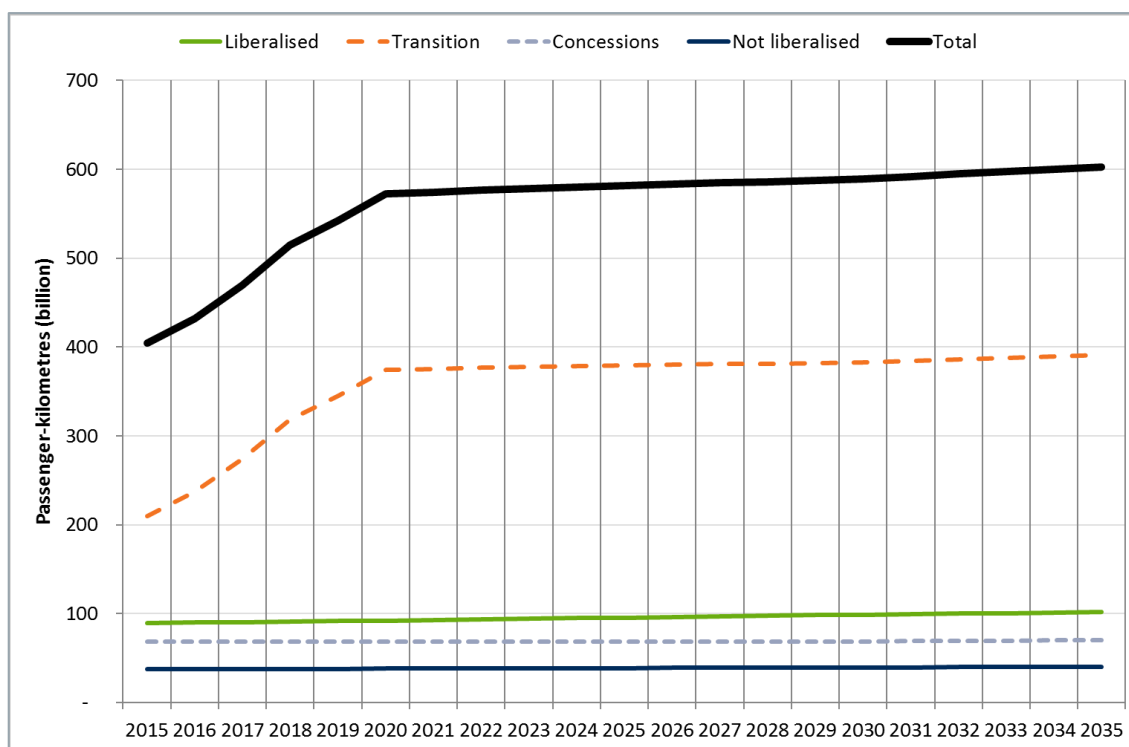
Figure 3.13: Average annual growth rates of coach transport activity in the updated EU Reference scenario 2016 and growth rates adjusted for six years after liberalisation



Source: Steer Davies Gleave analysis.

3.82 Figure 3.14 shows the resulting breakdown of passenger-kilometres over the period 2015-2035 for the four categories of Member States.

Figure 3.14: baseline scenario: passenger-kilometres



Source: Steer Davies Gleave analysis based on an updated EU Reference Scenario 2016

3.83 By 2035, in the absence of any further liberalisation measures at the European Union or national level, 110 billion passenger-kilometres, or 18% of the market, will be subject to restricted access through reliance on concessions or direct restrictions on market access. However, this is likely to understate the share of the market closed to new entrants since, as already discussed, even Member States that have liberalised their markets may impose some restrictions, including to protect services operated under public service contracts (PSCs).

3.84 We also prepared projections for capacity (measured in terms of vehicle-kilometres), market value, employment, energy use, carbon emissions and accidents. These were derived as follows:

- The projections of vehicle-kilometres, energy use, carbon emissions and accident costs were based on the updated EU Reference scenario 2016 projections, adjusted for liberalisation in specific countries in the same way as for passenger-kilometres.
- The market projections were calculated by multiplying passenger-kilometre values by an estimated average fare per passenger-kilometre. The average fare per passenger-kilometres was estimated from a minimum of five fares in each Member State on routes of varying distances and, where possible, from different operators.
- The employment projections were based on a combination of the passenger-kilometre projections above and employment data for the bus and coach sector taken from the 2016 Statistical Pocketbook. The resulting projection was scaled down to represent employment in the coach sector using the mix of bus and coach vehicles in the overall fleet available from the updated EU Reference scenario 2016.

3.85 Table 3.3 shows the resulting projections for 2030.

Table 3.3: Baseline projections of inter-urban coach transport in 2030

Projections for 2030	Type of national market				Total	Total average annual change 2015 – 2030 (%)
	Liberalised	Transition	Concessions	Non-liberalised		
Passenger km (billions)	99	383	68	39	589	2.5%
Vehicle km (billions)	6	16	5	3	30	1.9%
Revenue (€ billions)	14	45	8	5	73	2.8%
Employment (000s)	181	681	105	51	1018	3.3%
Energy use (000 toe)	1,499	3,640	1,121	622	6,882	1.3%
CO2 emissions (000 t)	4,203	10,349	3,204	1,763	19,519	1.1%
Accident costs (€ millions)	309	517	110	48	985	-1.6%

Source: Steer Davies Gleave analysis based on an updated EU Reference Scenario 2016 and Statistical Pocket Book 2016.

3.86 We consider that the baseline scenario defined above provides an appropriate basis for estimating the impacts of policy options, but note that it is inevitably subject to considerable uncertainty, not least because of the potential for technological change to affect the transport sector over the next twenty years. From our work in transport planning, we are aware of several potential developments, all of which could have significant implications for coach travel:

- Autonomous vehicles are likely to lead to significant changes in the way in which road networks develop and road traffic is managed.
- The use of alternative fuels and associated growth in the number of electric vehicles, driven by reductions in the cost of battery and other powertrain technology, as well as the development of supporting infrastructure in town and cities, will help to reduce the environmental impact of both private cars and public transport.
- New operating models, supported by internet-based communications and increasing availability of data and analytical capability, will provide more opportunities for the development of the sharing economy as well as transport services tailored more precisely to the needs of the customer.
- The same developments in communications technology and analytical capability will enable transport services to become more integrated, providing better connectivity between modes and ticketing and payment solutions for the whole journey.

3.87 It is not possible to quantify the impacts of these developments on the bus and coach sector with confidence, since their effect depends on a wide range of uncertain factors such as economic and regulatory conditions across Europe, the extent of cost changes driven by new technology, changing attitudes to the application of technology among both the travelling public and transport employees, and policy responses at the local, regional, national and European level. Hence, we have not sought to adjust the projections underpinning the baseline scenario to reflect the effects of specific anticipated technological changes.

3.88 However, Table 3.4 below provides a commentary on possible implications for bus and coach services, and should be kept in mind in any review of the findings of this study.

Table 3.4: possible impacts of new technology on the bus and coach sector

Technological development	Possible impacts
Autonomous vehicles	<ul style="list-style-type: none"> • ‘Platooning’ of vehicles on motorways and other major roads could improve efficiency, reducing coach service fuel costs and emissions. • Could enable increase in operational hours of vehicles. • May enhance the attractiveness of travel by private car, for example by relieving congestion and improving journey quality. • Could be used to take children to school, or to pick up deliveries.
Alternative fuels	<ul style="list-style-type: none"> • Likely to reduce the carbon footprint of coach operations as well as other forms of road travel. • Could change the relative costs of different types of operation, for example enabling the development of smaller fleets offering on-demand services (based on further development of the business model used by BusUp). • May strengthen the attractiveness of travel by private car by reducing costs.
New operating models	<ul style="list-style-type: none"> • May enable service users to pay a single subscription fee allowing them to access a wide range of transport services, reducing the benefits of a private car relative to public transport. • Analysis of data about user choice and local conditions would allow coach operators to develop more user-focused services, operated to accommodate real time traffic constraints. • Would support improved on-board service offer, including entertainment and services supporting more effective working on the move.
Integrated transport	<ul style="list-style-type: none"> • Better real time coordination of coach and other transport services and more extensive availability of integrated tickets/electronic payment.

Source: Steer Davies Gleave review of recent developments in transport planning.

Discriminatory access to publicly-owned terminal and stand facilities

3.89 The evidence presented above demonstrates that discrimination in relation to terminal access has occurred across the European Union. However:

- No definition of a terminal has yet been agreed.
- No catalogue of terminals exists or could be created within timescales and resources available to this study.
- Terminals vary considerably in terms of ownership, management arrangements, capacity, location and level of facilities provided to both operators and passengers.

3.90 It is therefore not possible to quantify with any confidence the size of this aspect of the problem.

3.91 However, we were able to investigate the types of terminals used by National Express, the national operator in the UK, through our case study investigation (see Appendix F). More specifically, National Express lists on its website 30 “coach stations”, of which six are owned and managed by the operator itself, six are at airports in the London area and 18 are owned by a local authority. Of the last, one is managed by another private bus operator and one has been managed by National Express. We have not found comparable data for any other operator.

3.92 While these ratios will not be representative of the precise patterns of ownership and use of terminals across the European Union, we assume that they may be generally reflective of the range of circumstances observed in different Member States. We therefore based an illustrative calculation of the potential size of the discrimination problem on the National Express data, assuming that:

- 60% of terminals used by coach operators across Europe are publicly-owned (equivalent to 18 out of 30 in the National Express example).
- Of this 60%, some 11% (approximately equivalent to 2 of 18) are managed by incumbent operators.
- Publicly-owned terminals managed by incumbent operators are more likely to be subject to discrimination than those managed by the local authority itself (although we make no suggestion that the two privately managed terminals included in the National Express data are subject to such discrimination).
- The proportion of vehicle-kilometres operated into such terminals is equivalent to the proportion of such terminals in the total, at both the Member State and European level.

3.93 Using the updated EU Reference Scenario 2016 data for 2015, this would suggest that terminal capacity currently supporting some 1.5 billion vehicle-kilometres across Europe could be unduly constrained by discriminatory behaviour.

3.94 We also identified a detailed analysis of capacity at a bus station, undertaken by a local authority seeking to understand why capacity was constrained. This concerned Worcester bus station in the UK, which is managed by a private operator but owned by the public sector. An analysis of capacity undertaken by Halcrow on behalf of Worcester County Council indicated that more efficient management of the station could enable an increase in departures of between 26% and 48%. While this example relates to local bus rather than interurban coach services, it provides some indication of the extent to which capacity can be artificially constrained, whether or not by design, by an incumbent operator.

3.95 Taking the lower end of the range of potential capacity uplift in the Worcester example and combining it with the estimate of vehicle-kilometres operating to and from relevant terminals in paragraph 3.93, we calculate that the potential to discriminate could result in suppression of around 400 million vehicle-kilometres. We emphasise that this is an illustrative calculation, but note that it provides a basis for further analysis as part of the impact assessment.

Excessive administrative costs of entry

3.96 We identified extensive evidence that administrative costs incurred by operators can be material and that administrative processes can delay entry, although to date no operator has been willing to provide a quantified estimate of these costs. While the evidence relates to national administrative processes as well as those underpinning Regulation 1073/2009, it is clear that even the requirements for authorisation of international services vary significantly by Member State. Moreover, any action taken at the European Union level in relation to national markets must consider the impact on the administrative burden for both regulatory bodies and operators.

3.97 In the 2016 study, we used the limited evidence available to estimate the costs of different elements of the administrative burden. We reviewed these previous estimates in the light of the new evidence described in this chapter, and considered whether they should be adjusted for the purposes of the impact assessment. Table 3.5 summarises the results of this exercise.

Table 3.5: estimates of the administrative costs of market entry

Process	Type of effect	Estimate in the 2016 study	Revised estimate	Comment
Licence	Operator: resources used in application	-	20 days	Based on Steer Davies Gleave experience of supporting operators in completing the licence process.
	Government/regulator: resources used in approval	-	Ten days	Assumed to require twice the effort of approving an authorisation.
Authorisation	Operator – resources used in application	One day for administrative staff	Three days	Based on stakeholder comments concerning need for translation and consultancy advice.
	Operator: delay to service	Three months	Two months	Stakeholders have indicated that elapsed time for approval can be four months but that two months would be more appropriate.
	Government/regulator: resources used in approval	Likely to vary	Five days	Elapsed time of four months suggests significant number of days' effort.
Journey form	Operator: time taken to complete	Less than one hour	Less than one hour	No reason to modify this estimate based on evidence to date.
	Government/regulator: resources used in inspection	-	Five minutes: 10% of forms inspected	Inspection time proportionate to time to complete the form. Inspection rate of 10% gives sufficiently high likelihood of inspection to encourage compliance.

Source: Steer Davies Gleave, based on stakeholder evidence.

- 3.98 We estimate from these assumptions that the total regulatory burden on the coach sector is €884 million in 2015 (two-thirds falling on operators and one-third falling on government and/or regulatory bodies), rising to €1,288 million in 2030.

Objectives

- 3.99 We developed a number of objectives to guide the design of policy interventions that could be implemented through a revision to Regulation 1073/2009. The objectives link the analysis of the problem described above to the policy measures and options set out in Chapter 4. In the remainder of this chapter, we define a general objective and three specific objectives and explain how they relate to the problem drivers previously identified.

General objective

- 3.100 In the light of our observations on the Commission's initial intervention logic reported in paragraph 3.15, we specified a new general objective reflecting the overall purpose of any revision to Regulation 1073/2009 designed to address the problem described above. As already noted, we consider that the objective should be defined in terms of the overarching problem of a lack of competitiveness in the sector. The general objective is:

Enhance the accessibility and competitiveness of interurban bus and coach services.

3.101 Note that the objective covers both national and international services, reflecting the potential for operators to provide both kinds of service as part of an integrated European route network.

Specific objectives

3.102 Specific objectives set out concretely what a given policy intervention is meant to achieve. We have developed a set of specific objectives that align with the three key problem drivers identified in the revised intervention logic in Figure 3.5. In defining them we ensured that:

- they support the general objective;
- they represent a response to particular market failures within the bus and coach sector, rather than broader issues more properly addressed by other areas of policy; and
- progress in meeting them can be monitored and subject to future evaluation.

3.103 Table 3.6 lists our proposed objectives and a rationale for their formulation.

Table 3.6: specific objectives

Problem driver	Specific objective	Rationale
Restricted access to national interurban markets.	Introduce more uniform market access rules.	A range of stakeholders provided evidence that this is a key barrier to new entry and a constraint on the further development of markets, including in Member States that have already liberalised.
Restricted access to key transport infrastructure.	Provide for greater access to public terminal facilities.	Discriminatory access is widespread, including at publicly-owned terminals. Operators confirmed that it is usually preferable to serve a terminal rather than on-street stops, particularly when passengers rely on the ability to interchange with other modes.
Excessive administrative costs of entry.	Simplify administrative procedures.	Stakeholders confirmed that administrative costs can be significant, not least because of variations in national procedures and requirements. Excessive elapsed time in granting authorisations also leads to costs in the form of revenue forgone.

Source: Steer Davies Gleave based on review of evidence from stakeholder consultation.

3.104 While each specific objective echoes a different aspect of the problem, we consider that they are mutually reinforcing, such that interventions designed to ensure that they are met can be expected to improve the competitiveness of the sector through a series of interacting impacts. For example, introducing more uniform market access rules could be expected to reduce the administrative costs of entry by simplifying procedures as well as by removing direct restrictions on market access.

4 Policy options

Introduction

- 4.1 The Task Specifications for this study identified 15 separate measures for improving the competitiveness of interurban coach services and hence their attractiveness to potential passengers. These included measures designed to create more uniform business conditions, create a level playing field in access to terminals and clarify certain provisions in Regulation 1073/2009. Over the course of the study, the measures under consideration have evolved through discussions with the Commission and as a result of further consideration within the Commission. The final selection of measures, combined into a series of options for investigation, were approved by the Inter-service Steering Group for the Impact Assessment on the revision of Regulation 1073/2009 and specified in a paper provided to us by the Commission²¹.
- 4.2 In this chapter we discuss these measures in turn. We then:
- discuss various packages of measures (options) designed to address the specific objectives identified in the previous chapter; and
 - apply a process of sifting to identify options for more detailed quantitative and qualitative analysis, based on the criteria for screening in the Better Regulation “Toolbox”²².

Definition of measures

Measures to provide clarifications and administrative simplification

- 4.3 We considered five measures to clarify or simplify existing arrangements, as summarised in Table 4.1, in each case mapping them to the specific objectives in Table 3.6 derived from the intervention logic.

²¹ Impact Assessment on the revision of Regulation 1073/2009 on common rules for access to international market for coach and bus services – Policy Options, 17 May 2017.

²² We downloaded a copy of the current Better Regulation “Toolbox” on 22 May 2017.

Table 4.1: measures considered: clarifications and administrative simplification

Measure	Objective		
	Simplify administrative procedures	Introduce more uniform market access rules	Provide for greater public terminal access
C1 Clarify the definition of “international carriage” to ensure that closed-door tours that visit other Member States are not excluded from the scope of the Regulation.	●		
C2 Clarify the definition of “regular services” to ensure that there is no requirement to have stopping points along the route but if there are stopping points they must be known in advance. Clarify whether “request stops” are permitted.	●		
C3 Clarify that there is no requirement for an own-account operator to possess a Community licence to be issued a certificate for own-account operations.	●		
C4 Journey forms are abolished.	●		
C5 Clarify the meaning of “Cabotage operations shall be authorised...” in Article 15 to mean that the cabotage operations are authorised rather than need to be authorised.	●	●	

Source: European Commission, Steer Davies Gleave analysis.

4.4 We discuss each of these five measures in turn below.

C1. clarify the definition of “international carriage”

4.5 This measure is intended to ensure that closed-door tours that visit other Member States are not excluded from the scope of the Regulation. We have not identified any data on the extent of the problem, and it was rarely mentioned in consultation or interviews.

C2: clarify the definition of “regular services”

4.6 Under this measure, there would be no requirement to have stopping points along the route, but any stopping points retained must be known in advance. Again, we have not identified any data on the extent of the problem, which did not arise in consultation or interviews. We also note that some operators may wish to stop only on a “request” basis, when one or more passengers wish to board or alight, which is common among local bus services and at minor stops, particularly in rural areas, on rail services. It would be desirable to clarify whether, and under what circumstances, such request stops should be permitted.

C3. clarify the need to possess a Community licence

4.7 This measure is intended to clarify that there is no requirement for an own-account operator to possess a Community licence to be issued a certificate for own-account operations. In practice, we have not seen any evidence of own-account operators incurring additional costs by obtaining Community licences.

C4. abolish the journey form for occasional services

4.8 This measure would simplify the operation of occasional services by removing the requirement to complete a journey form for occasional international services. Regulation 1073/2009

provided for standardised journey forms, and specified that they must identify at least the type of service, the main itinerary and the carrier(s) involved (Article 12(3)) and, for cabotage services, the points of departure and arrival of the service and the date of departure and the date on which the service ends (Article 17(2)). They are supplied by the competent authorities of the Member State where the carrier is established and returned to that body under procedures they lay down.

4.9 Our findings on journey forms from the 2016 study are summarised in Table 4.2.

Table 4.2: measure C4: comprehensive study findings: journey forms for occasional services

Issue		Reference
Administrative framework	We reviewed the administrative framework for journey forms. Under Article 25 of Regulation 1073/2009, Member States may agree not to require journey forms.	Table 3.5
	Denmark, Finland, Sweden and Norway abolished journey forms for international occasional services in 2003.	3.61
Scale of activity	Lithuania identified how many books of journey forms they have issued, but not the number of forms used or completed.	Table A.31
	The Netherlands identified the number of forms issued.	Table B.35
	Estonia identified the number of forms completed.	Table B.14
	Ireland identified the number completed by destination Member State.	Table B.27
Administrative burden	We would expect a journey form to take less than an hour to complete.	8.28
	We considered the workload associated with applying for, granting or refusing licences, true certified copies, authorisations and journey forms and concluded that any savings directly as a result of the regulation were likely to be small.	Executive Summary
Stakeholder views	The IRU suggested that the journey forms for occasional coach services no longer serve any purpose and that their use should be discontinued.	8.30
Changes suggested	Wider or complete abolition of journey forms for occasional international services.	8.95

Source: Comprehensive Study on Passenger Transport by Coach in Europe, Steer Davies Gleave (April 2016).

4.10 In stakeholder consultation as part of the current study, a number of stakeholders stated that journey forms provide useful information. For example:

- The UK's Department for Transport told us that they would wish to see the requirement for a journey form continued.
- The Greek Ministry of Public Works and Transport argued that abolition of the journey form would make it difficult to control coaches. It was concerned that, if a coach was stopped, there would be no means of confirming that it was on a lawful journey.

4.11 Nonetheless, we note that journey forms have been abolished, by mutual agreement, by other Member States.

4.12 Taken together, the evidence suggests at least three possible measures for further simplifying the administrative burden of journey forms:

- The Commission could cease to specify a format for the journey form (as it does currently under Regulation 1073/2009 Article 2(5)), and all requirements for journey forms should end.

- There could be a presumption that journey forms are not required, unless a Member State to or through which an occasional service travels requests one, in which case that Member State should be responsible for supplying and collecting journey forms.
- The Commission could permit Member States to require a control document, and list the information which it may request, but require that the control document be available in a number of languages, and prohibit the requirement or collection of any information not on this list. If feasible and consistent with local law, this could also be an effective means of creating more uniform business conditions for occasional services and reducing the administrative burden on occasional services.

4.13 On balance, however, the simplest approach might be the first of these, under which the Commission would remove all references to the journey form from legislation.

C5. clarify the meaning of “Cabotage operations shall be authorised...”

4.14 This measure is intended to clarify the meaning of Article 15 of Regulation 1073/2009 that cabotage operations are authorised rather than need to be authorised. In the 2016 study, we noted that stakeholders had welcomed the automatic authorisation of cabotage, which had been intended by the Article. Our other findings are summarised in Table 4.3.

Table 4.3: measure C5: comprehensive study findings on cabotage

Issue		Reference
Administrative framework	A positive impact, highlighted by a stakeholder in the Czech Republic, was the automatic authorisation of certain types of cabotage service under Article 15.	8.7
	In France, cabotage was restricted until 2015, but 60% of applications were approved: <ul style="list-style-type: none"> • Over a year, domestic cabotage passengers could not contribute more than 50% of the passengers or 50% of the turnover on any given route. • Cabotage was not allowed between stops located within the same region. 	A.135
	In Greece, cabotage by operators from other Member States was subject to special provisions and restrictions, and cabotage by non-EU operators is forbidden.	A.57
Scale of activity	There are very few authorisations for cabotage within other Member States. This may be because Regulation 1073/2009 automatically permitted cabotage on existing international services, or that it is often implicitly or explicitly permitted by more liberal national, bilateral or multilateral agreements, or that it is rarely the most commercially effective means of providing for both international and domestic passengers.	Executive Summary
	In 2014, cabotage was authorised on 24 regular services, by four Member States.	Table 3.6
Benefits to operators	There may only rarely be a commercial benefit in stopping international services en route to accept cabotage passengers.	3.60
	There may be limited benefit in extending journey times on a long international service to serve domestic passengers, and it may be better to allow connections between domestic and international services at hub points.	3.91
Benefits to passengers	Cabotage operations by Simple Express services are currently cheaper than heavily subsidised domestic Latvian services and almost twice as cheap as Lithuanian domestic services. If such fares are sustainable in the long term, this pricing strategy is likely to result in a further decrease of average fares on international routes along the corridor.	3.17
	STUDENT AGENCY can offer a higher quality service between Praha and Wien and Praha and Bratislava because cabotage is allowed on the Praha-Brno section.	B.111

Issue		Reference
Administrative burden	We asked stakeholders a number of questions about administrative burden but few responded to the Regulation having any specific effect, other than the automatic authorisation of certain types of cabotage services.	Executive Summary

Source: Comprehensive Study on Passenger Transport by Coach in Europe, Steer Davies Gleave (April 2016).

4.15 In addition, we note that the classification of an operation as cabotage depends on whether an operator is established locally, or in which Member State on an international route an operator is established, which may change for completely unrelated reasons. For example, if a service between Member State A and B is provided by an operator established in Member State A, there is cabotage in Member State B, but if the same service is provided by a sister company established in Member State B, there is cabotage in Member State A.

4.16 Taken together, these points suggest that:

- Regulation 1073/2009’s liberalisation of cabotage has generally reduced the administrative burden.
- Cabotage may not be attractive to operators, but where it has occurred as part of international regular services there may be clear benefits to passengers.
- There is little value in trying to monitor cabotage, because many Member States permitting it do not do so, and its existence depends on unrelated decisions on where an operator is established.

4.17 However, it would still be possible to clarify the meaning of Article 15, as proposed, as it applies to the definitions of cabotage in Article 2(7) of Regulation 1073/2009.

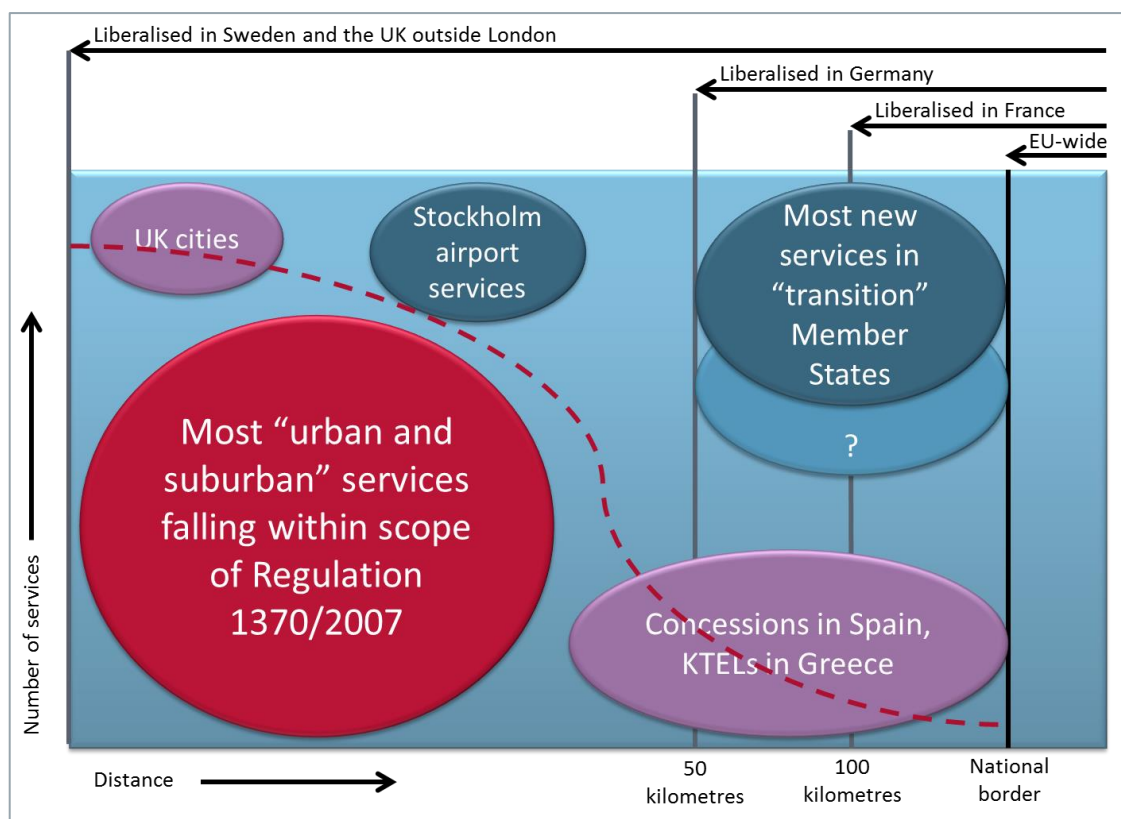
Measures to create more uniform business conditions

4.18 We discuss next a number of measures to create more uniform business conditions in the market for regular interurban bus and coach services. We begin with an overview of the market.

The market for regular bus and coach services

4.19 A schematic diagram of the bus and coach market which is the subject of this study is shown in Figure 4.1.

Figure 4.1: regular bus and coach services: market segments



Source: Steer Davies Gleave analysis.

4.20 The horizontal axis of the figure indicates the distance over which a passenger is carried, ranging from short distances on the left to long distances on the right, and then international journeys which are the focus of Regulation 1073/2009. It also shows, for illustrative purposes, how:

- Services on which passengers are carried more than 100 kilometres are liberalised in France.
- Services on which passengers are carried more than 50 kilometres are liberalised in Germany²³.
- All services are liberalised in Sweden and, in the UK, in Great Britain outside London²⁴.

4.21 The vertical axis indicates the proportion of service of any given length, subdivided according to whether, in current market conditions, they require subsidy (below the red dotted line) or can be operated commercially (above the dotted red line).

4.22 The ellipses on the figure illustrate a number of market segments. First, and bottom left, are short-distance regular services, a large proportion of which, particularly on urban and

²³ In Germany, services are also liberalised if there is no rail service taking less than one hour between the points.

²⁴ In the UK, services on which passengers may make journeys of less than 24 kilometres (15 miles) are also treated as local services and receive assistance designed to support local services (Transport Act 1985).

suburban routes, are not commercially viable and hence require a public service contract as provided for under Regulation 1370/2007.

- 4.23 Second, and top left, are short-distance regular services in Member States in which all services are liberalised, and fares are either unregulated or set at levels which can be commercially viable. For example:
- In the UK, where urban and suburban markets in Great Britain outside London are fully liberalised, most services are operated commercially (about the dotted red line) but some require public service contracts (below the dotted red line)²⁵.
 - In Sweden, the Flygbussarna airport services operate on a commercial basis but stop frequently within the Stockholm urban area²⁶.
- 4.24 Third, and bottom right, are longer-distance regular services in Member States where a mix of profitable and unprofitable services are operated as a package, as in the regional concessions in Spain and under the contracts awarded to KTEL companies in Greece. Note that if the whole package is profitable, there is no need for the competent authority to specify a public service contract²⁷.
- 4.25 Fourth, and top right, are longer-distance services in Member States which have liberalised regular domestic services, such as Germany (2013), Italy (2014) and France (2015) where, subject to the restrictions described above, new entrants have typically first entered the market on the most profitable routes. However, as we indicate with the ellipse with the question mark (“?”), these services will in principle continue to expand until all profitable opportunities have been exploited, in theory including all services above the dotted red line.
- 4.26 Figure 4.2 summarises the locations at which different types of bus and coach service stop.

²⁵ Services in London, the UK’s capital and Europe’s largest city, are not deregulated, and are either operated under contract to Transport for London (TfL) or, in some cases, authorised by TfL to enter London from the surrounding area. Total bus usage in London exceeds that in the rest of England.

²⁶ In practice, while these services make multiple stops in the urban area, there is a flat fare, intended for journeys to or from the airport, which is unlikely to be attractive to passengers making short urban journeys, although we understand that there is nothing to stop a passenger doing so.

²⁷ In Great Britain, packages of profitable and loss-making rail services are competitively tendered and may either require a subsidy, if the overall package is loss-making, or pay a “premium”, if the overall package is profitable. In practice, a common pattern is to require subsidy in the earlier years of a contract and to pay a premium in the later years.

Figure 4.2: bus and coach services: stopping locations

Location	Indicative EU-wide number	Stops take place		Many ⇐ volume ⇒ Few				Congestion	Discrimination
		On-street	Off-street	PSO	Regular	Special regular	Occasional		
On-street bus stop	>100,000?	●		●	●	●	●	✓	?
Local authority bus station	>10,000?	●	●	●	●			✓	?
Railway or metro station (including temporary sites)	>10,000?	●	●	●	●	●	●	✓	?
Hotel	?	●	●		●		●		
Airport	?	●	●	●	●	●	●	✓	?
Stadium, exhibition, festival (including temporary sites)	?	●	●	●		●	●		
Tourist attraction	?	●	●	●	●	●	●	✓	
Commercial/retail centre	?	●	●	●	●				
Operator-owned terminal	?	●	●		●	●	●		?

Source: Steer Davies Gleave analysis.

- 4.27 In practice, while the number of bus and coach calls in each cell cannot be quantified from the available data, patterns of bus and coach services are almost certainly dominated by the three larger top left “blobs”, regular services (including those on the left of Figure 4.1), whether subject to a public service obligation or not (as in the UK), calling at one of over 100,000 on-street bus stops in the EU²⁸. While data are limited, we have identified examples of bus and coach services also calling at locations including local authority bus stations, railway or metro stations, hotels, airports, stadia and other exhibition or festival venues (which may be temporary sites in urban, suburban or rural areas), tourist attractions including monuments, museums and theatres and commercial and retail centres. Moreover, we have also identified, from the 2016 study and additional research, that at least some regular, special regular and occasional services operate from dedicated coach stations, owned by operators who are not controlled by the local authority, which may also have adjacent on-street bus stops.
- 4.28 Taken together, Figure 4.1 and Figure 4.2 illustrate the range of international and domestic services, and the range of locations which they connect, which could come within the scope of a revised regulation. Table 4.4 lists five measures proposed by the Commission related to creating more uniform business conditions through extending rights of access to more domestic markets.

²⁸ We have found no data on the total number of on-street bus stops in the EU, but RATP reports that there are 26,000 in Paris and Transport for London reports that there are 19,000 in London.

Table 4.4: measures considered: creating more uniform business conditions

Measure	Objective		
	Simplify administrative procedures	Introduce more uniform market access rules	Provide for greater public terminal access
U1	Extend the scope of the Regulation to include not only international services and cabotage, but also national markets, with all services subject to authorisation.		●
U2	Require that carriers from all Member States be guaranteed access to national regular services markets without discrimination on grounds of nationality or place of establishment.		●
U3	Set common requirements for the protection of public service contracts so as to ensure that Member States are permitted to take action to protect all public service contracts from competition.		●
U4	Member States are limited to taking action to protect public service contracts meeting the needs of an urban centre or conurbation, or transport needs between it and the surrounding area.		●
U5	Abolish the authorisation procedure so that any undertaking established in a Member State would be free to operate interurban regular services on any route whether or not it is already operated by one or more transport undertakings.		●

Source: European Commission, Steer Davies Gleave analysis.

4.29 We discuss each of these five measures in turn below.

U1. Extending the Regulation to include national markets, subject to authorisation

4.30 The scope of Regulation 1073/2007 is currently limited to the area on the extreme right of Figure 4.1, representing international regular, special regular and occasional services, plus cabotage services meaning either (Article 2):

- national road passenger services for hire and reward carried out on a temporary basis by a carrier in a host Member State; or
- the picking up and setting down of passengers within the same Member State, in the course of a regular international service, in compliance with the provisions of the Regulation, provided that it is not the principal purpose of the service.

4.31 This measure would extend the scope of the Regulation to include all of Figure 4.1, unless restricted to provide protection for services provided under public service contracts or for other purposes. At first sight this could be achieved by a number of changes to the Regulation summarised in Table 4.5.

Table 4.5: measure U1: extending the scope of the Regulation

Article and role		Changes to text or other issues
1	Scope	Delete “international” from “international carriage”.
2	Definitions	Simplify definition of international carriage to distinguish only journeys wholly in the EU and journeys involving third countries.
14-17	Cabotage	What provisions, if any, would relate to cabotage?
4	Community licence	Delete “international” from “international carriage”? Various options: <ul style="list-style-type: none"> • National licences are accepted through the EU. • All vehicles outside their Member State carry a certified true copy, as now. • National licences are abolished and replaced by Community licences.
5	Access to the market	Authorisation would be required both for international services and for services wholly within another Member State.
6-13	Authorisation	The requirements for authorisation in Article 5 could be further restricted, either: <ul style="list-style-type: none"> • to make authorisation mandatory or automatic for some services or all; or • to remove the need for authorisation for some or all services.
22-24	Sanctioning of infringements	If national licences were valid throughout the EU, what would prevent carriers obtaining new licences in other Member States? If authorisation was not required, what sanction, if any, would replace its removal?
25	Agreements between Member States	Member States may conclude bilateral and multilateral agreements on the further liberalisation, and the actual level of liberalisation exceeds that required by the Regulation. In particular, they could indicate that their entitlement to require authorisation would be waived for some or all services.

Source: Regulation 1073/2009, Steer Davies Gleave analysis.

4.32 However, this brief review of the Regulation raises a number of issues with “extending the scope” to include national services, in particular for cabotage, and for the scope of authorisation, which we discuss next.

U2. Require access to national regular services markets without discrimination

4.33 Extending the scope of the legislation, as described above, would in principle require that carriers from all Member States be guaranteed access to national regular services markets without discrimination on grounds of nationality or place of establishment. However, if the scope of Regulation 1073/2009 were modified by changing Article 1, then it appears that Article 3 would inherently create a right of access to all national markets. In addition, it appears that Articles 6-13 would extend the need and provisions for authorisations to all international, cabotage and national services, and this would become the default regime in all Member States which had not chosen to liberalise further.

U1 and U2: the treatment of cabotage

4.34 Introducing both measure U1, extending the Regulation to national markets, and measure U2, requiring access to regular services without discrimination, would end many of the distinctions which lead to the need for specific provision for cabotage.

4.35 First, if the distinction between international and national services was removed, what provisions, if any, would be required for cabotage?

4.36 Second (Article 4 in Table 4.5):

- Would national licences be accepted throughout the EU? If so, would measures be required to prevent sanctioned carriers seeking new licences in other Member States?
- Would all vehicles operating outside their Member State be required to carry a certified true copy of a Community licence? If so, this would mean different licencing conditions for established and non-established operators providing the same service in the same Member State.
- Would national licences be abolished and replaced by Community licences?

4.37 Third (Articles 6-13 in Table 4.5):

- Would the other states be permitted to restrict access, as at present? If so, in what way would the Regulation's scope have been extended?
- Would some form of authorisation be required, as is currently the case for international services, and what would be the authorisation process? This would perpetuate different access conditions for established and non-established operators.
- Would cabotage require no authorisation? If so, would it be sensible for authorisation to be required to operate to, but not within, another Member State?

4.38 A wider issue is whether authorisation of any services would be required, as at present, mandatory or automatic, as a potential liberalisation measure, or not required at all.

4.39 Fourth (Articles 22-24 in Table 4.5), in the absence of Community licences and/or authorisations, and hence the scope to withdraw them, what replacement sanctions, if any, would be required?

4.40 Fifth (Article 25 in Table 4.5), there is complete flexibility in the existing Regulation that "Member States may conclude bilateral and multilateral agreements on the further liberalisation of the services covered by this Regulation". This permits Member States to liberalise further, for example by allowing any carrier licenced in the European Union to operate any service calling at any points within the Member State without any need to obtain authorisation or to carry a copy of their licence.

4.41 One possible approach would be for cabotage always to be treated as part of domestic operation rather than as part of international operation as at present and, in principle:

- permitted without a requirement for establishment; and
- permitted with either a Community licence or a licence from the Member State in which the service was provided; and
- subject to authorisation only if:
 - the Member State was permitted by European legislation to require authorisation for the service proposed; and
 - the Member State had not chosen to liberalise further services of that type, for example by making authorisation automatic or removing a need for authorisation.

U3 to U5: the extent to which Member States were permitted to require authorisation

4.42 We set out above how a combination of measure U1, extending the Regulation to national markets, and measure U2, requiring access to regular services without discrimination, could end the separate segment of cabotage. For any services wholly within a Member State, Article 8(4)(d) could then require that, wherever an applicant for authorisation was established and licensed, "Authorisation shall be granted unless a Member State decides on the basis of a detailed analysis that the service concerned would seriously affect the viability of a comparable service covered by one or more public service contracts conforming to Community law on the

direct sections concerned. In such a case, the Member State shall set up criteria, on a non-discriminatory basis, for determining whether the service applied for would seriously affect the viability of the abovementioned comparable service and shall communicate them to the Commission, upon its request.”

- 4.43 In effect, extending the scope of the Regulation to national markets would permit operators established in one state to operate services within another state, albeit subject to authorisation that could be withheld on the basis of a detailed analysis of the effect on public service contracts (unless the Member State concerned chose to liberalise further).
- 4.44 While Article 8(4)(d) only permits authorisation to be withheld if a service would seriously affect the viability of a public service contract, application of Article 8(4)(d) in a liberalised domestic market appears to have a number of disadvantages. A “detailed analysis” could result in complexity, delay and cost, particularly if a large Member State which had not yet liberalised were required to deal with multiple authorisations²⁹. We discuss this further below at the point where we sift potential policy options.
- 4.45 We therefore conclude that it may be necessary to investigate simpler, faster and cheaper approaches, which could be used as common requirements for the protection of public service contracts, as we set out in Table 4.6.

²⁹ The 2016 study, Table A.5.

Table 4.6: measures U3 to U5: Article 8(4)(d) and protecting public service contracts

Approach	Details	Example	Issues	
Based on proposed and existing services.	Detailed analysis of impact, as required to refuse authorisations.	“on the basis of a detailed analysis that the service concerned would seriously affect the viability of a comparable service covering one or more public service contracts conforming to a Community law on the direct sections concerned”.	Article 8(4)(d) of Regulation 1073/2009	Might be complex, slow and expensive.
	Services may not compete with a rail public service contracts.	Rail journey must exceed a certain time.	Germany 2013	Sensitive to rail timetable change.
		Rail journey must be circuitous, exceeding distance by straight line by a certain factor.		
	Services may not compete with any public service contract.	Public service contract journey must exceed a certain time.		Sensitive to public service contract timetable change.
Public service contract journey must be circuitous, exceeding distance by straight line by a certain factor.				
Based on proposed service.	Service may not carry passengers between two points in the same administrative area.	Area is a County.	Sweden to 2012	Different Member States have different internal subdivisions.
		Area is a Region.	France 2011-2015	
		Area is a metropolitan or municipal area.	France 2016	
		Area is chosen by Member State, but may not exceed a certain size, such as no two points in the area more than 50 kilometres apart.		Areas might often be new and wholly artificial.
	Service may not carry passengers less than a certain distance.	Tickets must be for travel between locations separated by a certain distance by road or in a straight line.	Sweden to 2012, UK 1980, Germany 2013, France 2015	Might be difficult to enforce.
	Services must have a minimum distance between stops.	Successive stops must be separated by a certain distance by road or in a straight line.		Might prevent outer urban pick-up and set-down.
Based on other factors.	Service must not compete with a public service contract on price.	Minimum coach fare.		The 2016 study found coach costs of €2.20 per coach-kilometre.
	Service must not compete with a public service contract on frequency.	Maximum frequency.		Limits benefits, can be evaded by operator collusion.
	Service must not compete with a public service contract on booking conditions.	Minimum pre-booking time.	Taxis	Taxis segmented into “on demand” and “pre-booked”.

Source: comprehensive study, Steer Davies Gleave analysis.

Note: clarifications may also be needed on when railway stations and bus and coach stops are close to each other.

- 4.46 We subdivide these measures into three types, which we discuss in the following paragraphs.
- 4.47 Approaches based on details of the proposed and the existing services require an explicit comparison of the proposal with one or more existing public services with which some body or bodies, typically the national, regional or local competent authority or authorities, consider that they may compete. They include the existing authorisation procedure, as set out in Article 8(4)(d), and measures based on the journey time or distance of one or more existing services. These measures include the approach adopted in Germany from 2013, taking into account the rail journey time between calling points on the proposed new service. All these measures create the problem that an applicant proposing a service must wait to find with what existing or future public service contract services a competent authority says it is “comparable”.
- 4.48 Approaches based on details of the proposed service consider only the characteristics of the proposed service and not existing or potential public service contract services. We identified three types of test within this approach:
- Tests based on whether a passenger is carried within or across an administrative boundary have been used in Sweden, France and the UK. However, the internal subdivisions of the Member States may be of different types (Länder, Provinces, Regions, Counties, Departments, Cities, Communes) or sizes. This could mean, for example, market entry in Member States with large internal subdivisions was much more restricted than entry in Member States with small internal subdivisions³⁰.
 - Tests based on the distance a passenger is carried have been used in the UK, Germany and France, but may be difficult to enforce. If fares are sufficiently low, passengers may “under-ride” on tickets which are printed as being valid for longer journeys^{31,32}.
 - Tests could be based on a minimum distance between successive stops. This would in principle be easier to monitor, as it would only require checks on where the bus or coach stopped, rather than where individual passengers boarded and alighted. However, we are not aware of any examples of this approach being adopted. It might also make it difficult to serve two locations in the same urban area to provide passengers with a choice of pick-up and set-down points.
- 4.49 We considered three other approaches to protecting public service contracts which do not rely on the locations of the points served:

³⁰ In principle, a solution to this problem would be to specify the maximum size of areas within which passengers could not be carried, for example with a requirement that no two points in such an area could be more than 100, 50 or 25 kilometres apart in a straight line. A potential disadvantage of this approach is that, to comply with the regulation, some Member States would need to introduce new and artificial subdivisions, which might bear no relation to existing administrative boundaries or transport demand.

³¹ “Under-riding” is controversial in Great Britain where, to protect rail revenue from short journeys, promotional tickets for long journeys may not be used for shorter journeys. There are frequent complaints that rail passengers who do not understand these restrictions have been made to pay a penalty for travelling a shorter distance than that specified on their ticket.

³² Assume a distance threshold of 100 kilometres, and an operator wishing to link two cities A and B, 95 kilometres apart. It could introduce second stops A' and B' in each city, so that the overall route was A' (5 kilometres) A (95 kilometres) B (5 kilometres) B', and then sell only tickets from “anywhere in A to anywhere in B'” and “anywhere in B to anywhere in A'”. All tickets would be valid for journeys of at least 100 kilometres, but it would be difficult to ensure that they were not used for the 95 kilometre journey from A to B.

- **A minimum fare** could in principle be introduced to ensure that coach services did not undercut local public service contract services. However, we have identified fares for long-distance coach travel as low as €0.60 (actually £0.50, in the UK) if booked far enough in advance: this appears to be a commercially legitimate means of filling capacity which would not otherwise be used. A minimum fare, unless set very low, might deprive operators of a significant part of their revenue. More widely, it would limit their ability to offer very low prices to passengers if they wished to do so.
- **A maximum frequency** could in principle be introduced, such as limiting services to a certain number per day, or specifying a minimum interval between successive services. However, we are concerned that it could merely result in two or more operators, whether in collusion or not, operating on the same route in a way which offered a frequent overall service.
- **A minimum pre-booking time** would build on the common practice of allowing discounts for advance tickets for travel by air or rail³³. With many of the new entrant coach operators selling tickets primarily or exclusively over the internet, a requirement that tickets were booked at least (say) 24 hours in advance might prevent their service being used as an alternative to “turn up and go” public service contract services, while not unduly affect their business model.

4.50 It is not clear whether there are any clear advantages or disadvantages of one or other of these approaches. However, all impose the risk that changes to services operated under public service contracts, which might have the deliberate intention of preventing entry, may mean that a proposed new service is no longer permitted.

4.51 We therefore suggest that any measure to protect existing public service contracts, whether from international, cabotage or national regular services, be based either on the characteristics of the proposed service or on some other feature. Of the approaches that have been adopted to date, the most workable approach appears to be to require that each passenger is carried a minimum distance in a straight line, for which there are past and current precedents of:

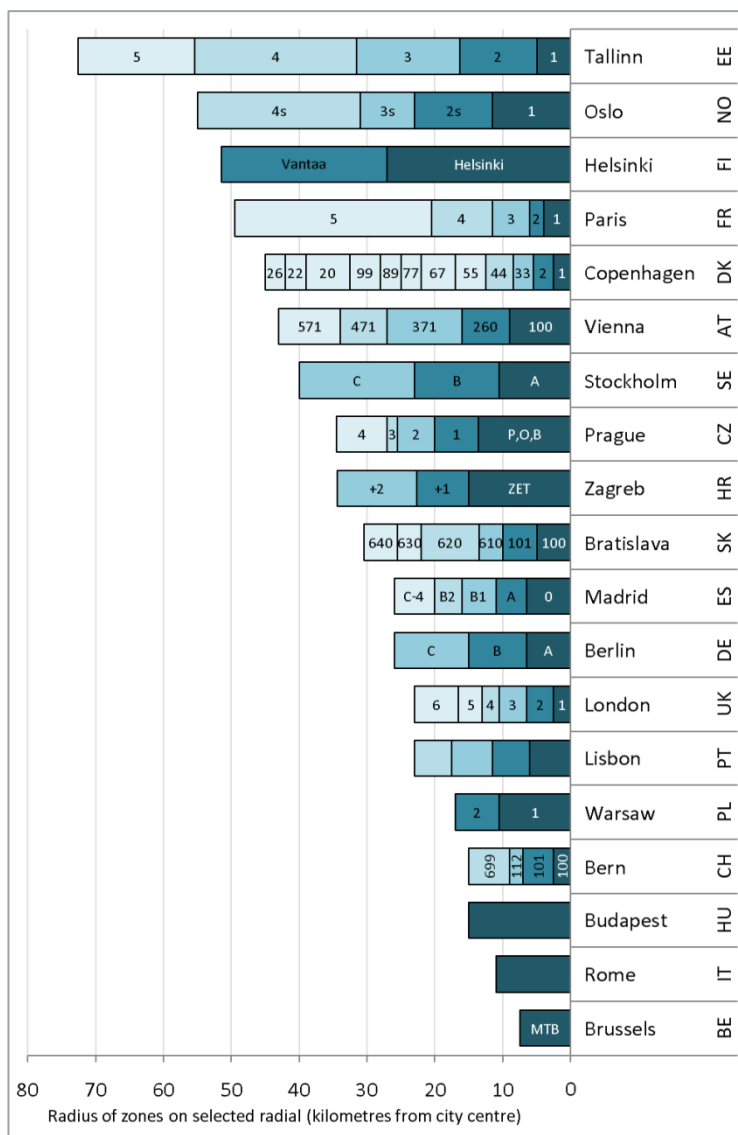
- 100 kilometres in France and Sweden;
- 50 kilometres in Germany, and
- 48 and 24 kilometres (30 and 15 miles) in the UK.

4.52 An added benefit of this approach is that the minimum distance carried can be reduced in stages, and either the Commission or individual Member States or competent authorities can liberalise further by setting a lower minimum distance carried.

4.53 A number of stakeholders were concerned that application of a common distance might not reflect the different requirements of the Member States and the urban and suburban networks within them, which vary widely in size. Figure 4.3, for example, compares the radii of the systems of fare zones in a number of European cities.

³³ Early booking discounts are also often available for events such as conferences. In addition, promotional air and rail fares may be offered in advance, such as travel for Christmas booked by September.

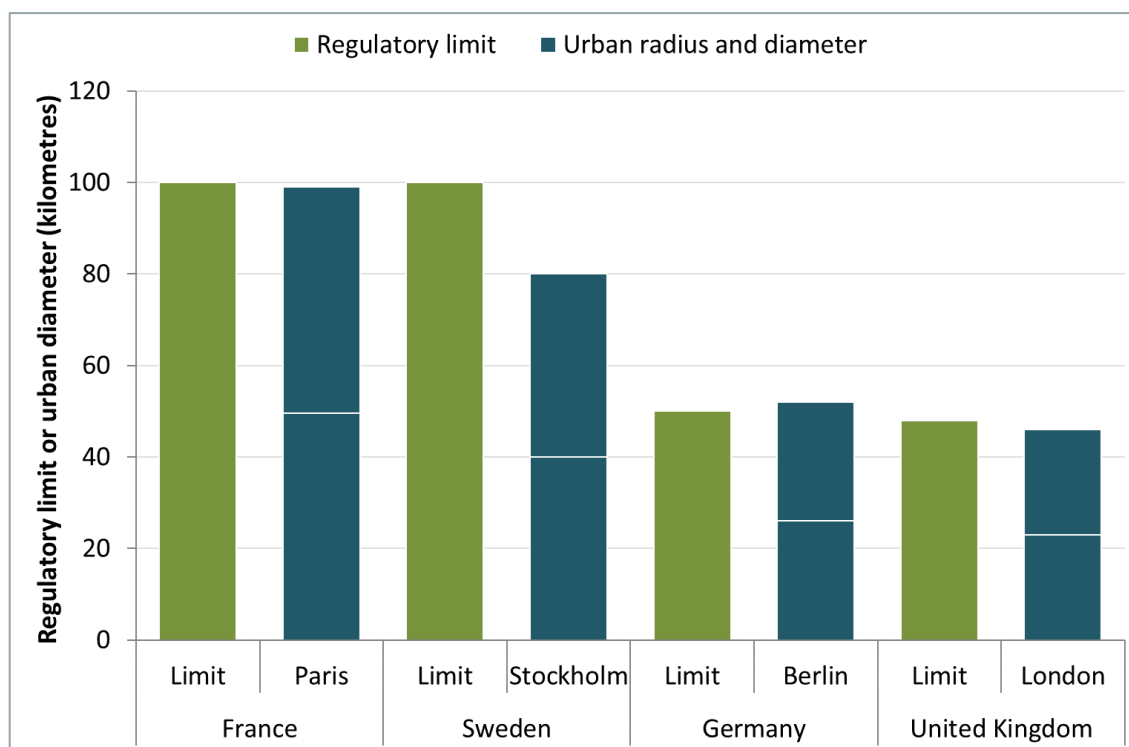
Figure 4.3: measures U3 to U5: comparison of zonal systems in urban areas



Source: Figure 3.6 of "Study on the prices and quality of rail passenger services", Final Report, April 2016.

- 4.54 Note that some European cities have fares zones extending between an urban centre or conurbation into the surrounding area. In the case of Tallinn, for example, the built-up area extends only around 15 kilometres from the city centre, but the zonal fares system, at least for rail travel, extends over 70 kilometres.
- 4.55 Figure 4.4 compares the regulatory limits on the shortest distance a passenger may be carried with our estimate, from Figure 4.3, of the effective radius and hence diameter of the largest urban area we identified in each Member State.

Figure 4.4: measures U3 to U5: regulatory limits and diameters of urban areas



Source: Table 4.6 and Figure 4.3, Steer Davies Gleave analysis.

4.56 We have not investigated the processes which resulted in the selection of the regulatory limits currently imposed by the Member States³⁴. However, the evidence suggests that each Member State has chosen a regulatory distance broadly consistent with permitting no journey wholly within their largest suburban system, and by implication any other suburban system. This suggests that one of several options might be necessary in defining this distance:

- The Commission defines a single distance applicable throughout the EU.
- The Commission defines a single distance, but Member States and regional, suburban and urban competent authorities are permitted to request a larger distance to protect services wholly within them.
- The Commission permits Member States and regional, suburban and urban competent authorities to register areas within which no passenger may be both picked up and set down. This might be practicable if an opportunity arose to observe how it had been applied in process, and whether this appeared to reflect local needs or to be an attempt to limit the effects of liberalisation.

4.57 In each case, Member States would be free to liberalise further, or to set smaller distance thresholds.

4.58 The Commission therefore proposed three ways in which the need for authorisation could be reduced further, either by European legislation or by the Member State, as we set out in Figure 4.5.

³⁴ In the case of the UK, for example, the limit of 30 miles, or approximately 48 kilometres, was introduced in the Transport Act 1980. A distance of 25 miles, or approximately 40 kilometres, was used for similar purposes in the Transport Act 1968.

Figure 4.5: measures U3 to U5: approaches to reducing the requirement for authorisations

Minimum distance a passenger is carried	Approach A1	Approach A2	Approach A3
Over threshold	Member State may require authorisation	Member State must grant authorisation	Authorisation cannot be required
Under threshold	Member State may require authorisation	Member State may require authorisation	Member State may require authorisation

Source: Commission proposals for measures, Steer Davies Gleave analysis.

4.59 We describe these in further detail below.

Approach A1: continuing to allow Member States to require authorisation for any service

4.60 This first approach would be to introduce an authorisation procedure for all services, and to set common requirements for the protection of public service contracts so as to ensure Member States are permitted to take action to protect all such contracts from competition. This would mean that the second half of Article 4(8)(d) (see paragraph 4.42) would specify these common requirements, rather than referring to criteria set by the Member States. We have set out in Table 4.6 and subsequent analysis our conclusions that in practice the most workable common criterion would be one based on the distance that passengers were carried.

4.61 In advance of any specific proposal for “common requirements for the protection of public service contracts”, it is not possible to predict how restrictive these requirements would be or what services they would permit. We therefore assume that approach A1 would not permit Member States to be more restrictive than the current provisions of Article 8(4)(d):

- **requiring** that Member States grant authorisation unless they decide on the basis of a detailed analysis that the service would seriously affect the viability of a comparable public service contract; and
- **permitting** Member States to liberalise further:
 - by applying a less demanding authorisation process;
 - by granting authorisations automatically; or
 - by waiving the requirement for them.

4.62 This approach could be interpreted as setting common requirements for the protection of public service contracts, to ensure Member States are permitted to take action to protect all such contracts from competition, based on the existing framework of Article 8(4)(d).

Approach A2: introducing common protections for public service contracts

4.63 The second approach would be to introduce an authorisation procedure for all services, and to require that any authorisation must be granted for services carrying passengers more than a threshold distance:

- **requiring** that Member States granted authorisations for all services on which each passenger was carried more than a threshold distance, or some other measure related to the size of urban areas or conurbations; and
- **permitting** Member States to have a process for authorising other services; and
- **permitting** Member States to liberalise further:
 - by applying a less demanding authorisation process;
 - by granting authorisations automatically; or
 - by waiving the requirement for them.

4.64 This approach could be interpreted as limiting Member States to taking action to protect public service contracts meeting the needs of an urban centre or conurbation, or transport needs between it and the surrounding areas.

Approach A3: abolishing authorisations

4.65 This third approach would abolish the authorisation procedure for services only carrying passengers over a threshold distance:

- **requiring** that Member States permit such services automatically without authorisation; and
- **permitting** Member States to have a process for authorising other services; and
- **permitting** Member States to liberalise further:
 - by applying a less demanding authorisation process;
 - by granting authorisations automatically; or
 - by waiving the requirement for them.

4.66 This approach would remove the issues of complexity, delay and cost associated with an authorisation regime, but might provide no protection for some public service contract services. It could be interpreted as requiring Member States to make any undertaking free to operate interurban regular services on any route whether or not it is already operated by one or more transport undertakings.

Phasing of approaches

4.67 A further feature of any liberalisation concerns whether it would be necessary to have a transition period, particularly for options involving large changes. This might be desirable to allow Member States, competent authorities and operators to prepare, but also in particular to ensure that liberalisation did not remove existing rights including either:

- exclusive rights to operate services in PSCs;
- usage right in bus and coach terminals granted under existing arrangements.

4.68 In Table 4.7 we set out a number of possible options for transition arrangements, and any precedents that we have been able to identify.

Table 4.7: transition arrangements

Approach	Detail	Example
Honour existing public service contracts.	Article 3(1) of Regulation 1370/2007 requires that any exclusive right or compensation must be given within the framework of a PSC. Article 4(3) of Regulation 1370/2007 requires that the duration of public service contracts is limited to 10 years for coach and bus services and 15 years for passenger transport services by rail.	Fourth Railway Package allows for existing PSCs and associated exclusive rights to continue until expiry.
Transition period.	New arrangements come into force only after delay. Member States are expected to use the transition period to move towards new arrangements.	Regulation 1370/2007 allows ten years transition from 2009 to 2019. This also gives time for pre-existing PSCs to expire.
Gradual relaxation.	Restrictions on entry are gradually eased: for example, distance threshold is reduced in stages.	Sweden and the UK have both introduced distance-based restrictions and then reduced the distance to zero, in the case of the UK within five years.

Source: Steer Davies Gleave analysis.

4.69 In Table 4.8 we set out which of these transition arrangements could be applied to each of the approaches to creating more uniform business conditions.

Table 4.8: transition arrangements applicable to approaches A1 to A3

Approach	Detail	A1	A2	A3
Honour existing public service contracts.	Article 3(1) of Regulation 1370/2007 requires that any exclusive right or compensation must be given within the framework of a PSC. Article 4(3) of Regulation 1370/2007 requires that the duration of public service contracts is limited to 10 years for coach and bus services and 15 years for passenger transport services by rail.	Member States would have the right to reject authorisation for a service comparable to a pre-existing public service contract until it had expired.	Not workable, as authorisations are based on distance, and not mapped to existing public service contracts.	
Transition period.	Member States would not be required to liberalise until after a transition period, but are expected to use the transition period to move towards new arrangements.			
Gradual relaxation.	Restrictions on entry are gradually eased: for example, distance threshold is reduced in stages.	Member States would be permitted to add additional protection to a share of existing public service contracts which would decline over time.	Threshold distance starts large and is reduced over a transition period.	

Source: Steer Davies Gleave analysis.

4.70 Honouring existing public service contracts could be applied under approach A1. Each application for authorisation would need to be matched against comparable public service contracts. For public service contracts in place at the time the legislation came into force, Member States could be given the right to impose additional restrictions in authorisation, stricter than those in Article 8(4)(d). However, Member States are permitted to have single national public service contracts, covering all rail services, with a duration of up to 15 years. One possible outcome is that Member States would reject all applications which potentially

competed with any rail service, and that this enabled all applications to be rejected for up to 15 years.

- 4.71 Honouring existing public service contracts would not be workable in approaches A2 and A3, because these rely on authorisation being based on the distance that passengers are carried, rather than mapping them to existing public service contracts. Nonetheless, one possible outcome is that Member States would reject all applications on the grounds that there was an existing national rail public service contract, and that this enabled all applications to be rejected for up to 15 years.
- 4.72 Regulation 1370/2007 included a ten-year transition period, from December 2009 to December 2019, during which Member States were expected to move to new arrangements. In practice, some Member States used the transition period to phase the opening of the market, but others appear likely to delay market opening until the end of the transition period.
- 4.73 Gradual relaxation of restrictions could in principle be applied under approach A1, for example by requiring Member States to identify public service contracts in place at the time the legislation came into force and to limit the protection of an increasing proportion of them to the test in Article 8(4)(d). It might, however, be difficult to apply this approach in a Member State where most or all public service obligations for long-distance services were achieved through a single national rail public service contract.
- 4.74 Gradual relaxation of restrictions could be applied with approaches A2 and A3 by gradually reducing the threshold distance which passengers must be carried. This could, for example, begin at 500 kilometres and be reduced in steps of 50 or 100 kilometres per year. One potential effect of this approach, however, would be that large Member States such as Spain would be required to begin liberalisation before smaller Member States such as Belgium.
- 4.75 Table 4.9 summarises the potential consequences of different transition approaches.

Table 4.9: transition approaches: potential consequences

Approach	A1	A2	A3
Honour existing public service contracts.	Workable over 10-15 years. Might be delayed up to 15 years by a national rail public service contract.	Probably not workable. Might be delayed up to 15 years by a national rail public service contract.	
Transition period.	Might have no effect before the end of the transition period.		
Gradual relaxation.	Workable if Member States nominated what public service contracts are protected.	Workable by reducing threshold distance. Small Member States would start to liberalise later.	

Source: Steer Davies Gleave analysis.

- 4.76 We conclude that the only transition approach in which all Member States would be required to liberalise at the same rate would be a gradual relaxation of protection under approach A1.

Measures to facilitate a level playing field for access to terminals

- 4.77 We considered six measures proposed by the Commission to facilitate a level playing field for access to terminals, as summarised in Table 4.10, in each case mapping them to the objectives.

Table 4.10: measures considered: facilitating a level playing field for access to terminals

Measure	Objective		
	Simplify administrative procedures	Introduce more uniform market access rules	Provide for greater public terminal access
T1 Define a coach terminal so that it can be differentiated from stopping points and on-street bus stops.			●
T2 Establish guidelines/recommendations to encourage coach terminal operators to provide access to carriers operating regular services on fair and non-discriminatory terms.			●
T3 Recommend that the relevant competent authorities, or operators or managers of the terminals, publish, on a website, in at least two official languages of the Union (a) the rules for scheduling the allocation of capacity and (b) the current timetable and capacity allocation.			●
T4 Require Commission to submit a report on the effects of market opening.			●
T5 Require member States to grant operators access rights to terminal infrastructure on fair and non-discriminatory terms for the purpose of operating regular services.			●
T6 Require that, if a road passenger transport operator is a public entity, a distinct public authority must exercise control over terminal infrastructure.			●

Source: European Commission, Steer Davies Gleave analysis.

4.78 We discuss each of these six measures in turn below.

T1. define a coach terminal

4.79 Coach terminals are not yet defined in European Union legislation. Defining terminals would almost certainly be a necessary precursor to any legislation related to access to them.

4.80 We reviewed various documents before finding a potentially useful basis for a definition, developed by the UK’s Competition Commission in the Local Bus Services Market Investigation (Access to Bus Stations) Order 2012. Orders of this type may have been necessary in the highly-liberalised market in the UK, which was designed to facilitate competition in the market and has subsequently been subject to studies of barriers to entry by the UK competition authorities. We have not identified other Member States with similar Orders or definitions.

4.81 The Order was introduced to address barriers to entry and expansion, in the form of access to bus stations, and was:

“an Order requiring local bus operators that manage bus stations to provide access to bus stations for rivals on fair, reasonable and non-discriminatory terms and to publish the Conditions of Use, which contain, among other things, information about charges and the allocation of stand and layover capacity”.

4.82 The Order used the definition that:

“Bus Station means any parking place which is used by Public Service Vehicles in the provision of a Local Bus Service for the setting down and picking up of passengers, and forms part of any

terminus, or transfer facilities, or interchange facilities for enabling passengers travelling by one means of transport to continue their journey by another, and includes any amenities or facilities provided for use in connection with that station, PROVIDED THAT (a) where ninety-five per cent or more of the services operating from that Bus Station in each calendar year are Coach Services; or (b) where the total square metreage of that Bus Station at ground floor level is 600 m² or less; that Bus Station shall not be treated as a Bus Station.”

4.83 At first sight, the objectives of the Order, and the selection of the definition, appear closely related to the objectives of the current study. Pending the identification of any other more relevant definitions, we therefore propose the following definition:

“A bus and coach terminal means any parking place, with a ground floor area of 600 m² or more, which is used by buses and/or coaches for the setting down and picking up of passengers, and forms part of any terminus, or transfer facilities, or interchange facilities for enabling passengers travelling by one means of transport to continue their journey by another, and includes any amenities or facilities provided for use in connection with that terminal”.

4.84 We envisage that some further consultation may be necessary on the legal and practical aspects of this definition, as summarised in Table 4.11.

Table 4.11: measure T1: defining a bus and coach terminal: further issues

Element	Observation
<u>“bus and coach”.</u>	The UK distinguishes coach and local bus services, but some Member States or languages may make no such distinction. It may be necessary to devise a definition which is sufficiently inclusive to apply to all Member States.
“a ground floor area of <u>600 m²</u> or more”.	It may be better either to select a larger or smaller area, or to define a terminal in terms of the number of stands provided. However, it would not be helpful if the definition could be “gamed” by minor changes to painting of the road surface.
<u>“and forms part of any terminus, or transfer facilities, or interchange facilities for enabling passengers travelling by one means of transport to continue their journey by another”.</u>	This element of the definition might be interpreted to limit the definition: <ul style="list-style-type: none"> • to facilities which were close, or adjacent, to facilities for travel by other modes; or even • to facilities in common ownership, or registered as a single plot of land, which included facilities for travel by other modes. Our examination of a range of terminals suggests that this might exclude many bus and coach terminals which are, for example, on the opposite side of the street from a railway station.
<u>“includes any amenities or facilities provided for use in connection with that terminal”.</u>	Some bus and coach stations, such as at Nicosia, have few or no facilities, which might result in their unintended exclusion from the definition. Facilities might be closed or removed by an owner or manager wishing to avoid a location being classified as a terminal.

Source: Steer Davies Gleave analysis.

4.85 We focused on “publicly available coach terminals”, which we suggest can be defined as follows:

“A publicly available bus and coach terminal is a bus and coach terminal located in the area of a competent public authority which either:

- owns, operates, or manages the terminal; or
- has powers or duties to direct how the terminal is operated or managed.”

4.86 However, we identified a number of further potential issues, summarised in Table 4.12.

Table 4.12: measure T1: defining a publicly available bus and coach terminal: further issues

Element	Observation
“Located <u>in the area</u> of a competent public authority”.	Luton Airport near London is owned by the local authority. Stansted Airport near London is indirectly owned by a number of local authorities around Manchester, but these authorities have no other powers in the area.
<u>“Owns, operates, or manages”.</u>	Under any of these circumstances, it appears reasonable to assume that the competent local authority has means to control or direct how the terminal is used, including capacity allocation and charging.
<u>“Has powers or duties to direct how the terminal is operated or managed”.</u>	Where, under relevant national, regional or local legislation, the competent authority already has powers or duties to direct how the terminal is operated or managed, it appears reasonable to require it to use those powers. For example, it might subcontract the management of the terminal to another party, or have existing powers or duties to regulate transport interchanges, or to ensure non-discrimination.

Source: Steer Davies Gleave analysis.

4.87 We stress that these proposed definitions may be modified on the basis of further information provided. We envisage that the Commission will need to consult on any proposed definition which would bring facilities into the scope of a modified or new Regulation. Nonetheless, we assume that it would in principle be possible to devise a definition of a coach terminal, subject to the observations set out in Table 4.12.

T2. encourage coach terminal operators to provide access

4.88 We considered a further measure to “establish guidelines/recommendations to encourage coach terminal operators to provide access to carriers operating regular services on fair and non-discriminatory terms”. We note that, in the absence of more concrete measures, this might be a useful first step to encouraging fair and non-discriminatory access, but it is difficult to assess how effective it would be. One practical issue, for example, would be preparing, and publicising the existence and relevance, of guidelines and recommendations in sufficient of the official languages of the Union that at least a majority of relevant stakeholders were aware of them.

T3. publish a “terminal statement”

4.89 For rail, Directive 2012/34/EC states that:

- “To ensure transparency and non-discriminatory access to rail infrastructure, and to services in service facilities, for all railway undertakings, all the information required to use access rights should be published in a network statement. The network statement should be published in at least two official languages of the Union in line with existing international practices.”
- “The content of the network statement shall be made available free of charge in electronic format on the web portal of the infrastructure manager and accessible through a common web portal.”

- The network statement shall set out the nature of the infrastructure which is available to railway undertakings, and contain information setting out the conditions for access to the relevant railway infrastructure.”
- “Member States shall ensure that the network statement contains the charging framework and charging rules or indicates a website where the charging framework and charging rules are published.”

4.90 The Directive specifies in further detail that the Network Statement must be kept up-to-date and published sufficiently in advance of the period to which it applies.

4.91 The requirements for Network Statements in the rail industry have generally been seen as effective, as they force those responsible for providing access to state in advance the processes they will use, and enables dissatisfied applicants to identify whether either:

- the processes put forward are discriminatory, opening one possible approach to a remedy; or
- the applicant has not been treated in accordance with the processes, opening another possible approach to a remedy.

4.92 In addition, the existence of Network Statements has allowed infrastructure managers to compare their approaches and to converge on a structure and presentation which are tried-and-tested elsewhere. The resulting convergence in the “look and feel” of Network Statements also helps applicants for capacity to understand each Network Statement.

4.93 Finally, the requirement to use at least two official languages has improved the accessibility of the information: many rail infrastructure managers use the local language and English, or add languages to reflect the expected languages of applicants or other interested parties.

4.94 We therefore suggest that measures related to terminals could usefully be modelled on the approach to Network Statements in the rail industry, with the aim of using emerging experience of the measures:

- to provide operators with transparency in how they will be treated;
- to enable terminal owners and managers to identify good practice and to harmonise approaches; and
- to enable the Commission to monitor developments and emerging problems, and to identify whether and what further intervention may be necessary.

4.95 A possible measure would be to require the relevant competent authorities or operators or managers of terminals to publish, on a website, in at least two official languages of the Union information such as:

- a list of services provided;
- a list of prices for those services;
- the rules for scheduling the allocation of capacity; and
- the current timetable and capacity allocation.

4.96 However, it is not clear how effective such a measure would be if it did not make available any additional capacity.

T4. require the Commission to report on market opening

4.97 Evidence from case studies suggests that the need for increasing terminal capacity may peak after around four years (see Figure 3.12), and that stakeholders have found means of adding

capacity or resolving access disputes. Nonetheless, the evidence of the scale, incidence and duration of these problems is limited, and it may be advantageous to expand the evidence base before further intervention to specify proposals for the addition of capacity or the resolution of disputes.

T5. require Member States to grant non-discriminatory access

4.98 Legislation could be introduced to require Member States to grant operator access rights to terminals on fair and non-discriminatory terms for the purposes of operating regular services. There is a general presumption against discrimination in European law, and it would be normal to include reference to non-discrimination in legislation.

4.99 There is also at least one precedent relating to non-discrimination in access and charging for publicly-owned coach terminal infrastructure. The UK Competition Commission's Local Bus Services Market Investigation (Access to Bus Stations) Order 2012 requires certain local bus operators which manage bus stations:

- to grant access to those bus stations for other operators on fair, reasonable and non-discriminatory terms;
- to set any related charges on fair, reasonable and non-discriminatory terms; and
- to publish certain information.

4.100 A general requirement for non-discriminatory access in EU law could help to reinforce national competition law. There would, however, need to be scope for investigation in the event of a dispute, because capacity might not be available and judgements would be required on whether capacity could be provided at reasonable levels of service. This is normally best carried out by a competent authority independent of:

- the providers of services; and
- the sponsors, procurers and funders of services, including local, regional and national competent authorities responsible for the specification and award of public service contracts.

T6. require separation of operation of transport operator and control of terminals

4.101 This measure would require that, if a road passenger transport operator is a public entity, a distinct public authority must exercise control over its terminal infrastructure. This would still mean that any municipal "internal operator" which owns, plans, manages and operates local public transport services including metro, tram and bus services would be required to create a "distinct" authority which would control any infrastructure which met the definition of a coach terminal in measure T1. We envisage a number of practical difficulties with this measure:

- Public entities might seek to comply by creating a "distinct" authority which was insufficiently independent in practice. In this context we note that, while separation of operations and infrastructure in the rail industry was first required under Directive 91/440/EEC, 25 years later the Fourth Railway Package (adopted in 2016) still permits structures in which operations and infrastructure are in common ownership.
- If effective legislation in the coach industry could be introduced much more rapidly than has occurred in the rail industry, one possible outcome is that neighbouring or "friendly" authorities agree to "control" each other's coach terminals without in practice doing anything that would disadvantage the original owner's operations.

- Whatever the timing and effectiveness of legislation, public entities might evade the measure by ensuring that none of their facilities were classified as terminals under whatever definition was adopted in measure T1.
- Given the wide range of ownership and management structures across the European Union, and the difficulties of applying a uniform definition of a terminal as discussed, it is difficult to see how the measure could be applied or enforced effectively.

4.102 We conclude that this measure, as drafted, would preclude the operation of many existing services and, even if redrafted, might prove ineffective without further and more explicit requirements on what constituted a “distinct” public authority.

Combination of measures into options

4.103 We next discuss how the measures described above can be combined into options. Following guidance from the Commission, we have specified two sets of options, with each set addressing different aspects of the problem described in Chapter 3. More specifically, the first set addresses the problem drivers of excessive administrative costs and restricted access to national interurban markets (both of which relate to market and route access) while the second set concerns access to infrastructure (in particular terminals).

4.104 While this separation is at odds with the conventional approach to impact assessments (in which each option must address all of the specific objectives and corresponding problem drivers), we agree with the Commission that in this case the issues surrounding market access and infrastructure access can be considered separately, and that action in one area need not imply action in another.

Clarifications, administrative simplification and uniform business conditions

4.105 We agreed with the Commission that all the measures to provide clarifications and administrative simplification are relatively uncontroversial and that these should be treated with measures to create more uniform business conditions, as shown in Table 4.13.

Table 4.13: clarifications, administrative simplification and uniform business conditions

Measure	Objectives			A0	A1	A2	A3
	Simplify administrative procedures	Introduce more uniform market access rules	Provide for greater public terminal access				
C1	Clarify the definition of “international carriage” to ensure that closed-door tours that visit other Member States are not excluded from the scope of the Regulation.	●			●	●	●
C2	Clarify the definition of “regular services” to ensure that there is no requirement to have stopping points along the route but if there are stopping points they must be known in advance. Clarify whether “request stops” are permitted.	●			●	●	●
C3	Clarify that there is no requirement for an own-account operator to possess a Community licence to be issued a certificate for own-account operations.	●			●	●	●
C4	Journey forms are abolished.	●	●		●	●	●
C5	Clarify the meaning of “Cabotage operations shall be authorised...” in Article 15 to mean that the cabotage operations are authorised rather than need to be authorised.	●	●		●	●	●
U1	Extend the scope of the Regulation to include not only international services and cabotage, but also national markets, with all services subject to authorisation.		●		●	●	●
U2	Require that carriers from all Member States be guaranteed access to national regular services markets without discrimination on grounds of nationality or place of establishment.		●		●	●	●
U3	Set common requirements for the protection of public service contracts so as to ensure that Member States are permitted to take action to protect all public service contracts from competition.		●		●		
U4	Member States are limited to taking action to protect public service contracts meeting the needs of an urban centre or conurbation, or transport needs between it and the surrounding area.		●			●	●
U5	Abolish the authorisation procedure so that any undertaking established in a Member State would be free to operate interurban regular services on any route whether or not it is already operated by one or more transport undertakings.		●				●

Source: European Commission, Steer Davies Gleave analysis.

Option A0: baseline

4.106 We defined Option A0 as the baseline, in which none of the measures would be applied.

Option A1: open routes which do not compromise a public service contract

4.107 We defined Option A1 as opening routes which do not compromise a public service contract. In this option:

- All measures C, to provide clarifications and administrative simplification, would be included.
- The scope of the Regulation would be extended to include national markets, and cabotage would be treated as a national service (measure U1).
- Carriers from all Member States would be guaranteed access to national regular services without discrimination (measure U2).
- Member States would be required to grant authorisation unless they decide on the basis of a detailed analysis that the service would seriously affect the viability of a comparable public service contract. This detailed analysis would be based on common requirements for the protection of PSCs set at the European level, not by the Member States (U3).
- Member States would be permitted to liberalise further:
 - by applying a less demanding authorisation process;
 - by granting authorisations automatically; or
 - by waiving the requirement for them.

4.108 A possible transition approach to Option A1, in which all Member States would be required to liberalise at the same rate, would be a gradual relaxation of protection by a certain percentage of public service contract services each year.

Option A2: automatic authorisation of interurban carriage over a certain distance

4.109 We defined Option A2 as opening interurban routes, defined as those on which all passengers were carried a certain minimum distance. In this option:

- All measures C, to provide clarifications and administrative simplification, would be included.
- The scope of the Regulation would be extended to include national markets, and cabotage would be treated as a national service (measure U1).
- Carriers from all Member States would be guaranteed access to national regular services without discrimination (measure U2).
- Member States would be required to grant authorisations for all services on which each passenger was carried more than a threshold distance (U4).
- Member States would be permitted to have a process for authorising other services.
- Member States would be permitted to liberalise further:
 - by applying a less demanding authorisation process;
 - by granting authorisations automatically; or
 - by waiving the requirement for them.

4.110 It might be possible to have a transition approach to this option, in which the threshold distance was reduced in stages, although this would have the effect that large Member States were required to liberalise before small ones. Alternatively, Member States could be allowed a transition period of 10-15 years, during which some or all of them might not authorise any new services.

Option A3: no authorisation required for interurban carriage over a certain distance

- 4.111 We defined Option A3 as abolishing authorisation on interurban routes, defined as those on which all passengers were carried a certain minimum distance. In this option:
- All measures C, to provide clarifications and administrative simplification, would be included.
 - The scope of the Regulation would be extended to include national markets, and cabotage would be treated as a national service (measure U1).
 - Carriers from all Member States would be guaranteed access to national regular services without discrimination (measure U2).
 - Member States would be required to permit automatically, without authorisation, all services on which each passenger was carried more than a threshold distance (measure U5).
 - Member States would be permitted to have a process for authorising other services.
 - Member States would be permitted to liberalise further:
 - by applying a less demanding authorisation process;
 - by granting authorisations automatically; or
 - by waiving the requirement for them.
- 4.112 It might be possible to have a transition approach to this option, in which the threshold distance was reduced in stages, although this would have the effect that large Member States were required to liberalise before small ones. In addition, any existing services would gradually cease to require or hold authorisation once the threshold distance was shorter than the shortest distance they carried passengers. Alternatively, Member States could be allowed a transition period of 10-15 years, during which they might not authorise any new services.

Measures to facilitate a level playing field for access to terminals

- 4.113 Table 4.14 shows how we combined measures to create a level playing field for access to terminals.

Table 4.14: measures retained: facilitating a level playing field for access to terminals

Measure	Objective			B0	B1	B2	B3	B4
	Simplify administrative procedures	Introduce more uniform market access rules	Provide for greater public terminal access					
T1	Define a coach terminal so that it can be differentiated from stopping points and on-street bus stops.			●	●	●	●	●
T2	Establish guidelines/recommendations to encourage coach terminal operators to provide access to carriers operating regular services on fair and non-discriminatory terms.		●		●	●		
T3	Recommend that the relevant competent authorities, or operators or managers of the terminals, publish, on a website, in at least two official languages of the Union (a) the rules for scheduling the allocation of capacity and (b) the current timetable and capacity allocation.		●		●	●		
T4	Require Commission to submit a report on the effects of market opening.		●			●		
T5	Require member States to grant operators access rights to terminal infrastructure on fair and non-discriminatory terms for the purpose of operating regular services.		●				●	●
T6	Require that, if a road passenger transport operator is a public entity, a distinct public authority must exercise control over terminal infrastructure.		●					●

Source: European Commission, Steer Davies Gleave analysis.

Option B0: baseline

4.114 We defined Option B0 as the baseline, in which none of the measures would be applied.

Option B1: soft regulation

4.115 We defined Option B1 as soft regulation. In this option:

- All measures C, to provide clarifications and administrative simplification, would be included.
- A definition of a terminal would be agreed and implemented, potentially on the basis discussed in Table 4.11.
- Guidelines and/or recommendations would be established to encourage coach terminal operators to provide access to carriers operating regular services on a fair and non-discriminatory basis.
- It would be recommended that the relevant competent authorities, or operators or managers of the terminals, publish, on a website, in at least two official languages of the Union (a) the rules for scheduling the allocation of capacity and (b) the current timetable and capacity allocation.

Option B2: soft regulation and report

4.116 We defined Option B2 as soft regulation and report. In this option:

- All measures C, to provide clarifications and administrative simplification, would be included.
- A definition of a terminal would be agreed and implemented, potentially on the basis discussed in Table 4.11.
- Guidelines and/or recommendations would be established to encourage coach terminal operators to provide access to carriers operating regular services on a fair and non-discriminatory basis.
- It would be recommended that the relevant competent authorities, or operators or managers of the terminals, publish, on a website, in at least two official languages of the Union (a) the rules for scheduling the allocation of capacity and (b) the current timetable and capacity allocation.
- The Commission would be required to submit a report on the effects of market opening. Given the timescales of market opening seen in the United Kingdom and Germany, we suggest that this report should be based on data for the fifth complete year after market opening, with the expectation that overall demand for access to terminals would have either reached a plateau or peaked and begun to decline.

Option B3: equal access rule

4.117 We defined Option B3 as having an equal access rule. In this option:

- All measures C, to provide clarifications and administrative simplification, would be included.
- A definition of a terminal would be agreed and implemented, potentially on the basis discussed in Table 4.11.
- Member States would be required to grant operators access rights to terminal infrastructure on fair and non-discriminatory terms for the purpose of operating regular services. We note, however, that these terms might be on a basis such as grandfather rights, which might not enable the transfer of any capacity from incumbents to new entrants.

Option B4: separation of transport and terminal operators

4.118 We defined Option B4 as separation of transport and terminal operators. In this option:

- All measures C, to provide clarifications and administrative simplification, would be included.
- A definition of a terminal would be agreed and implemented, potentially on the basis discussed in Table 4.11.
- Member States would be required to grant operators access rights to terminal infrastructure on fair and non-discriminatory terms for the purpose of operating regular services.
- If a road passenger transport operator is a public entity, it would be required that a distinct public authority must exercise control over terminal infrastructure.

Sifting of policy options

4.119 We sifted Options A0 to A3 and B0 to B4 against the criteria for screening options set out in the Better Regulation “Toolbox” and shown in Table 4.15 below.

Table 4.15: criteria for screening from Better Regulation “Toolbox”

Criterion	Details
Legal feasibility	Options must respect the principle of conferral. They should also respect any obligation arising from the EU Treaties (and relevant international agreements) and ensure respect of fundamental rights. Legal obligations incorporated in existing primary or secondary EU legislation may also rule out certain options.
Technical feasibility	Technological and technical constraints may not allow for the implementation, monitoring and/or enforcement of theoretical options.
Previous policy choices	Certain options may be ruled out by previous Commission policy choices or mandates by EU institutions.
Coherence with other EU policy objectives	Certain options may be ruled out early due to poor coherence with other general EU policy objectives.
Effectiveness and efficiency	It may already be possible to show that some options would uncontrovertibly achieve a worse cost-benefit balance than some alternatives.
Proportionality	Some options may clearly restrict the scope for national decision making over and above what is needed to achieve the objectives satisfactorily.
Political feasibility	Options that would clearly fail to garner the necessary political support for legislative adoption and/or implementation could also be discarded.
Relevance	When it can be shown that two options are not likely to differ materially in terms of their significant impacts or their distribution, only one should be retained.

Source: Better Regulation “Toolbox”.

4.120 In Table 4.16 we have:

- identified options which perform poorly against one or more of the other screening criteria; and
- rank options on the basis of the number of criteria on which they perform poorly.

Table 4.16: screening against criteria

Criterion	A1	A2	A3	B1	B2	B3	B4
Legal feasibility							
Technical feasibility	Poor	?	?	Poor	Poor	Poor	Poor
Previous policy choices		Mixed	Mixed				
Coherence with other EU policy objectives	Poor	Poor	Poor				
Effectiveness and efficiency				Poor			Poor
Proportionality							Poor
Political feasibility			Poor				Poor
Relevance	Poor			Poor			
Rank	3=	1	2	3	1=	1=	4

Source: Better Regulation “Toolbox”.

4.121 We discuss our conclusions in turn below. Here, we note that we have excluded option B4 from subsequent analysis on the grounds that it performs poorly against 50% of the sifting criteria.

Legal feasibility

- 4.122 We did not rate any options poor on legal feasibility. In some cases, we have identified legal precedents for individual measures (e.g. the definition of terminals and proscription of discriminatory behaviour).

Technical feasibility

- 4.123 In Option A1, it may prove technically difficult to set common requirements for the protection of public service contracts in measure U4. Successive liberalisations of the rail industry have not attempted to devise common requirements, and many stakeholders told us that it would be inappropriate to attempt to do so, because the circumstances of each combination of existing or proposed public service contract(s) and proposed new service(s) would be different. In addition, application of common requirements typically requires the collection of a common set of data, which seems unlikely to be practicable when the volume of information on existing or proposed public service contracts varies widely.

- 4.124 In Options A2 and A3, it might be technically difficult to deal with cabotage, for two reasons:

- First, as we set out in paragraphs 4.35 to 4.41, there are a number of technical questions on whether cabotage would continue to exist as a category of service and, if so, how operators of cabotage and domestic services would in practice be treated without discrimination.
- Second, where cabotage is currently permitted under Regulation 1073/2009, it might appear anomalous if it were subsequently not permitted under a “threshold distance” rule, either permanently or during some or all of a transition period. One potential unintended consequence of Options A2 and A3 is that existing cabotage services would cease to be permitted, unless the relevant Member State chose to liberalise further to allow them to continue.

- 4.125 In Options B1, B2, B3 and B4, it is proposed to define a coach terminal, which raises a number of technical challenges:

- A definition will need to be devised and agreed, and be workable in situations such as where a range of “terminal” facilities occur near to each other but are under different control and/or ownership.
- It may be of little value to define a terminal without also devising means of defining and measuring its capacity and costs.
- Limiting the definition to terminals may be of limited effect, given the wide range of coach stopping locations set out in Figure 4.2.

- 4.126 In addition, Option B4 appears particularly difficult to implement, given the wide range of terminal ownership and management structures across the European Union. Ensuring compliance with the requirement for management by a distinct entity would appear to be particularly challenging.

Previous policy choices

- 4.127 Options A2 and A3 appear at first sight to be consistent with some previous policy choices but not with others. They reflect broad principles including market liberalisation, non-discrimination, and the existence and protection of public service contracts. However, current policy allows Member States to protect public service contracts which are not:

- “meeting the needs of an urban centre or conurbation, or transport needs between it and the surrounding areas” (Option A2); or
- “interurban” (Option A3).

4.128 Options A2 and A3, as defined, also implicitly require that all existing and future public service contracts clearly either do, or do not, fall into these categories. In practice, however, many Member States have national rail public service contracts which include a wide range of urban, suburban, interurban and rural services. There is no requirement, or provision in European Union legislation, to require Member States and competent authorities to specify or subdivide public service contracts in a way which is consistent with these definitions.

4.129 As we set out in Table 4.6 and Figure 4.5, in practice the only workable approach may be to categorise services according to the shortest distance over which passengers are carried, or at least the shortest distance for which tickets are sold. This approach also prevents Member States from protecting existing (or planned) but commercially viable services, including many long-distance rail services, by making them the subject of a public service contract.

Coherence with other EU policy objectives

4.130 Options A1, A2 and A3 all present potential problems of coherence with policies designed to shift passengers to rail, given the evidence from liberalisation in Germany³⁵. There is also circumstantial evidence that liberalisation of long-distance coach services has contributed to the decline of night train services³⁶.

4.131 In particular, as evidence in Germany shows, liberalised coach services may either undermine the viability of commercial rail services, and require that they instead be subsidised through a public service contract, or increase the subsidy requirements of existing public service contracts.

Effectiveness and efficiency

4.132 Option B1 fails the test of effectiveness and efficiency when compared with Option B2, because it imposes all the costs of defining a coach terminal (T1), establishing guidelines and recommendations (T2) and recommending publication of a “terminal statement” (T3) without the benefits of subsequently monitoring the effects of having done so (T4). We conclude that it would always be better to select Option B2 than Option B1.

4.133 Option B4 also appears relatively inefficient and ineffective, in that it would require significant changes to ownership and management arrangements at terminal locations across Europe, the likely results of which are at best unclear. The effort required to ensure compliance would also be substantial.

³⁵ In the case study on Germany we cite a 2015 study by the Bundesamt für Güterverkehr (BAG), which found that 30-44% of coach passengers in 2014 had come from rail, and a Verkehrsclub Deutschland (VCD) study suggesting that 55.5% of long-distance coach passengers indicated that their preferred alternative travel mode was rail.

³⁶ Research for TRAN Committee - Passenger night trains in Europe: the end of the line?, European Parliament, May 2017.

Proportionality

4.134 Moreover option B4, which we interpret as “a road passenger transport operator that is a public entity may not control any terminal infrastructure that it uses” does not appear likely to be proportionate³⁷:

- This would apply to all such public entities which controlled at least one terminal, even if there was no realistic prospect that coach services would apply to use that terminal. For example, depending on the definition of a terminal, it might apply to many municipal bus operators providing only local bus services within a small island³⁸.
- It would require that every such entity transfer control of either operations or terminals to another public entity, which might need to be created for the purposes and might not in practice have meaningful managerial independence (see paragraph 4.101).

4.135 We conclude that imposing such a separation, in advance of identifying the scale or materiality of discrimination by public entities controlled both transport operations and terminals, would not be proportionate.

Political feasibility

4.136 Option A3 may not be politically feasible, as it would abolish authorisations from international services and from domestic or cabotage “interurban” services³⁹. Stakeholders expressed concern about regular services being operated without any form of control document or registration of the route(s) that they were operating. It is not clear whether abolishing authorisation would be acceptable without at least some compensatory process of registration or routes in a way that enabled authorities such as the police to confirm whether a bus or coach was carrying out a legal journey outside the scope any authorisation process.

4.137 Option B4 may not be politically feasible, because of the requirement for enforced separation of road passenger transport operations and terminal control, which as currently proposed would apply even at terminals on islands which would never in practice be served by regular coach services. As we note in paragraph 4.101, while separation of operations and infrastructure in the rail industry was first required under Directive 91/440/EEC, 25 years later the Fourth Railway Package (adopted in 2016) still permits structures in which operations and infrastructure are in common ownership.

³⁷ Regulation 1071/2009 states that “the occupation of road passenger transport operator’ means the activity of any undertaking operating, by means of motor vehicles so constructed and equipped as to be suitable for carrying more than nine persons, including the driver, and intended for that purpose, passenger transport services for the public or for specific categories of users in return for payment by the person transported or by the transport organiser”.

³⁸ In the 2016 study, we noted that Malta is a group of islands on which bus travel is the only form of scheduled public transport, but no two points connected by road are more than 30 kilometres apart (B.236). Option A1 would in principle apply to Malta, but Options A2 and A3 would not, because it would not be possible to carry a passenger 100 kilometres. It would be pointless to apply measure T6 to Malta unless Option A1 was adopted, and even then it might have no effect, as we have seen no evidence of any scope to operate a commercial regular service in Malta. We note in Appendix F that the Islas Baleares and Islas Canarias in Spain are also groups of islands on which similar issues might apply.

³⁹ Measure U5 is worded as “Abolish the authorisation procedure so that any undertaking established in a Member State would be free to operate interurban regular services on any route whether or not it is already operated by one or more transport undertakings”, which we have interpreted as above.

Relevance

- 4.138 Option A1 fails the relevance test, because it relies on “common requirements for the protection of public service contracts”. As we set out in Table 4.6, the only workable proposals for such requirements which we have identified are:
- the Article 8(4)(d) test, in which case Option A1 may prove to be similar to the Baseline Option A0; and
 - a test based on the distance passengers are carried, in which case Option A1 may prove to be similar to Option A2.
- 4.139 In the absence of any clarity on what such “common requirements for the protection of public service contracts” could be, we have no basis on which to assess whether, and to what extent, Option A1 would materially differ from Option A0 or Option A2.
- 4.140 Option B1 fails the relevance test by comparison with Option B2, because (as noted in paragraph 4.130) it imposes all the costs of defining a coach terminal (T1), establishing guidelines and recommendations (T2) and recommending publication of a “terminal statement” (T3) without the benefits of subsequently monitoring the effects of having done so (T4).
- 4.141 In practice, we would expect that the Commission would carry out an ex-post evaluation of any Option which was implemented. It may be appropriate to recommend that a report by the Commission should be a part of all options other than Baseline Option A0, in which case Options B1 and B2 would become identical.

Conclusions

- 4.142 Of the three options for creating more uniform business conditions:
- Option A1, based on “common requirements for the protection of public service contracts”, while it may be difficult to implement, does provide a mechanism for reconciling ongoing provision of services requiring support and further liberalisation of interurban services.
 - Option A2, based on a test that passengers must be carried a minimum of 100 kilometres, appears to be practicable.
 - Option A3, with no authorisation process for international services or domestic services carrying passengers a minimum of 100 kilometres, may be challenged by Member States objecting to regular services operating with no control documents, but could significantly reduce the administrative burden associated with market entry.
- 4.143 Of the four options related to access to terminals:
- Option B1, while it includes no mandatory requirements and no monitoring of its effects, provides a possible starting point for establishing capacity availability, encouraging terminal operators to assess capacity requirements and rules for allocating capacity explicitly.
 - Option B2 would enable the Commission to consider the impact of Option B1 further, and while it would be unlikely to result in a further increase in terminal access, could provide a basis for further intervention in the future.
 - Option B3 would introduce a requirement for non-discrimination and, by implication, supporting enforcement action. This could ensure significant release of terminal capacity at some terminals, the effects of which should be examined further.

- Option B4, which we interpret as “a road passenger transport operator that is a public entity may not control any terminal infrastructure that it uses”, appears ineffective, disproportionate and politically difficult, particularly if applied to all internal operators where there was no realistic prospect of the introduction of a coach service, such as on small islands.

4.144 We therefore took all options except Option B4 forward for further analysis. Our approach to the assessment of impacts is described in Chapter 5.

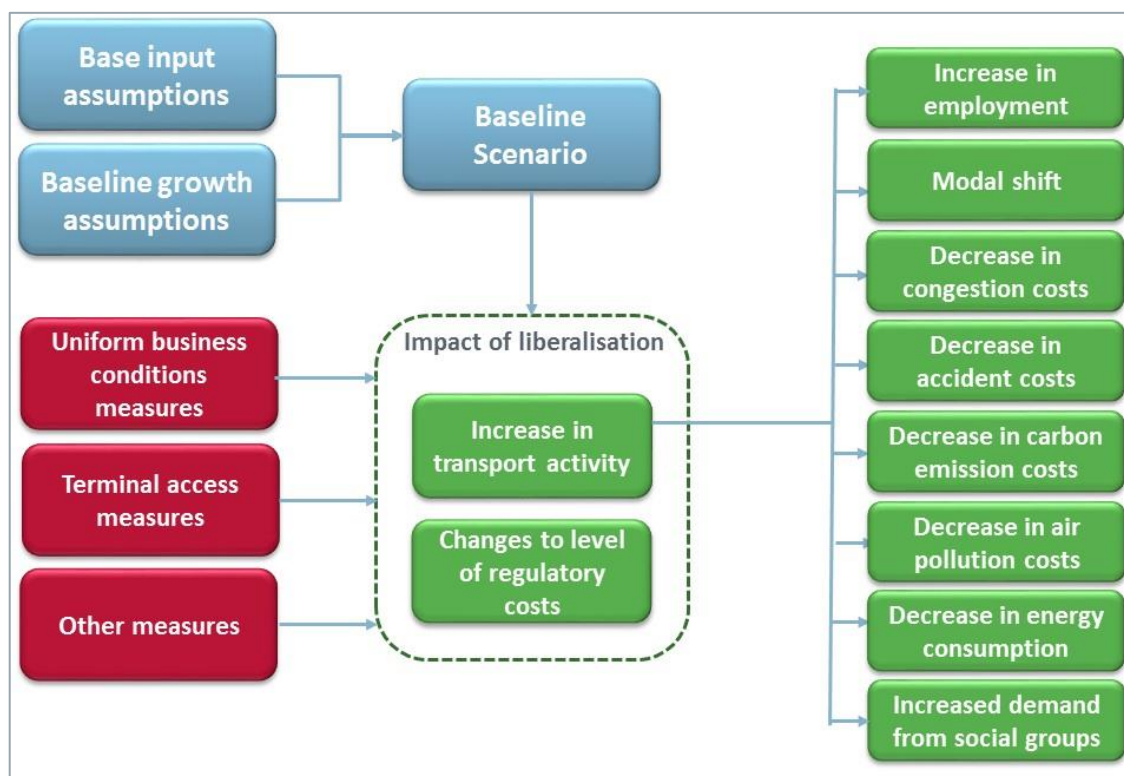
5 Impact assessment methodology

Overview

Structure of the Impact Assessment (IA) tool

- 5.1 We constructed an Excel-based Impact Assessment (IA) tool to enable us to estimate the quantified and monetised impacts in each Member State across a 20-year assessment period from 2015 to 2035. Figure 5.1 summarises the structure of the IA tool.

Figure 5.1: Impact Assessment tool structure



- 5.2 The main elements within the tool are as follows:

- **Estimating the baseline scenario:** this was based primarily on input assumptions from an updated EU Reference Scenario 2016⁴⁰.

⁴⁰ This scenario builds on EU Reference scenario 2016 but includes some updates in the technology costs assumptions (i.e. for light duty vehicles) and few policy measures adopted after its cut-off date (end of 2014) like the Directive on Weights and Dimensions, the 4th Railways Package, the NAIADES II

- **Estimating the impact of liberalisation:** changes to the baseline scenario level of transport activity arising from the implementation of policy measures derived in Chapter 4 were estimated from evidence from previous domestic coach market liberalisation initiatives. Impacts on regulatory costs were calculated separately.
- **Assessing secondary impacts:** deviations from the baseline scenario level of secondary impacts are driven by changes to the level of transport activity.

5.3 We describe each of these elements in more detail in the following paragraphs.

Baseline scenario

5.4 The baseline scenario was defined in terms of metrics, estimated for the whole of the assessment period, derived as shown in Table 5.1.

Table 5.1: Baseline Scenario sources and assumptions

Metric	Units or components	Source for 2015 value	Growth assumption
Coach activity	Passenger-kilometres Vehicle-kilometres Passenger journeys	PRIMES-TREMOVE model (Does not cover number of services, international coach activity, and cabotage)	PRIMES-TREMOVE model
Transport activity on competing modes	Coach, rail and air	PRIMES-TREMOVE model	PRIMES-TREMOVE model
Coach mode share		PRIMES-TREMOVE model	PRIMES-TREMOVE model
Fare levels	€ per passenger-kilometre	PRIMES-TREMOVE model (provided as unit costs)	PRIMES-TREMOVE model
Revenue	€	PRIMES-TREMOVE model (using unit costs and transport activity)	PRIMES-TREMOVE model
Employment	Full-time equivalents	EU Statistical Pocketbook and PRIMES-TREMOVE model	Pro rata with transport volume in passenger-kilometres
Congestion costs	€ external costs	PRIMES-TREMOVE model	PRIMES-TREMOVE model
Accident costs	€ external costs	PRIMES-TREMOVE model	PRIMES-TREMOVE model
Energy use	Tonnes of oil equivalent (toe)	PRIMES-TREMOVE model	PRIMES-TREMOVE model
Carbon emission costs	Tonnes of CO ₂ Monetised value	PRIMES-TREMOVE model	PRIMES-TREMOVE model
Air pollution	€ external costs	PRIMES-TREMOVE model	PRIMES-TREMOVE model
Regulatory costs	€ external costs	Estimated based on bottom up calculations	Pro rata with level of transport activity

Package, the Ports Package, the replacement of the New European Driving Cycle (NEDC) test cycle by the new Worldwide harmonized Light-vehicles Test Procedure (WLTP). It has been developed with the PRIMES-TREMOVE model (i.e. the same model used for the EU Reference scenario 2016) by ICCS-E3MLab. A detailed description of this scenario is available in the Impact Assessment accompanying the Proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, SWD (2017) 180

Source: Steer Davies Gleave.

5.5 In most cases, we used the metrics from the updated EU Reference scenario 2016. As discussed in Chapter 3 (3.76 to 3.82), the baseline scenario builds on the updated EU Reference Scenario 2016, but additionally takes account of reform of the national regulatory frameworks of the buses and coaches market in Germany, Italy, France and Poland.

5.6 The PRIMES-TREMOVE model does not provide projections of employment levels and some measures of transport activity (the number of services and international coach activity) for the coach market. We therefore estimated the baseline level of these metrics using alternative sources and assumptions.

Transport activity

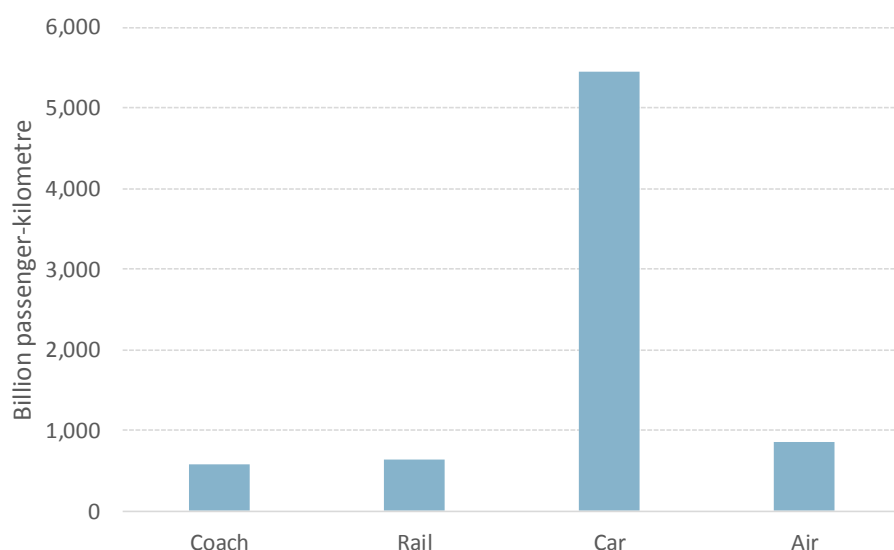
5.7 In estimating the baseline number of coach services and the level of international coach activity, we drew on national statistics and stakeholder consultation responses to fill some data gaps. However, not every Member State records or publishes this data and we could not create a comprehensive data set. We therefore filled the remaining data gaps as follows:

- To estimate the level international coach activity we used data, from Member States where it was available, to generate a ratio of international coach activity (as a proportion of total coach activity) to the number of borders. We then applied this ratio to the remaining Member States.
- Similarly, to estimate the number of coach services, we used available data to generate a ratio of coach services to coach transport activity. We then applied this ratio to the remaining Member States.

5.8 We found no data on the level of cabotage activity and did not receive from stakeholders any useful information on the level of cabotage. Accordingly, the IA tool included no estimates of cabotage.

5.9 The projected level of transport activity, for each transport mode, in the baseline scenario in 2030 is shown in Figure 5.2.

Figure 5.2: Baseline scenario projections of transport activity in 2030



Source: Steer Davies Gleave analysis; Note: Air transport covers domestic and international intra-EU aviation activity

Employment

- 5.10 The EU Statistical Pocketbook contains combined total employment levels across local bus and interurban coach industries in each Member State, and the PRIMES-TREMOVE model provides projections of the total number of bus and coach vehicles in each Member State. To estimate total coach industry employment, we applied the proportion of coaches in the total bus and coach fleet, to the total employment level provided in the Statistical pocketbook. We assumed employment grows in line with transport activity throughout the assessment period.

Administrative costs

- 5.11 To estimate regulatory costs in the baseline scenario, we estimated the costs associated with authorisations, licences and journey forms separately for both coach operators and national authorities. To estimate each of these costs, we used the following formula:

$$\begin{aligned} & \text{Administrative costs} \\ &= \text{Average cost of the required administrative activity (Price)} \\ & \times \text{Total number of activities performed (Quantity)} \end{aligned}$$

Where:

$$\text{Price} = \text{Average staff cost} \times \text{Time taken to complete regulatory activity}$$

and:

$$\text{Quantity} = \text{The number of units of the regulatory activity}$$

- 5.12 We calculated the price of each regulatory activity using the EU average wage (calculated by Reinies Fischer⁴¹) and the assumptions shown in Table 3.5 on the time taken to carry out each activity.
- 5.13 To estimate the total number of authorisations and licences (for both national and international services), we scaled up the number of international authorisations and international Community licences, based on the ratio of international to national coach transport volume in passenger-kilometres. To estimate the number of journey forms, we have generated a ratio of forms to transport activity, in Member States where data is available, and applied this across all Member States pro rata with the level of transport activity.

Impact of policy options

Approach to assessment of impacts

- 5.14 The Task Specifications for this study required us to address at least the economic, social and environmental impacts.
- 5.15 Table 5.2 summarises which of these impacts were monetised, quantified or addressed through a qualitative commentary. We also provided a qualitative commentary on two further impacts:
- on PSO services; and
 - on citizens with limited access to other modes.

⁴¹ <https://www.reiniefischer.com/average-salary-european-union-2016>

5.16 These qualitative commentaries appear in Chapter 6.

General assumptions

5.17 Throughout our analysis, we made several common general assumptions:

- Monetised impacts were calculated as 2015 Net Present Values (NPVs) using a discount rate of 4%.
- We assumed that all policy options would be implemented in 2019.
- We assumed that there would be no delay in the relevant legislative provisions taking effect.

Table 5.2: assessment methodology by impact

Impact	Monetised	Quantified	Qualitative commentary
Economic impacts			
Increases (or decreases) in the volume of transport activity (in terms of passenger-kilometres and passenger journeys), segmented by type of transport: national, cabotage, and international. Changes in the transport activity should to the extent possible, be explained by changes in inter alia (i) the average load factor (passengers per coach), (ii) number of services, (iii) average journey length.		✓	
Increases (or decreases) in the quality of service.			Error! Reference source not found.
Impact on the market structure in the coach and bus sector.			Table 6.9
Potential relocation of businesses from some Member States to others and economic effects on particular Member States and/or regions.			Table 6.10
Fares for users and effect on consumer prices.			Table 6.11
Integration of ticketing and price competition.			Table 6.12
Regulatory costs for road passenger transport operators and terminal operators. These are the costs incurred by the relevant parties to comply with possible new legislative requirements, including their sub-components (administrative costs, direct compliance costs, hassle costs, etc.).	✓		
Economic effects for SMEs, notably in terms of regulatory costs and their competitive position.			Table 6.13
Regulatory costs (administrative, compliance and enforcement costs) incurred by the responsible national authorities.	✓		
Level of infringements of rules on access to the market.			Table 6.14
Level of congestion.		✓	
Performance of other modes of transport and integration between modes.	✓		
Social impacts			
Working conditions and job quality.			Table 6.15
Overall level of employment and distribution across Member States.	✓		
Level of infringements of social rules, including labour law applicable to the employment contracts, maximum working time, minimum rest periods, etc.			Table 6.15
Impact on remote regions.		✓	
Access to mobility for low-income consumers.		✓	
Accessibility of the bus and coach services for people with reduced mobility.			Table 6.16
The rights of the elderly (EC Charter of Fundamental Rights – Article 25).		✓	
Integration of persons with disabilities (EC Charter of Fundamental Rights – Article 26).			Table 6.16
Accident costs.	✓		
Environmental impacts			
Level of carbon dioxide emissions.	✓		
Air pollution.	✓		
Energy use and efficiency.	✓		

Impact	Monetised	Quantified	Qualitative commentary
Share of road passenger transport in modal split.		✓	

Source: Task Specifications, Steer Davies Gleave.

Analysis of options

- 5.18 The policy options selected for further analysis cover three broad types of measure for supporting the further development of interurban bus and coach markets, namely:
- measures for clarifying existing legislation and simplifying current regulatory procedures (included in Options A1, A2 and A3);
 - measures for creating a more uniform business environment (included in Options A1, A2 and A3); and
 - measures to facilitate the level playing field for access to terminals (included in Options B1, B2 and B3).
- 5.19 We provide below a high-level description of the methodology for assessing each group of measures. We then set out the assumptions we used to estimate the impacts of each option in more detail.
- Clarification measures*
- 5.20 In principle, measures to clarify existing provisions in Regulation 1073/2009 could result in a change in operator behaviour, for example by encouraging them to introduce more scheduled services without intermediate stops (following a clarification of the term ‘regular services’). However, as noted in Chapter 2, most stakeholders considered that most provisions identified as potentially requiring clarification for the purposes of the consultation were already clear. This suggests that current market activity is not influenced to any material extent by a lack of clarity, and we therefore assumed that these measures would have no impact on the number of services provided or the level of traffic carried.
- 5.21 However, we note that the streamlining of regulatory processes, such as abolition of journey forms or authorisations, could have a significant impact on the regulatory burden. We therefore estimated them from the quantification of the regulatory burden in Table 3.5 and paragraph 3.98.
- Measures for creating a more uniform business environment*
- 5.22 To assess measures which seek to create a more uniform business environment, which largely take the form of greater consistency in the approach to liberalisation across the European Union, we applied the methodology, described in paragraph 3.76, used to adjust the baseline in recently-liberalised countries. As previously discussed, this assumes that newly liberalising Member States experience a rate of traffic growth (relative to the long-term steady state rate) between that of Germany and the UK in the first five years following liberalisation. We adjusted this assumption depending on the ability of government and/or regulatory bodies to restrict market access under each option.
- 5.23 Table 5.3 below sets out the assumptions used to estimate the impact of each of the options related to clarification and uniform business conditions.

Table 5.3: assumptions used to estimate impacts of A1, A2 and A3

Option	Measure	Key assumptions
A1	C1: clarify definition of 'international carriage'.	No quantifiable impact.
	C2: clarify definition of 'regular services'.	No quantifiable impact.
	C3: clarify provisions relating to own-account operations.	No quantifiable impact.
	C4: abolish journey forms.	A reduction in the administrative costs associated with journey forms.
	C5: clarify provisions relating to cabotage.	Not modelled due to lack of data on cabotage services.
	U1: extend scope of Regulation 1073/2009 to include national services.	An increase in transport activity (using the methodology described in paragraph 3.76) based on the average growth rate of Germany and the UK in the years following liberalisation, adjusted downwards by a factor of a half.
	U2: require that carriers from all Member States have access to national markets.	
	U3: set common requirements for protection of public service contracts.	
A2	As for A1 (except U3)	An increase in transport activity (using the methodology described in paragraph 3.76) based on the average growth rate of Germany and the UK in the years following liberalisation. Note that this increase is instead of, rather than in addition to, the increase described in A1.
	U4: action to protect public service contracts limited to contracts for services in urban centres, conurbations and the surrounding areas.	
A3	As for A2	A reduction in all regulatory costs associated with authorisations, based on the regulatory cost calculation described in paragraph 5.12.
	U5: abolish authorisation procedure.	

Source: Steer Davies Gleave.

Measures to facilitate the level playing field for access to terminals

- 5.24 In Chapter 3 we provided an illustrative calculation of the terminal capacity that might be unduly suppressed because of discriminatory behaviour. This suggested that an additional 400 million vehicle-kilometres might be accommodated if publicly-owned capacity were available on a non-discriminatory basis and managed efficiently. We have used this as a basis for estimating the effects of a one-off and sustained uplift in capacity as a result of introducing measures to ensure a level playing field in the allocation of terminal capacity.
- 5.25 We note that the impact of this group of measures might be expected to increase over the long term, enabling more effective use of a growing volume of terminal capacity across Europe (i.e. resulting in a proportionate increase in available capacity rather than an absolute uplift). However, it is also possible that investment in terminal capacity over the impact assessment period relieves the problem of discrimination as well as more general capacity constraints, and that the impact of measures designed to address discrimination becomes less over time. We consider the assumption of a one-off, absolute and sustained uplift in available capacity to be conservative.
- 5.26 Table 4.5 below describes all the assumptions used to calculate the impact of measures related to terminal access.

Table 5.4: assumptions used to estimate impacts of B1, B2 and B3

Option	Measure	Key assumptions
B1	T1: define a 'coach terminal' so that it can be differentiated from stopping points/on-street stops.	No quantifiable impact in itself, but essential to enable other measures.
	T2: establish guidelines/recommendations to encourage terminal operators to provide access on fair and non-discriminatory terms.	An increase in transport activity based on the methodology described from paragraph 3.89, adjusted downwards by a factor of a half.
	T3: Recommend publication of rules for allocating capacity and current timetable/capacity allocation.	An increase in the administrative costs associated with undertaking five terminal capacity studies (Based on the EU average wage and the assumption that one study takes 100 hours).
B2	As for B1	
	T4: require Commission to submit a report on market opening.	No quantifiable impact over and above B1.
B3	T1: define a 'coach terminal' so that it can be differentiated from stopping points/on-street stops.	No quantifiable impact in itself but essential to enable other measures.
	T5: Require Member states to grant access to terminals on fair and non-discriminatory terms.	An increase in transport activity based on the methodology described from paragraph 3.89. Note that this increase is instead of, rather than in addition to, the increase described in A1. In addition, an increase in the administrative costs associated with undertaking one additional terminal capacity study. (Based on the EU average wage and the assumption that one study takes 100 hours).

Source: Steer Davies Gleave.

Assessment of primary impacts

Changes to the level of transport activity

- 5.27 Table 5.5 summarises the impact of each policy option on transport activity. For policy options relating to market liberalisation, we multiplied the annual growth rates of passenger-kilometres and vehicle-kilometres by a value derived using the methodology in paragraph 3.76. For policy options relating to terminal access, we uplifted the level of transport activity using the methodology described from paragraph 3.89.

Table 5.5: impact of policy options on transport activity

Option	Applies to	Impact of policy option	Growth multiplier/ Activity uplift	Growth uplift assumption
A1	Non-liberalised Member States	Growth rate multiplied by ratio in the six years following implementation.	10.1	Based on method described in paragraph 3.76, dived by two. Average of DE-UK growth ratio described in paragraph 3.76.
A2	Non-liberalised Member States	(In Member States where the baseline growth rate in the six years following liberalisation is negative, we have applied the growth multiplier to the EU average growth rate in those years.)	20.1	
A3	Non-liberalised Member States		20.1	
B1/B2	All Member States	Level of activity uplifted in all years following implementation.	0.9%	Based on method described in paragraph 3.89, divided by two.
B3	All Member States		1.7%	Based on method described from paragraph 3.89.

Source: Steer Davies Gleave.

5.28 Table 5.3 shows how we estimated the baseline level of each remaining measure of transport activity, and the assumed impact of the policy options on each remaining measure.

Table 5.6: transport activity impact methodology

Measure of transport activity	Estimation method	
	Baseline level	Impact of policy options
Passenger-kilometres	Updated EU Reference scenario 2016 adjusted to account for reform of the national regulatory frameworks of the buses and coaches market in Germany, Italy, France and Poland	See Table 5.3.
Vehicle-kilometres	Updated EU Reference scenario 2016 adjusted to account for reform of the national regulatory frameworks of the buses and coaches market in Germany, Italy, France and Poland	See Table 5.3.
Passenger journeys	$\frac{\text{Passenger – kilometres}}{\text{Average journey length}}$	
International activity	Discussed in paragraph 5.7	Pro rata with passenger-kilometres.
Cabotage	Unable to estimate due to lack of evidence	
Average load factor	$\frac{\text{Passenger – kilometres}}{\text{Seat – kilometres}}$	
Number of services	Discussed in paragraph 5.7	Pro rata with passenger-kilometres.
Average journey length	Based on sample of routes	Assumed to remain constant.

*Assuming 50 seats to coach, based on evidence from Germany.

Source: Steer Davies Gleave assumptions.

Note: seat-kilometres were estimated as vehicle-kilometres x 50.

Regulatory costs for operators and national authorities

5.29 Table 5.7 shows our assumptions on the regulatory activities undertaken by operators and authorities under each policy option. We calculated the total cost of each of these activities and then estimated the cost of a terminal capacity study using the EU average wage and the assumption that one study takes 100 hours, based on Steer Davies Gleave’s experience of undertaking such studies.

Table 5.7: impact of policy options on regulatory activity

Type of Regulatory cost	Baseline	A1	A2	A3	B1/B2	B3
Journey Forms	✓				✓	✓
Authorisations	✓	✓	✓		✓	✓
Licences	✓	✓	✓	✓	✓	✓
Number of terminal capacity studies	-	-	-	-	5	6

Source: Steer Davies Gleave assumptions.

5.30 As with the baseline, regulatory costs grow throughout the assessment period in line with the volume of transport activity.

Assessment of secondary impacts

Overall level of employment

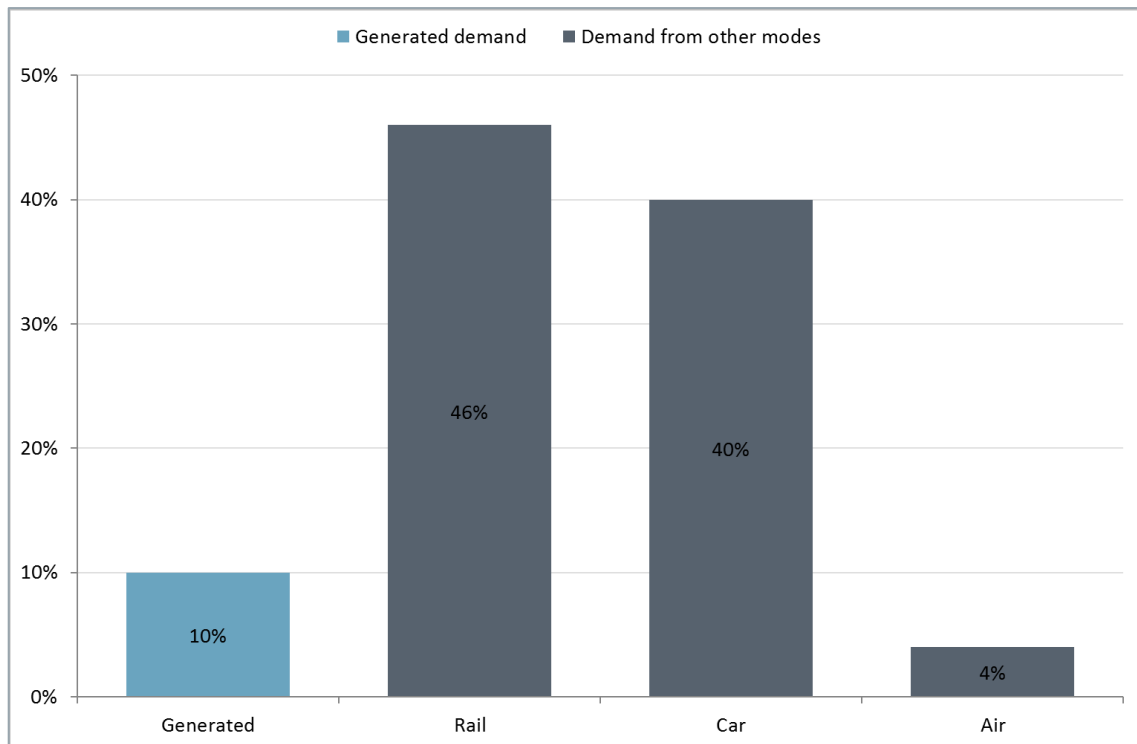
5.31 Increases to the level of employment in the coach industry, arising from the implementation of the policy options, are in proportion to increases in the level of transport activity. The employment in the coach industry in year n is calculated as:

$$\begin{aligned}
 & \text{Coach Industry Employment}_{Y_n} \\
 & = \text{Baseline Coach Industry Employment}_{Y_n} \times (1 + \Delta\% \text{Passenger – kilometres}_{Y_n})
 \end{aligned}$$

Share of road passenger transport in modal split

5.32 Increases in the level of coach transport activity will lead to decreases in the level of transport activity on competing transport modes. Figure 5.3, based on the experience of the German market, shows the proportion of new coach passengers which we assume is either generated or abstracted from each competing transport mode.

Figure 5.3: assumed sources of new coach demand



Source: BAG (Marktanalyse des Fernbuslinienverkehrs, 2014).

- 5.33 On each competing transport mode, we calculated the decrease in transport activity arising from an increase in coach transport activity as:

$$Mode\ Passenger - kilometres_{Y_n} = Baseline\ Mode\ Passenger - kilometres_{Y_n} - (\Delta Coach\ Passenger - kilometres_{Y_n} \times Modal\ Diversion\ Factor)$$

- 5.34 We calculated the share of each transport mode in year n as:

$$Mode\ Share_{Y_n} = \frac{Mode\ Passenger - kilometres_{Y_n}}{Total\ Passenger - kilometres_{Y_n}}$$

Externalities

- 5.35 Changes to the level of transport activity, for both coach transport and competing modes, imply changes to the level of externalities produced by each transport mode. We considered the externalities of congestion, accidents, carbon emissions, air pollution and energy use.
- 5.36 The formulae used to calculate the net change to the level of each externality, based on changes to transport activity and the sources of new coach demand in Figure 5.3, are:

$$\begin{aligned}
 \text{Net Change in Level of Externality}_{Y_n} = & \left(\Delta \text{Coach Passenger} - \text{kilometres}_{Y_n} \right. \\
 & \times \text{Level of Externality per Coach Passenger} - \text{kilometre}_{Y_n} \left. \right) \\
 & - \left(\Delta \text{Car Passenger} - \text{kilometres}_{Y_n} \times \text{Level of Externality per Car Passenger} \right. \\
 & \left. - \text{kilometre}_{Y_n} \right) \\
 & - \left(\Delta \text{Rail Passenger} - \text{kilometres}_{Y_n} \times \text{Level of Externality per Rail Passenger} \right. \\
 & \left. - \text{kilometre}_{Y_n} \right) \\
 & - \left(\Delta \text{Air Transport Activity}_{Y_n} \times \text{Level of Externality per Air Passenger} - \text{kilometre}_{Y_n} \right)
 \end{aligned}$$

5.37 Table 5.8 shows the sources and assumptions used to calculate the net change in each externality.

Table 5.8: externality assumptions used in impact assessment

Externality	Source	Unit of measurement	Other assumptions
Congestion	PRIMES-TREMOVE model	€ million	
Accidents	PRIMES-TREMOVE model	€ million	External costs of accidents for rail and air transport were not considered.
Carbon emissions	PRIMES-TREMOVE model	€ million	CO2 emissions were monetised using the projected ETS carbon price.
Air pollution	PRIMES-TREMOVE model	€ million	
Energy consumption	PRIMES-TREMOVE model	Tonnes of oil equivalent (thousand)	

Source: Steer Davies Gleave assumptions.

Performance of other modes of transport

5.38 To assess the impact of the policy options on the performance of other transport modes, we estimated the lost revenue (separately for rail and air) arising from the decrease in the level of transport activity based on sources of new coach demand in Figure 5.3. To calculate the fall in revenue, for both air and rail, we used the following formula:

$$\text{Mode Revenue Loss}_{Y_n} = \Delta \text{Mode Passenger} - \text{kilometres}_{Y_n} \times \text{Mode Unit Cost per Passenger} - \text{kilometres}$$

5.39 We took the unit cost per passenger-kilometre for passengers, for each transport mode, from the PRIMES-TREMOVE model.

Access for low-income, rural and the elderly consumers

5.40 To assess the impact of the policy options on the low-income, rural and the elderly consumers, we used results from the Eurobarometer survey to estimate the proportion of passenger demand that falls into each of these social groups.

5.41 The level of transport activity, for each of these social groups in year n, was calculated as:

$$\text{Social Group Passenger – kilometres}_{Yn} = \text{Total Coach Passenger – kilometres}_{Yn} \times \% \text{ Social Group Passengers}$$

Sensitivity analysis

5.42 To test the sensitivity and robustness of our results, we adjusted the growth rate multipliers and transport activity uplifts described in Table 5.5 for each policy option. Table 5.9 shows the sensitivity adjustments we applied to each set of options for low and high cases.

Table 5.9: adjustments for sensitivity analysis

Options	Low case		High case	
	Growth multiplier/ Activity uplift	Assumption	Growth multiplier/ Activity uplift	Assumption
A Options	6.7	United Kingdom growth multiplier described in paragraph 3.76.	33.6	Germany growth multiplier described in paragraph 3.76.
B Options	5%	Estimate of lower bound of terminal capacity increase.	48%	Upper bound of terminal capacity increase described from paragraph 3.89.

Source: Steer Davies Gleave assumptions.

5.44 The results and relative impact of each policy option were not materially affected by the low and high cases used in the sensitivity analysis.

Multi-criteria analysis

5.45 Multi-criteria analysis (MCA) can help to establish preferences between options by reference to an explicit set of objectives and supports decision-making through providing measurable criteria to assess the extent to which the objectives have been achieved by the various policy measures under consideration. A key feature of MCA is its emphasis on the judgement of the decision-making team in establishing objectives and criteria, estimating relative importance weights and, to some extent, in judging the contribution of each option to each performance criterion. For this study, we used MCA to combine the monetised and non-monetised impacts to judge each option in its totality. To do this, we applied weightings to each impact, as shown in the table below.

5.46 Our rationale for these weighting is as follows:

- We gave a weight of 50% to both the monetised and quantified impacts, as both sets of impacts contain several individual impacts which we judge to be important.
- Specific weights for individual monetised impacts are implied by the monetisation exercise, since all impacts are converted into the same monetary unit of account (€). It is therefore not necessary to predetermine weights for monetised criteria.
- Specific weights for individual quantified impacts are based on their perceived relative importance. We used a range of weights from 10% (for the level of transport activity and coach mode share at 10%, which we judged to be the most important impacts) to 2.5% (for the level of energy use) for each impact.

Table 5.10: weightings for multi-criteria analysis (MCA)

	Impact	Individual Weight	Overall Weight
Monetised	Regulatory costs for road passenger transport and terminal operators.	Implicit weighting within monetisation process	50%
	Regulatory costs for national authorities.		
	Does the option affect the prices consumers pay for the service?		
	Level of congestion.		
	Performance of other transport modes.		
	Road safety.		
	Level of carbon dioxide emissions.		
	Air pollution.		
Quantitative	The level of transport activity.	10%	50%
	Overall level of employment.	5%	
	Impact on remote regions.	7.5%	
	Access to mobility for low-income consumers.	7.5%	
	The rights of the elderly.	7.5%	
	Energy use.	2.5%	
	Share of modal split.	10%	

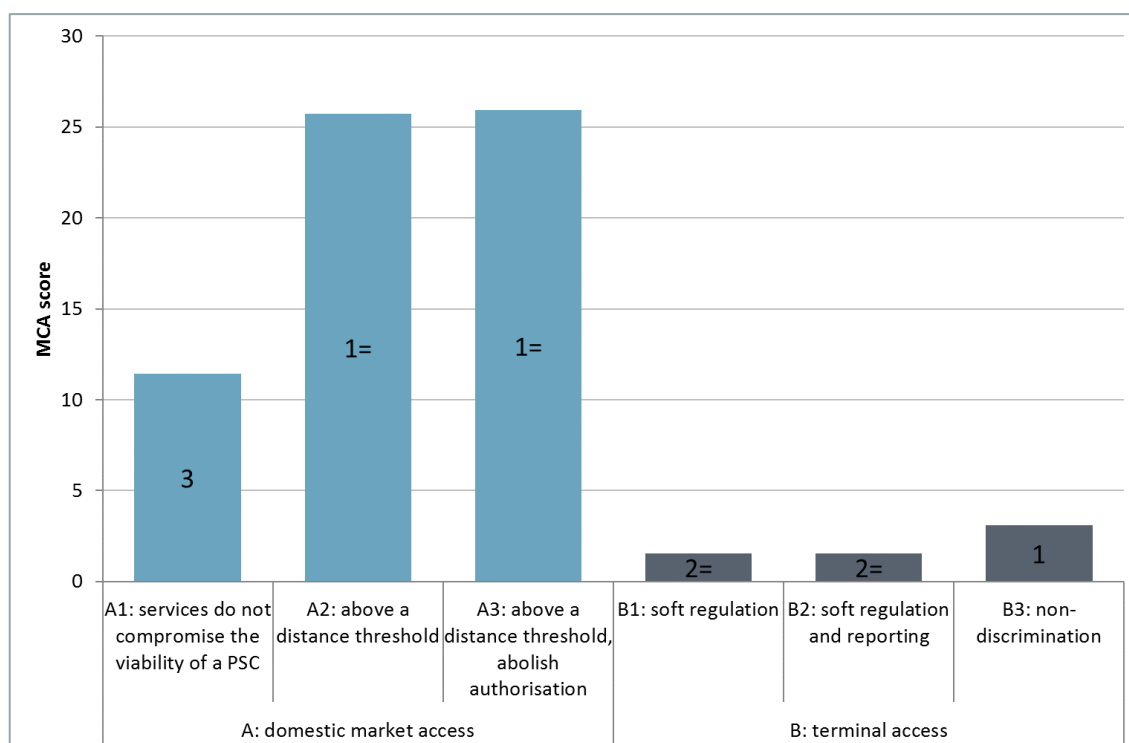
Source: Steer Davies Gleave assumptions.

6 Selection of options

Overall performance of policy options

6.1 Figure 6.1 shows the ranking of options generated by the MCA.

Figure 6.1: ranking of options based on MCA results



6.2 This indicates that, on the quantitative analysis alone:

- Options A2 and A3 score highest for creating a more uniform business environment in which competition can develop.
- Option B3 scores highest as a means of ensuring greater access to public terminal capacity.

6.3 The ranking is robust to the sensitivity analysis described in 5.42.

6.4 There is little difference between the MCA scores for A2 and A3, but we report below in the discussion of the qualitative assessment (see Table 6.9), that there are significant risks associated with the abolition of the authorisation process under Option A3 that are not captured by the MCA. The stakeholder consultation highlighted that this process is an important means of monitoring market developments and ensuring the safety and quality of

services. Moreover, we do not consider that abolition would result in more traffic growth, providing the authorisation process under Option A2 was sufficiently streamlined following the introduction of a 100-kilometre threshold for protecting public service contracts.

6.5 Hence, in the light of both the MCA and qualitative analysis, we consider that Options A2 and B3 would deliver the greatest benefits, while containing the risks of liberalisation. We set out the results of our quantitative and qualitative assessment of the impacts in more detail below.

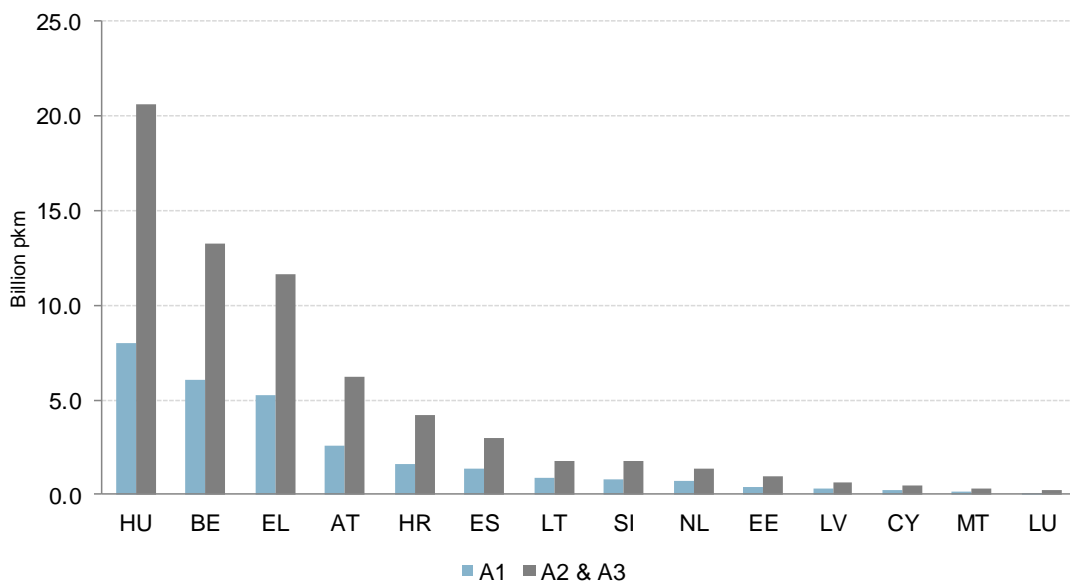
Quantitative assessment

Impact on traffic

Growth in coach traffic

6.6 Figure 6.2 shows the changes in transport activity relative to the baseline scenario in 2030, under the market opening options by Member State, which is in practice limited to those Member States that have not yet liberalised their markets and those that award concessions through competitive tendering. While all the options lead to substantial increases in some Member States, the impact varies considerably between them. The projected increases in Belgium, Hungary and Greece are particularly large when compared to Spain, which has a well-developed coach market.

Figure 6.2: Changes in transport activity in market opening options by Member State relative to the baseline scenario in 2030

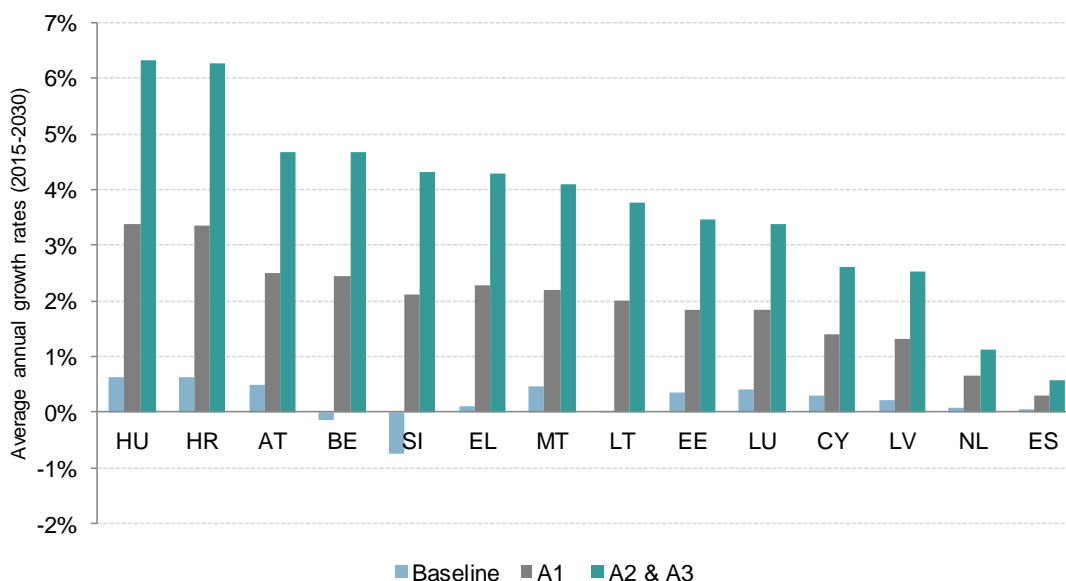


Source: Steer Davies Gleave analysis.

6.7 These estimates reflect both the growth rates and the levels of traffic for each Member State in the baseline scenario (with the effects of liberalisation modelled as a multiplicative increase in growth in the five years following market opening, as described in Table 5.5).

6.8 Figure 6.3 shows the average annual growth rates by Member State between 2015 and 2030 in the baseline and each of the options.

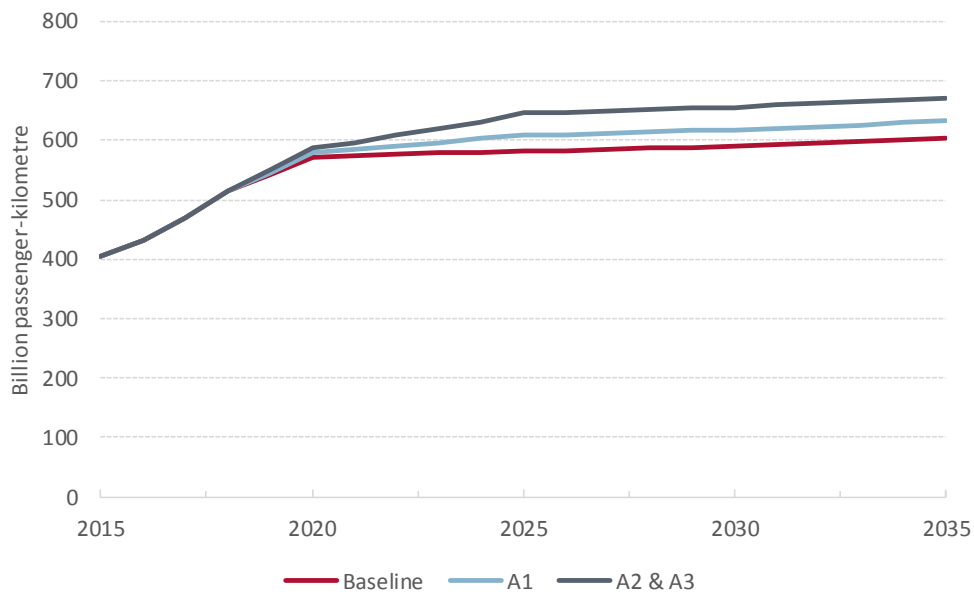
Figure 6.3: annual average growth in transport activity from market opening options by Member State (2015-2030)



Source: Steer Davies Gleave analysis.

- 6.9 Note that the growth rate in Spain is low, even after adjustment for the effects of liberalisation, and the additional traffic generated under the options is therefore correspondingly low, despite the volume of coach traffic in the baseline. In contrast, Hungary experiences a higher rate of growth in the baseline, reflecting the economic conditions taken into account in the EU Reference Scenario 2016, and the adjusted growth rate and increment in traffic is correspondingly large.
- 6.10 We have no basis for estimating how the effects of the options relating to terminal access might differ between Member States, and the uplift in traffic shown in Figure 6.5 has therefore been apportioned between all 28 European Union countries according to traffic levels in the baseline.
- 6.11 Figure 6.4 shows the resulting growth in total traffic under each of the marketing opening options relative to the baseline. Options A2 and A3 deliver the largest increase in traffic, a reflection of the introduction of a 100-kilometre threshold for the protection of public service contracts, which simplifies the authorisation procedure and removes discretion to restrict market access unduly. Overall, both these options deliver 11.3% more coach traffic in 2030 relative to the baseline.

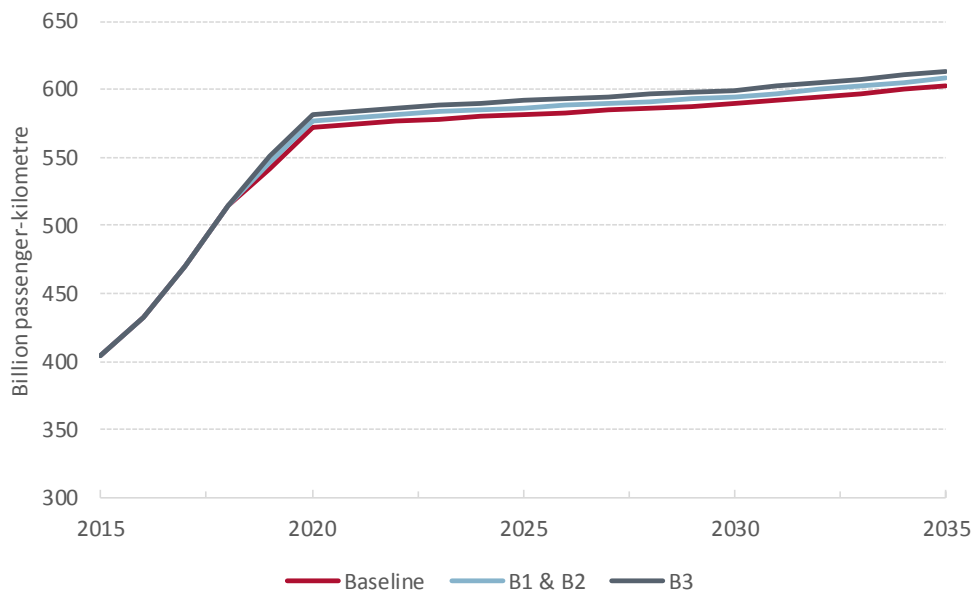
Figure 6.4: market opening impact: traffic levels during 2015-2035



Source: Steer Davies Gleave analysis.

6.12 Figure 6.5 shows the analogous effect of the options for improving terminal access. The increase in traffic is considerably smaller, as the effect is limited to terminal capacity that is suppressed due to discriminatory behaviour. Nevertheless, Option B3 delivers a 1.7% increase in coach traffic in 2030 relative to the baseline.

Figure 6.5: terminal options impact: traffic levels during 2015-2035



Source: Steer Davies Gleave analysis.

6.13 Table 6.1 provides a further breakdown of incremental traffic under each option. Given the data available, it was not possible to differentiate between national and international traffic when estimating impacts. The estimated volumes of international traffic therefore rise in line

with total traffic throughout the timescale of the impact assessment. In our view, this is broadly consistent with recent experience of domestic liberalisation, which has stimulated the introduction of new international services as well as the development of national networks.

Table 6.1: impact of options on traffic levels in 2030 relative to the baseline scenario

Metric	Change relative to the baseline in 2030						
	A1	A2	A3	B1	B2	B2	
Billion passenger-km	National	25.0	58.3	58.3	4.4	4.4	8.8
	International	3.4	8.2	8.2	0.7	0.7	1.4
	Total	28.4	66.5	66.5	5.1	5.1	10.2
	% increase	4.8%	11.3%	11.3%	0.9%	0.9%	1.7%
Million journeys	190	430	430	24	24	47	
Number of Services	220	510	510	38	38	76	
Average load factor (p.p. change)	-0.7	-1.1	-1.1	0.0	0.0	0.0	

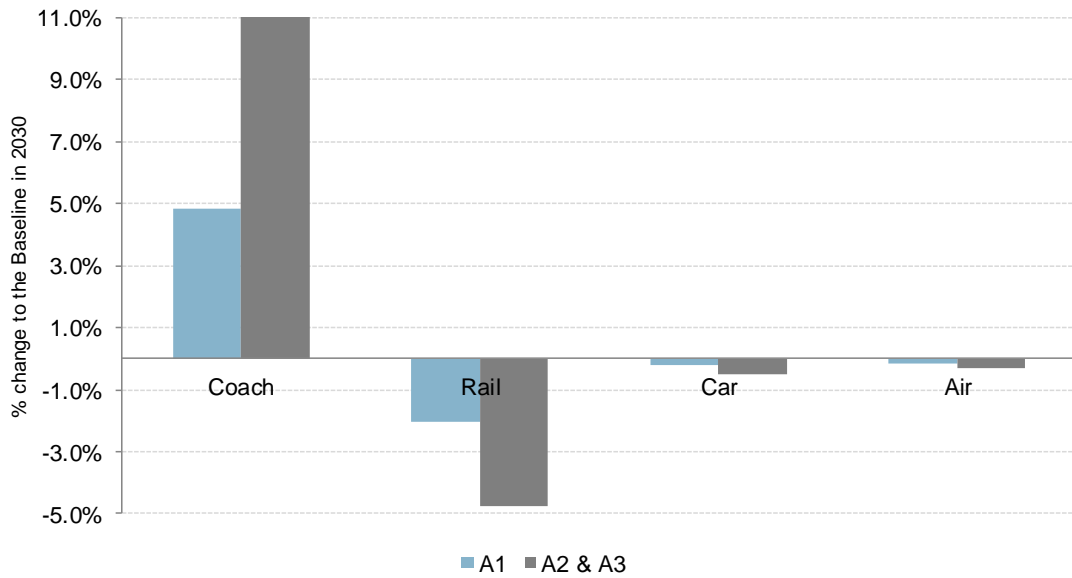
Source: Steer Davies Gleave analysis.

- 6.14 We also assumed that the vehicle-kilometres operated increase pro rata with demand, which we consider appropriate in view of the timescale for the impact assessment and the scope for expansion in the vehicle fleet. For this reason, we do not expect the average load factor to change significantly between options.

Impact on other modes

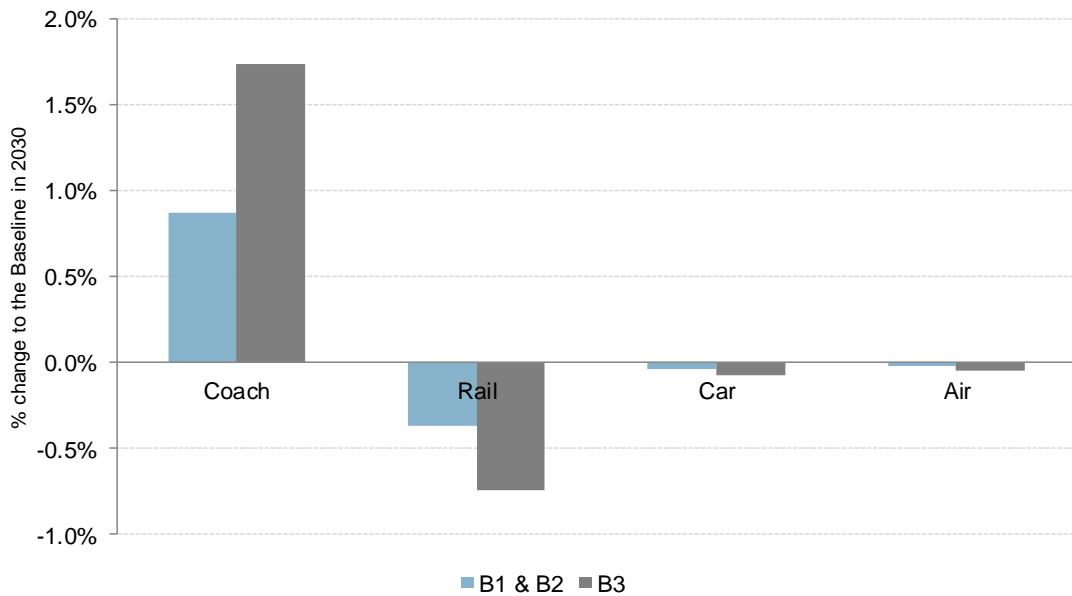
- 6.15 The impact of each set of options, relative to the baseline level shown in Figure 5.2, on traffic carried by mode in 2030 is shown in Figure 6.6 and Figure 6.7. As described in 5.32 and Figure 5.3, we have applied traffic diversion factors derived from experience in Germany, where almost half of all new coach traffic is diverted from rail. However, given the dominance of car travel in European passenger transport, even the small percentage reduction in car traffic achieved under each option represents a significant absolute reduction (equivalent, for example, to 27 billion passenger-kilometres in the case of Options A2 and A3 in 2030 relative to the baseline). This has implications for traffic congestion and emissions, as discussed below.

Figure 6.6: market opening options impact: change in passenger-kilometres by mode in 2030 relative to the baseline



Source: Steer Davies Gleave analysis.

Figure 6.7: terminal options impact: change in passenger-kilometres by mode in 2030 relative to the baseline



Source: Steer Davies Gleave analysis.

Change in mode share of coach services

6.16 Figure 6.6 shows how the mode share of coach services increases under the market opening options, as a result of the changes in passenger mode choice.

Figure 6.8: impacts: changes in mode share relative to the baseline in 2030 (percentage points difference)

Metric	Percentage points difference in modal shares relative to the Baseline in 2030			
	A1	A2&A3	B1&B2	B3
Coach	0.4	0.9	0.1	0.1
Rail	-0.2	-0.4	0.0	-0.1
Car	-0.2	-0.4	0.0	-0.1
Air	0.0	0.0	0.0	0.0

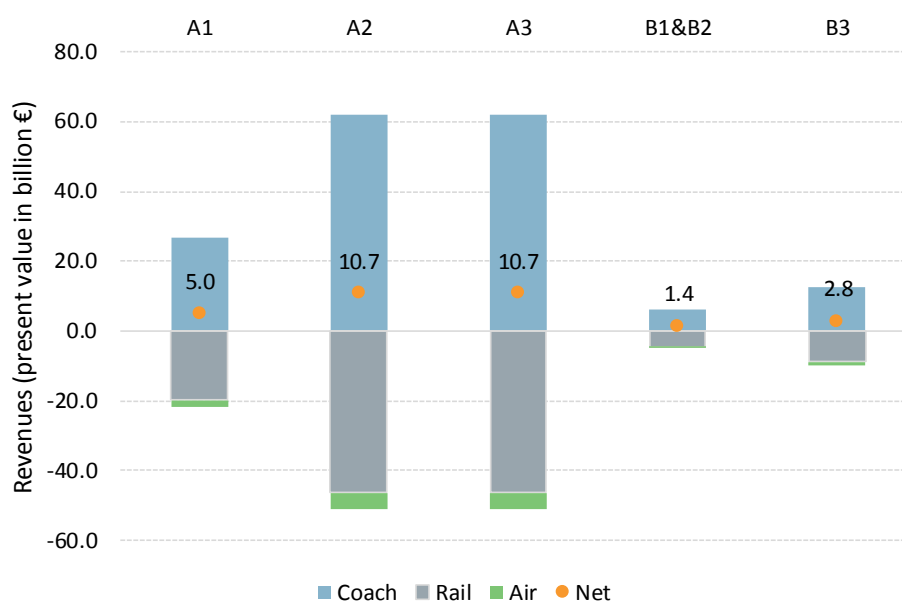
Source: Steer Davies Gleave analysis.

6.17 Under both Options A2 and A3, which generate additional coach traffic, the sector’s mode share increases by almost one percentage point by 2030 relative to the baseline. Against the background of the long-term decline in the modal share of coach services reported in Chapter 3, this would represent a significant improvement in the competitiveness of the sector and support the improved connectivity for groups with limited access to other modes that the options are partly designed to achieve.

Other economic impacts

Revenue of coach and other modes

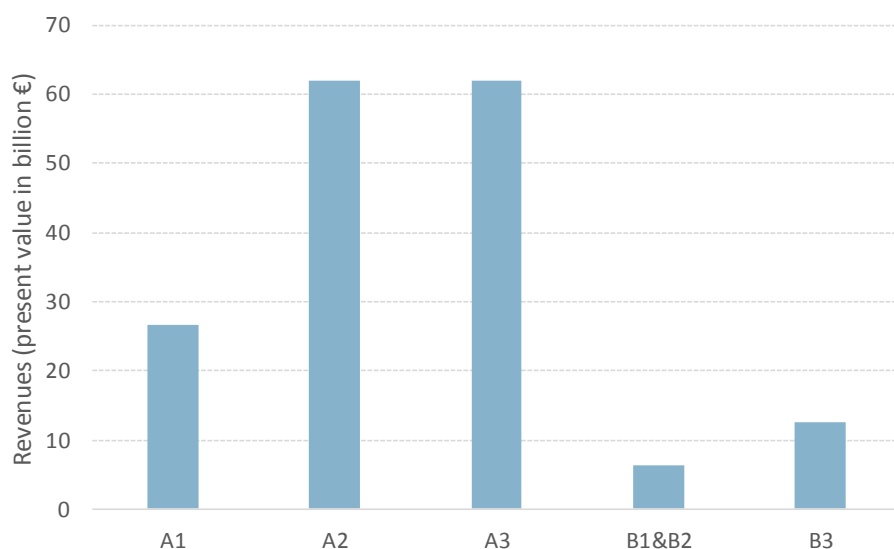
Figure 6.9: revenue impacts on coach and other modes relative to the baseline



Source: Steer Davies Gleave.

6.18 Figure 6.10 shows the impacts of the options on the revenues of coach sector, which reflect the underlying traffic impacts.

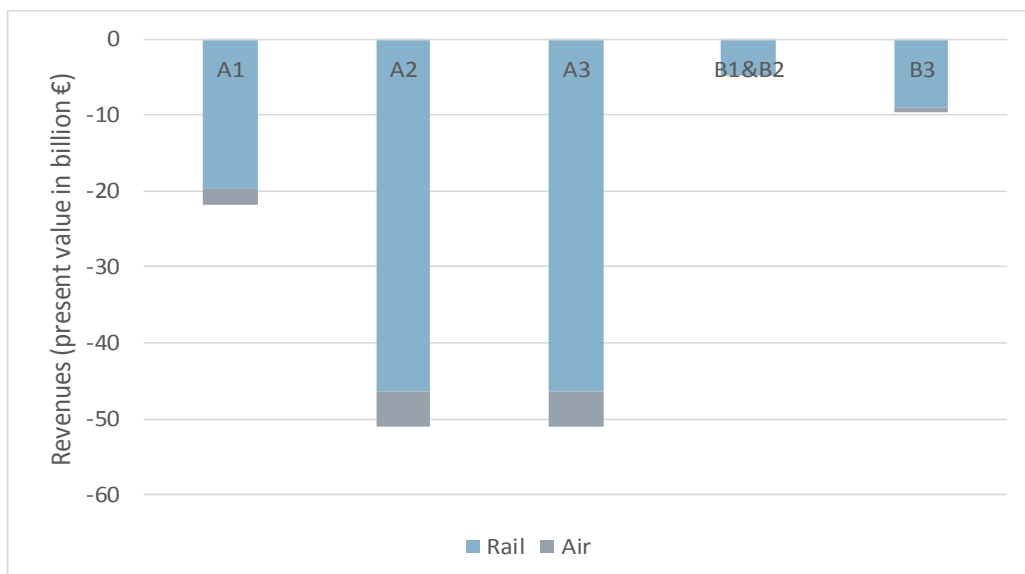
Figure 6.10: impacts: revenue NPV relative to the baseline for the coach sector: (2015-2035)



Source: Steer Davies Gleave analysis.

- 6.19 Options A2 and A3 perform well, generating over €60 billion in additional coach sector revenue in NPV terms over the timescale of the impact assessment. The impact of the terminal access options is more limited, but the additional revenue generated by Option B3 is significant.
- 6.20 Experience of liberalisation in the UK, and emerging evidence from Germany, (see Figure 3.12) suggest that there may be little long term change in real average fares. This is arguably a conservative assumption, since liberalisation might in principle be expected to reduce fares significantly. However, our more cautious approach recognises the potential for liberalised markets to become more concentrated over time, with incumbent operators raising fares to pre-liberalisation levels. This issue is discussed further in Table 6.11, our qualitative assessment of fares impacts.
- 6.21 We noted above that the increase in coach traffic generated by each of the options results in diversion of traffic from other modes. This results in a significant reduction in the revenues earned by other forms of public transport, particularly rail transport. Figure 6.11 shows our estimates that Options A2 and A3 reduce rail revenues by more than €45 billion in NPV terms over the timescale of the impact assessment, offsetting much of the increase in coach sector revenue shown in Figure 6.10.

Figure 6.11: impacts: revenue NPV relative to the baseline for other modes (2015-2035)



Source: Steer Davies Gleave analysis.

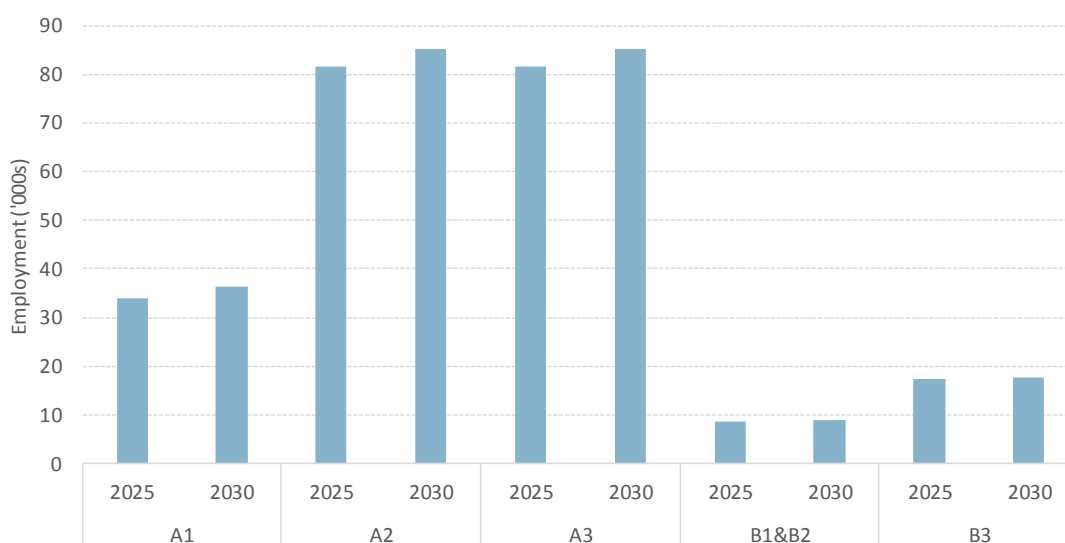
6.22 This represents a significant loss of revenue for a transport mode that the Commission is seeking to develop through other policy initiatives.

6.23 Note, however, that our estimates of revenue loss are based on diversion factors derived from experience in Germany, which in some respects has introduced a greater degree of liberalisation than is implied by Options A2 and A3. In particular, the relevant distance threshold applied in Germany to protect existing services is 50 kilometres rather than 100 kilometres, although it has also introduced a time-based threshold specifically to protect rail services. If Options A2 and A3 provide more protection to existing services than is the case in Germany, the loss of rail revenue may have been overestimated.

Employment

6.24 Figure 6.12 shows how market liberalisation is projected to result in a significant increase in employment in the coach sector by 2030 relative to the baseline scenario.

Figure 6.12: impacts: coach sector employment relative to the baseline in 2025 and 2030



Source: Steer Davies Gleave analysis.

6.25 In Options A2 and A3 there are more than 82,000 additional employees by 2025, rising to an additional 85,000 by 2030. The impact of the terminal-related options is considerably less, commensurate with their impact on traffic. Note that, while these estimates assume no increases in productivity over the timescale of the impact assessment, we would expect that in practice the emerging technological developments listed in Table 3.4, including the introduction of driverless vehicles, would have a significant impact on employment in the sector. However, we do not consider that it is possible to forecast these with confidence at present.

Administrative burden

6.26 The reductions in administrative burdens are estimated using the costs associated with authorisations and journey forms. The saving from the measure abolishing the journey form for occasional services is estimated at €4 million over the period 2015-2035 (expressed as present value) relative to the Baseline under Options A1 to A3. This is the only reduction in administrative burden under Option A1.

6.27 Under Option A2 the same savings are generated from abolishing the journey form. In addition, it is assumed that revenue is foregone due to delays in the authorisation procedures and therefore savings are generated by the reduction in time to complete authorisation process from four months to two months. This saving is estimated at €1,450 million over the period 2015-2035 (expressed as present value) relative to the Baseline.

Under Option A3 the same reductions from abolishing the journey form are generated as in Option A2 with a reduction of around €240 million over the period 2015-2035 relative to the Baseline due to the elimination of the authorisation procedure and €3,230 million cost savings generated by the reduction in time to complete the authorisation process.

6.28 Under Options B1/B2 the administrative costs have limited or no impact. Under Option B3 there is a saving of about €110 million as improved terminal access results in reduced delay to the introduction of new services, enabling operators to secure incremental revenue more quickly (one year's delay under the baseline is eliminated).

6.29 We have prepared a REFIT balance table in the light of these results, as shown below. A negative number indicates a saving.

Table 6.2: REFIT balance table for the preferred option (NPV 2015-2035 in € millions)

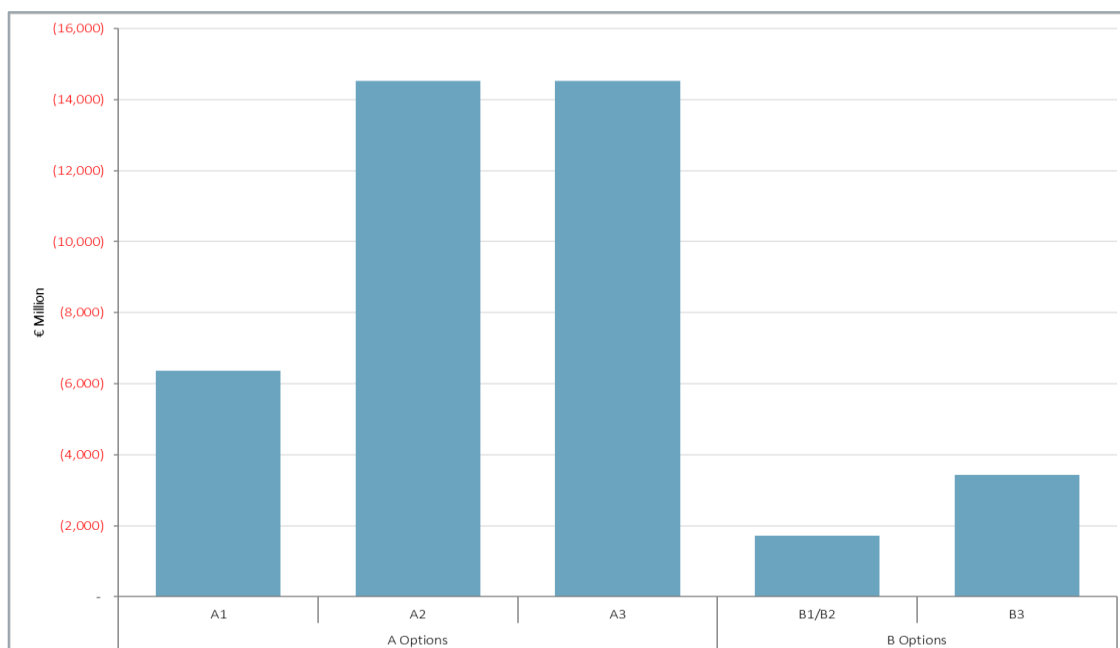
Policy measure	Range of quantitative impacts (relative to baseline) (NPV 2015 – 2035 € million)	Qualitative assessment/comment
A1: abolition of journey forms.	(4)	A small saving due to the abolition of journey forms for occasional services.
A2: Standardise authorisation procedure and set common requirements for the protection of PSCs meeting the needs of urban areas	(1,450)	A standardised authorisation procedure and the introduction of 100km threshold simplifies the authorisation process and reduces delay to securing incremental revenue for operators (reduction from current 4 months to 2 months expected by stakeholders)
B3: Require Member States to grant non-discriminatory access to terminals	(110)	Improved terminal access results in reduced delay to the introduction of new services, enabling operators to secure incremental revenue more quickly (one year's delay under the baseline is eliminated)

Source: Steer Davies Gleave analysis

Congestion costs

6.30 While the percentage diversion from car due to liberalisation is small, the absolute reduction in car traffic is significant and, since car traffic makes a major contribution to congestion, the impact of the options on congestion costs is correspondingly large. Figure 6.13 shows that Options A2 and A3 deliver a reduction in such costs of more than €14 billion in NPV terms over the timescale of the impact assessment relative to the baseline.

Figure 6.13: impacts: changes in road congestion costs in NPV (2015-2035) relative to the baseline



Source: Steer Davies Gleave analysis.

Social impacts

Connectivity of different social groups

- 6.31 The Eurobarometer survey asked respondents for information on their location, age group and financial circumstances. We used this data to derive estimates of the proportion of additional traffic accounted for by different social groups under each option, shown in Table 6.3.

Table 6.3: impact on coach travel by social group

	Baseline share of group in total traffic	Difference to the Baseline in 2030 (in billion pkm)				
		A1	A2	A3	B1&B2	B3
Passengers living in remote regions	27.8%	10	22	22	1	3
Passengers facing difficulties paying bills	8.6%	10	23	23	1	3
Elderly passengers (65 and over)	24.5%	7	16	16	1	2
Total		27	62	62	4	8

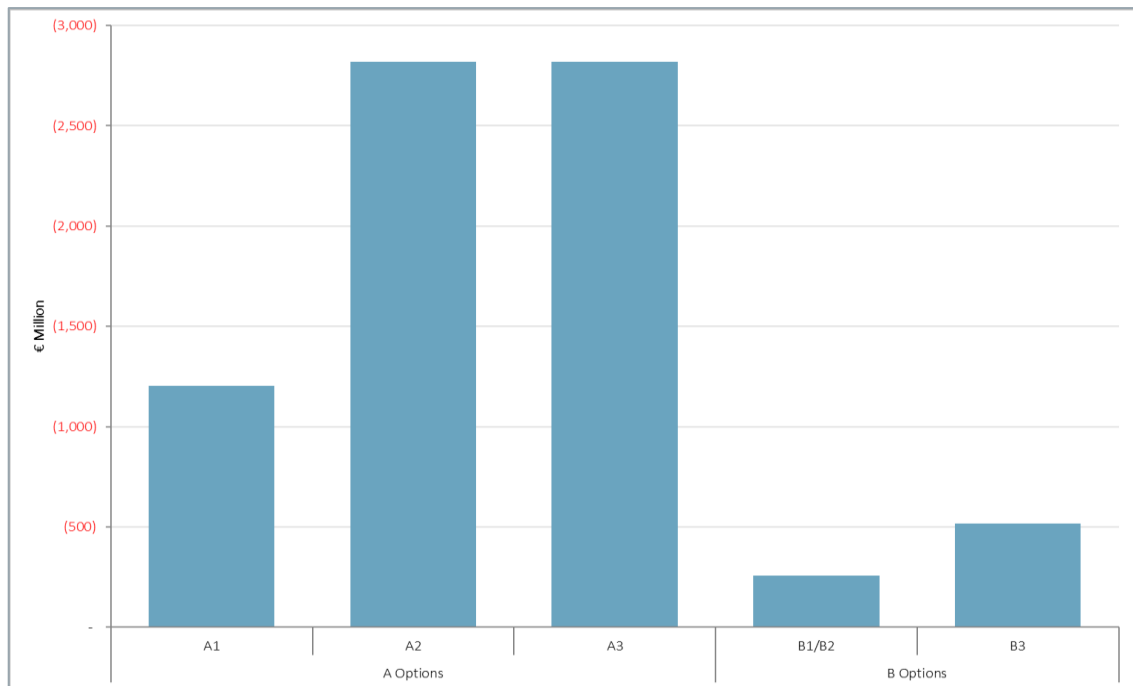
Source: Steer Davies Gleave analysis.

- 6.32 We had no basis on which to calculate differential impacts on these groups, and assumed that each accounts for the same proportion of traffic in each year of the assessment period. Nevertheless, the results of the analysis suggest that more vulnerable groups and those living in remote areas would benefit significantly from market liberalisation, particularly under Options A2 and A3. In practice, we would expect passengers facing difficulties paying bills to benefit disproportionately, since their travel decisions are typically constrained by the fares on offer and lack of access to a car.

Accident costs

- 6.33 Figure 6.14 shows how, accident costs fall substantially under the market opening options, with Options A2 and A3 generating more than €2.8 billion in savings in NPV terms over the timescale of the impact assessment relative to the baseline. These are driven by the significant absolute reduction in car traffic already noted.

Figure 6.14: impacts: changes in accident costs: NPV (2015-2035) relative to the baseline

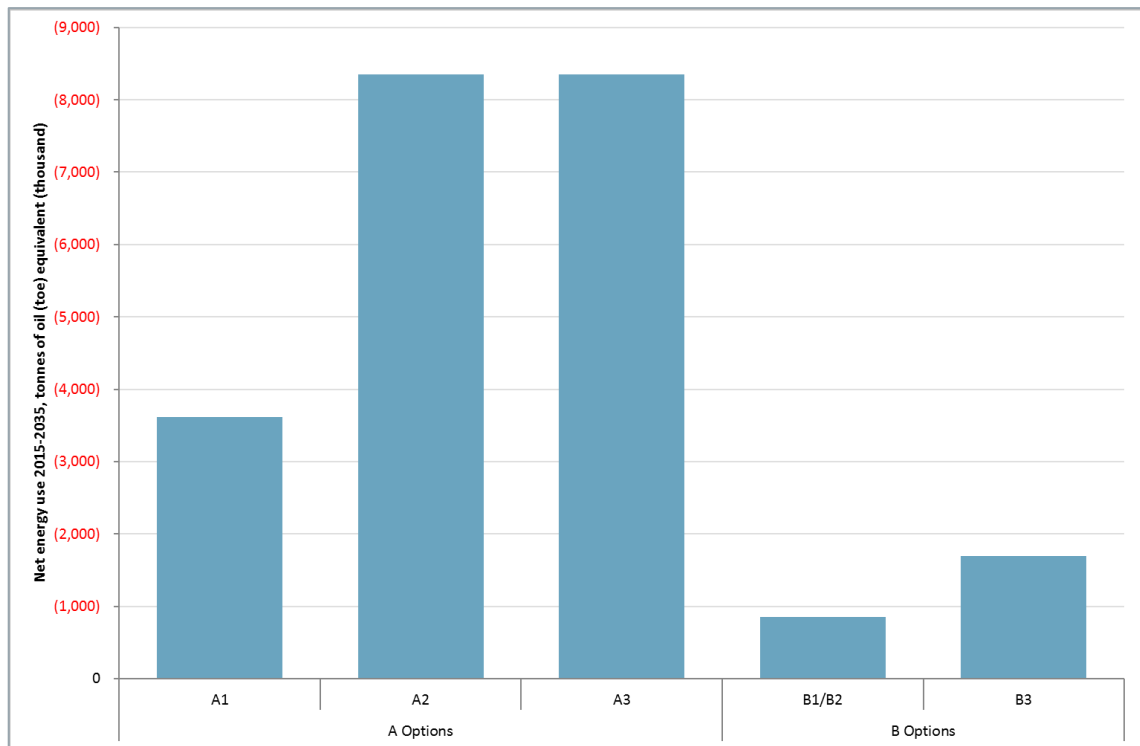


Source: Steer Davies Gleave analysis.

Environmental impacts

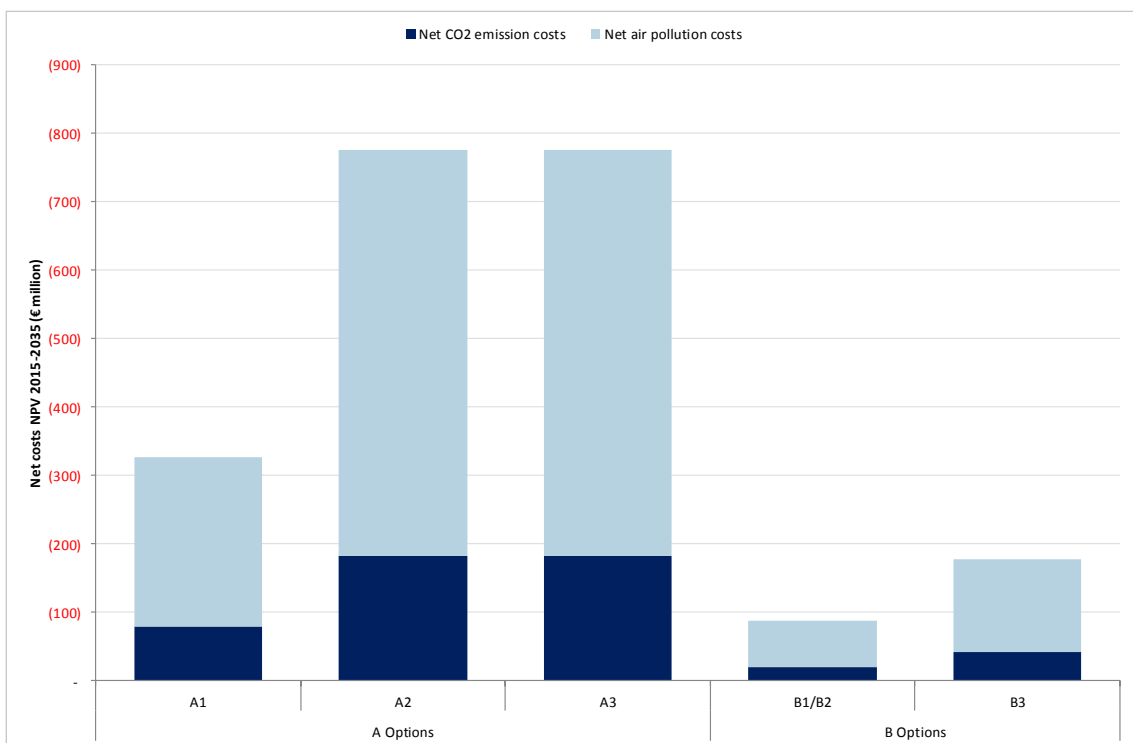
6.34 Figure 6.15 shows the estimated net energy use reductions in tonnes of oil equivalent (toe), and Figure 6.16 shows the estimated NPV of net CO₂ emissions cost and air pollution cost savings relative to the baseline.

Figure 6.15: impacts: changes in energy use (2015-2035) relative to the baseline



Source: Steer Davies Gleave analysis.

Figure 6.16: impacts: changes in CO2 emissions and air pollution costs: NPV (2015-2035) relative to the baseline



Source: Steer Davies Gleave analysis.

6.35 The savings in environmental costs are substantial, again reflecting the absolute reduction in car traffic achieved in each case.

Qualitative assessment

6.36 In Table 5.2 we listed the impacts for which we were unable to complete a monetised or quantified assessment and have therefore based our assessment on qualitative commentary, supplemented by some analysis where possible. The relevant parts of Table 5.2 are repeated below as Table 6.4.

Table 6.4: assessment methodology by impact - qualitative commentaries

Impact	Qualitative commentary
Economic impacts	
Increases (or decreases) in the quality of service.	Error! Reference source not found.
Impact on the market structure in the coach and bus sector.	Table 6.9
Potential relocation of businesses from some Member States to others and economic effects on particular Member States and/or regions.	Table 6.10
Fares for users and effect on consumer prices.	Table 6.11
Integration of ticketing and price competition.	Table 6.12
Economic effects for SMEs, notably in terms of regulatory costs and their competitive position.	Table 6.13
Level of infringements of rules on access to the market.	Table 6.14
Social impacts	
Working conditions and job quality.	Table 6.15
Level of infringements of social rules, including labour law applicable to the employment contracts, maximum working time, minimum rest periods, etc.	Table 6.15
Accessibility of the bus and coach services for people with reduced mobility.	Table 6.16
Integration of persons with disabilities (EC Charter of Fundamental Rights – Article 26).	Table 6.16

Source: Task Specifications, Steer Davies Gleave.

Note: for detailed of monetised and quantified impacts, see Table 5.2.

6.37 We also undertook a qualitative assessment of three specific impacts:

- on PSO services;
- on the combination of price and service quality offered in a liberalised market: and
- on citizens with limited access to other modes.

6.38 We discuss each of these in turn in the following paragraphs before returning to the impacts listed in Table 6.4.

Impacts on PSO services

6.39 A major potential concern related to liberalisation of domestic coach services is the potential impacts on PSO services in similar or the same markets. The potential for liberalisation to

affect PSO services varies primarily according to whether option A1, A2 or A3 is chosen, as summarised in Table 6.5.

Table 6.5: summary of protection of PSO services under different options

Option	Nature of protection	Impact on PSOs
A0: baseline	Member States may protect all PSOs.	Protection permitted in all cases
A1	Member States would be required to grant authorisation unless they decide on the basis of a detailed analysis that the service would seriously affect the viability of a comparable public service contract.	Protection provided to PSOs if “viability seriously affected”
A2	Member States would be required to grant authorisations for all services on which each passenger was carried more than a threshold distance.	Protection from services carrying passengers less than a threshold distance
A3	Member States would be required to permit automatically, without authorisation, all services on which each passenger was carried more than a threshold distance.	

Source: Steer Davies Gleave analysis, see paragraphs 4.106 to 4.112 for exact definitions.

6.40 In principle, introduction of commercial services might result in a number of responses either by PSO operators, within any flexibility to do so provided in their contracts, or by the competent authorities. Responses might include changes to fares, vehicle quality, service frequency, length of service day (from first service to last service), off-peak and weekend provision, stopping pattern and, potentially, withdrawal.

The conditions under which PSO services would change

6.41 In practice, the mechanisms by which competent authorities or operators may respond to the introduction of competitive coach services are complex, as we set out in Table 6.6.

Table 6.6: mechanisms by which liberalisation may result in changes to PSO services

Issue	Details
Has the liberalisation of the coach market resulted in loss of revenue to services?	This appears likely to be the case except where the coach service is in a wholly new market and does not abstract any passengers from existing routes.
If there has been a loss of revenue, has the operator of those services detected this effect?	If revenues are monitored by route, or boardings are monitored by stop or service, the operator may detect the effect. However, in a large PSO operation, with no detailed revenue reporting, the effect of minor competition may not have been noticed.
If the operator has detected the effect, can it identify on which services the revenue is being lost?	As above, this may depend on the level of monitoring and revenue reporting of the operator.
If the operator can identify on which services the revenue is being lost, can it identify a service reduction plan (including complete closure) which would mitigate the losses?	This may depend on many operational practicalities. For example, if a liberalised service takes demand from the centre of a route which remains busy at the ends, there may be no saving from cutting the route into two.
If the operator can identify a service reduction, can it implement it?	To implement a service reduction it may still need to be consistent with the public service contract and/or overall transport policies or labour agreements. For example, a requirement that all services remain at least hourly, or of no compulsory redundancies, or vehicle leases which do not expire for a long period, may mean no change in response to loss of revenue.
If the operator can implement a service reduction, will it be material?	Cost-recovery may be so low that any further loss of revenue is immaterial.
If all the above are true: <ul style="list-style-type: none"> • The PSO operator may cut back services to the extent that is permitted by its contract. • The competent authority may change the specification of services in the next contract. 	If any of the above are true: <ul style="list-style-type: none"> • In a net cost contract, the PSO operator may accept revenue losses. • In a gross cost contract, or where there is an internal operator, the competent authority may accept revenue losses.

Source: Steer Davies Gleave analysis.

6.42 In summary, competent authorities specifying PSO services, prima facie:

- may not bear revenue risks, in the case of net cost contracts;
- may continue to provide services on social grounds irrespective of losses; and/or
- may set fares much lower than costs, so that large revenue losses have little effect on subsidy; and/or
- may make no change until the next contract is awarded, which may be up to 15 years away.

6.43 Nonetheless, we sought evidence which might enable us to make an estimate of the materiality of some of these factors, as we discuss below.

Publication of information on PSOs

6.44 Article 7(1) of Regulation 1370/2007 on public passenger transport services by rail and by road requires that

“Each competent authority shall make public once a year an aggregated report on the public service obligations for which it is responsible, the selected public service operators and the

compensation payments and exclusive rights granted to the said public service operators by way of reimbursement. This report shall distinguish between bus transport and rail transport, allow the performance, quality and financing of the public transport network to be monitored and assessed and, if appropriate, provide information on the nature and extent of any exclusive rights granted.”

6.45 However, in an earlier study for the Commission on the economic and financial effects of the Regulation⁴², we found that the Article 7(1) reporting requirements were of little value.

- The number of competent authorities in a given Member State can vary from one to more than 2,000.
- Reporting of evaluation of the economic performance of public service contracts is very limited. Reports prepared in response to Article 7.1 are not always prepared regularly, may not be published and often do not comply with its requirements.

6.46 In addition, nothing in Article 7(1) requires that competent authorities publish information at the level of detail which would help identify the extent of the various issues listed in Table 6.6:

- Many competent authorities and operators do not calculate costs or revenues by route and, even where they do so, this information is rarely published (we discuss below a rare exception, Sörmlands län, a County in Sweden).
- Many competent authorities set minimum standards for service provision, such as service frequency and length of service day, which preclude reductions in service levels in response to losses to competing services.
- Many competent authorities do not clearly identify what services are provided under net cost and gross cost contracts or by internal operators.

6.47 Nonetheless, we have identified some evidence which may be indicative of the likely scale of the impact of liberalisation on PSO services, particularly if liberalisation is limited to services on which all passengers are carried more than 100 kilometres. We discuss in turn below evidence from France, Spain and Sweden and from an EU-wide study on PSO night trains.

France

6.48 In France, the International Rail Journal (IRJ) has reported:

“Traffic modelling projections realised in 2015 estimating that SNCF could lose 15-25% of revenue to buses (sic) and car-sharing between 2020 and 2025, which equates to €1-2 billion per year.”

6.49 We have not identified what proportion of the projected loss is attributed to coach liberalisation. Nonetheless, we assume that the estimates have been prepared in the context of the French liberalisation of all coach services carrying passengers over 100 kilometres, and note the major impact appears to be on long-distance passenger rail services which (unlike the French night train services discussed below (see paragraphs 6.64 to 6.66) are not operated under a public service contract.

6.50 Our case study on France (Appendix F) provided some evidence on the relevance of a 100-kilometre threshold distance in France:

⁴² Study on economic and financial effects of the implementation of Regulation 1370/2007 on public passenger transport services, Steer Davies Gleave, February 2016.

- Figure F.24 shows that two of the five busiest liberalised coach routes in France, Paris-Rouen and Lyon-Grenoble, were little more than 100-kilometres in length. This suggests that commercially-attractive routes little more than 100-kilometres long may exist.
- Figure F.33 shows that Arafer, the French regulator, has received a large number of applications to operate routes carrying passengers under 100-kilometres. This suggests that commercially-attractive passenger flows under this distance may exist, although they may in practice be served as intermediate points on longer routes.

6.51 In summary, evidence from France suggests that there is demand to operate liberalised services carrying passengers both over and under 100-kilometres, although permission to operate the latter requires a demonstration that the new service will not negatively impact the economic balance of the PSC for regional rail services.

Spain

6.52 Our case study on Spain (Appendix F) noted that:

- Some regions are islands with no scope for long-distance or international services.
- All regular services are operated as regional or interregional concessions (F.80).
- ALSA, owned by National Express, has large shares in the concession market on any measure (Figure F.45).
- Average passenger journey length on interregional concessions has risen from 117 kilometres in 2000 to 180 kilometres in 2014 (Table F.2). However, we found no equivalent information on regional concessions or on individual routes and their lengths.

6.53 We concluded (F.137) that, in the event of market liberalisation, a plausible outcome is that there would be new entry on many interregional routes and on some intraregional routes. However, with the market currently controlled through the concession system, there is no basis on which to estimate:

- what routes new entrants would choose to operate commercially, how many of them would be identical, or similar, to existing concessions, and hence whether existing concessions would need to be renewed, and at what subsidy levels;
- what fares new entrants would charge, and whether these would be higher or lower than those currently set, or would be extensively yield-managed with a range of fares for each journey; or
- what levels of service, including frequency and on-board services, they would include.

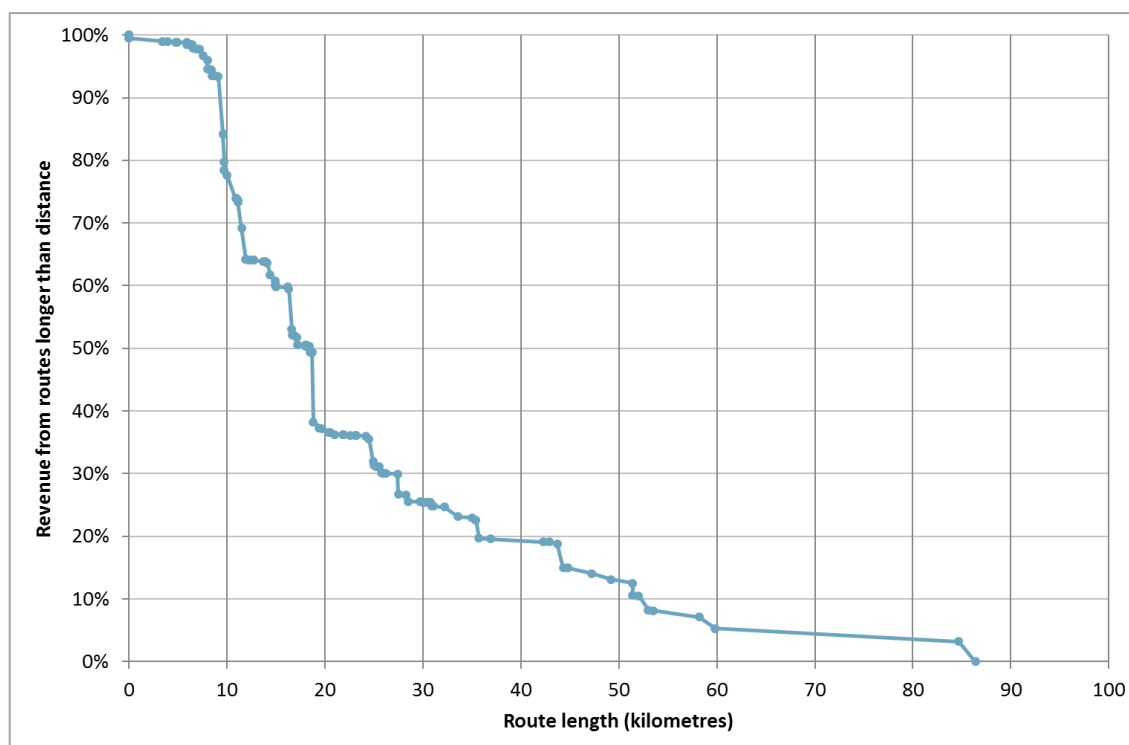
Sweden

6.54 Södermanland, or Sörmlands län, a County in Sweden, produces a detailed annual analysis of publicly contracted passenger transport services. We have extended an earlier analysis of this data for 2013 to examine:

- the mix of route lengths operated, noting that any individual passenger journey may be shorter than the route length; and
- the level of cost-recovery as a function of route length.

6.55 The results of our analysis are shown in Figure 6.17 and Figure 6.18 below.

Figure 6.17: Sörmlands län: distribution of PSO bus route length



Source: Sörmlands län, revenue excludes school cards, which we assume would not be relevant on new services.

6.56 Figure 6.17 shows that, in Sörmlands län, only 12.5% of revenue from publicly contracted services relates to routes over 50 kilometres, and none relates to routes more than 100 kilometres (the longest route within the county is less than 90 kilometres). This limited sample suggests that the actual proportion of contracted services over 100 kilometres throughout the EU, and specifically in the Member States which have not yet liberalised, may be small, for one or both of two reasons:

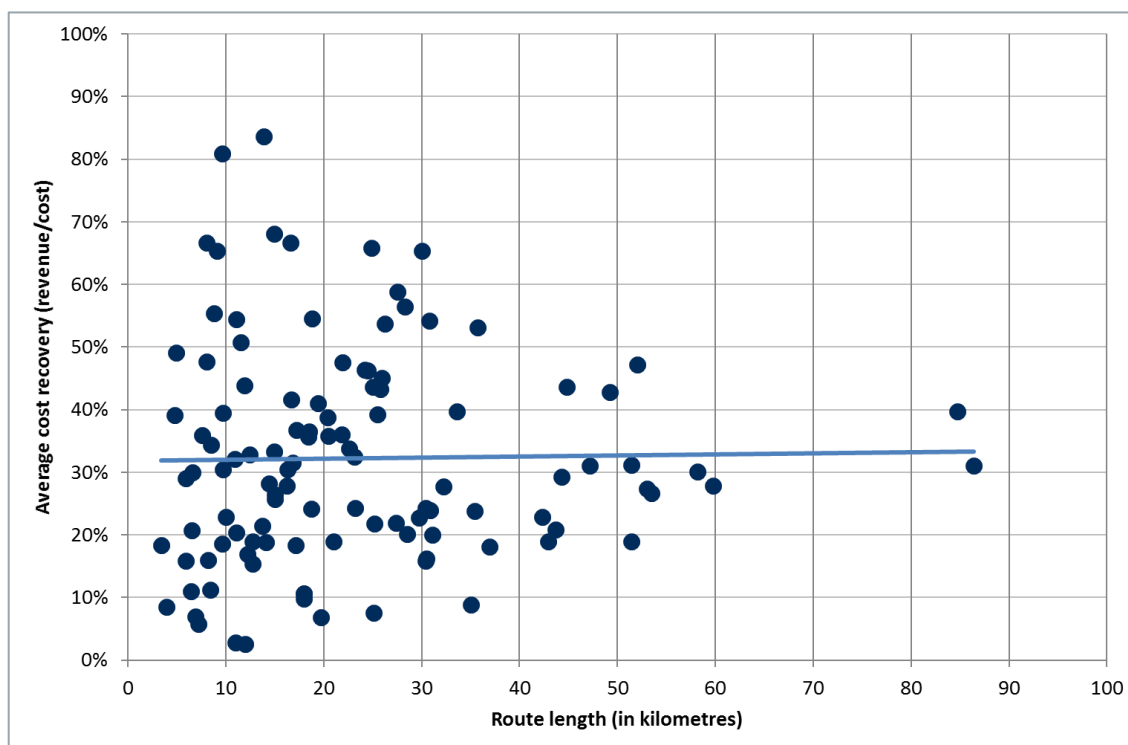
- Publicly contracted services are often specified by regional, provincial or urban competent authorities responsible for areas in which very few, or no, journeys over 100 kilometres are possible. Within Sörmlands län, for example, it is possible to make journeys of over 130 kilometres (such as between Vingåker and Trosa), but there is no publicly contracted service of this length.
- Such services are dominated by local bus services. Over 60% of all revenue from publicly contracted services in Sörmlands län relates to routes shorter than 20 kilometres, and by implication to even shorter journeys.

6.57 Other PSO services in other Swedish counties, or in other Member States, may be longer, but as an illustrative calculation:

- if less than 5% of bus and coach revenue from publicly contracted services relates to routes over 100 kilometres; and
- only half of the revenue on these services relates to end-to-end flows; and
- only half of such services would be affected by new entry; then
- less than 1.25% of bus and coach revenue previously earned by publicly contracted services would be lost to commercial services.

6.58 Sörmlands län also produces data on the rate of cost recovery on bus routes operated according to public service obligations, which we show in Figure 6.18.

Figure 6.18: Sörmlands län: distribution of PSO bus route length and cost-recovery



Source: Sörmlands län.

Note: revenue includes school cards, giving total cost recovery.

6.59 While the rate of cost-recovery varies widely, the figure suggests that average cost-recovery in Sweden is almost independent of route length, and is around one-third at all route lengths. We envisage that this is partly because of the following:

- Unlike commercial services, which may run non-stop on motorways, services subject to public service obligations are often supported to help intermediate settlements. This means that they make multiple stops on minor roads, and achieve only low average speeds, but also that competing commercial services may not serve intermediate points.
- Unlike commercial services, publicly contracted services must run irrespective of demand, which means that they may have low load factors and hence high costs per passenger.

6.60 If it is assumed that the level of cost-recovery of publicly contracted services is only one-third, then two-thirds of costs must be covered by subsidy. This means that, even on a route where half the passengers and revenue are lost to a new competing service, the total subsidy requirement would rise by only 25% (from two-thirds of costs to five-sixths of costs).

6.61 Combining these two illustrative analyses suggests that, illustratively:

- 5% of services might carry passengers over 100 kilometres.
- Half these services, or 2.5%, might be affected by competition from liberalised services.
- Half the revenues on these 2.5% of services might be lost, resulting a 25% increase in subsidy requirement.

- The overall increase in subsidy requirement would be 25% of 2.5% or 0.625% of current subsidy. This would be undetectable to many competent authorities.

6.62 We also note that a competent authority faced with a need for increased subsidy on one route might continue to support it because of the need to provide the benefits to all travellers, rather than merely focus on those with better cost-recovery. As the figure above shows, Sörmlands län has a very large number of routes with cost recovery well below one-third. There is no reason to assume that an increase in the subsidy requirement on any long route would result in its closure, when many other routes already have low levels of cost-recovery.

6.63 Taken together, the limited evidence from Sörmlands län suggests that a competent authority faced with liberalisation might continue to provide all existing publicly contracted services, with an overall increase in subsidy requirement of less than 1%.

EU-wide night train services

6.64 We also re-examined a study⁴³ we carried out earlier this year for the European Parliament, which had noted the following:

“Many EU Member States are closing their national and cross-border passenger night train lines. In part, this could be due to competition from high-speed rail day services (which are increasing the distance passengers can travel within a reasonable time during the day) and low cost airlines (which offer passengers very low ticket prices for medium distance travel). Some railway companies have responded to growing competition by reducing the number of passenger night trains and improving the efficiency of their networks. Does this mean it is the end of the line for European passenger night trains?”

6.65 While the European Parliament’s Terms of Reference, quoted above, made no reference to liberalisation of coach services, our study drew attention to the recent liberalisation of coach markets in Germany, Italy and France and to subsequent reductions in night train services in all three Member States, including publicly contracted services in France and Italy. However, rail industry stakeholders interviewed for that study did not suggest that coach liberalisation had been a direct cause of reductions in night train services. In total, coach liberalisation was cited as:

- a factor in rail closures, but not a dominant or sole cause, by the Bundesamt für Güterverkehr;
- a factor in falling rail demand, but not a dominant or sole cause, by DB and Trenitalia; and
- a cause of rail fare reductions, by DB alone.

6.66 While the study related to night trains, which mainly carry passengers long distances, rather than to bus and coach services operated under public service contracts, we note that there were only limited suggestions by stakeholders that coach liberalisation had caused contractions in public services.

⁴³ “Passenger night trains in Europe: the end of the line?”, European Parliament

Summary

6.67 Table 6.7 summarises the findings listed above.

Table 6.7: Summary of evidence of impacts of liberalisation on PSOs

Source	Evidence
Public Service Contract duration	Whatever impacts on demand and revenue, PSO services may not change until contract renewal, which may be as long as 10-15 years.
France	<p>SNCF expects to lose 15-25% of revenue, or €1-2 billion per year, but it is not clear what is due to coach and what is due to car-sharing.</p> <p>Two of the five busiest coach routes are little more than 100 kilometres long.</p> <p>Arafer has received multiple applications to carry passengers less than 100 kilometres, although these may be between intermediate stops on longer routes.</p>
Spain	<p>Average passenger length on interregional services has risen to 180 kilometres, but no equivalent information was found on regional services.</p> <p>Lack of information on regional concessions, and of the mix of services in any concessions, makes it difficult to identify where new entry might occur.</p>
Sweden	<p>One County has no PSO services longer than 100 kilometres, and over 60% of revenue is from routes shorter than 20 kilometres, implicitly for journeys which are even shorter.</p> <p>Cost recovery varies from 80% to almost zero, averaging 30% for all route lengths: a given percentage loss of revenue would require a much smaller percentage increase in subsidy.</p>
EU-wide	Liberalisation in Germany, France and Italy was not cited by stakeholders as a direct or even major cause of closures of night train services, but it had driven their fares down.

6.68 In summary, the evidence of the impact of coach liberalisation on PSOs is mixed and inconclusive. However:

- In Option A1, liberalised services would not be authorised if they seriously affected the viability of any publicly contracted service.
- In Options A2 and A3:
 - Liberalised services required to carry passengers 100 kilometres would only affect a small proportion of public service contracts, because many routes operated in accordance with public service obligations are under 100 kilometres long and passenger journeys on them are implicitly shorter.
 - Where cost-recovery is low, revenue loss has limited impact on overall subsidy.
 - publicly contracted services affected by liberalisation may not change until contracts are renewed.
- Where coach markets have been liberalised, we have found no evidence of public service operators citing it as a major cause of reductions in the services provided.

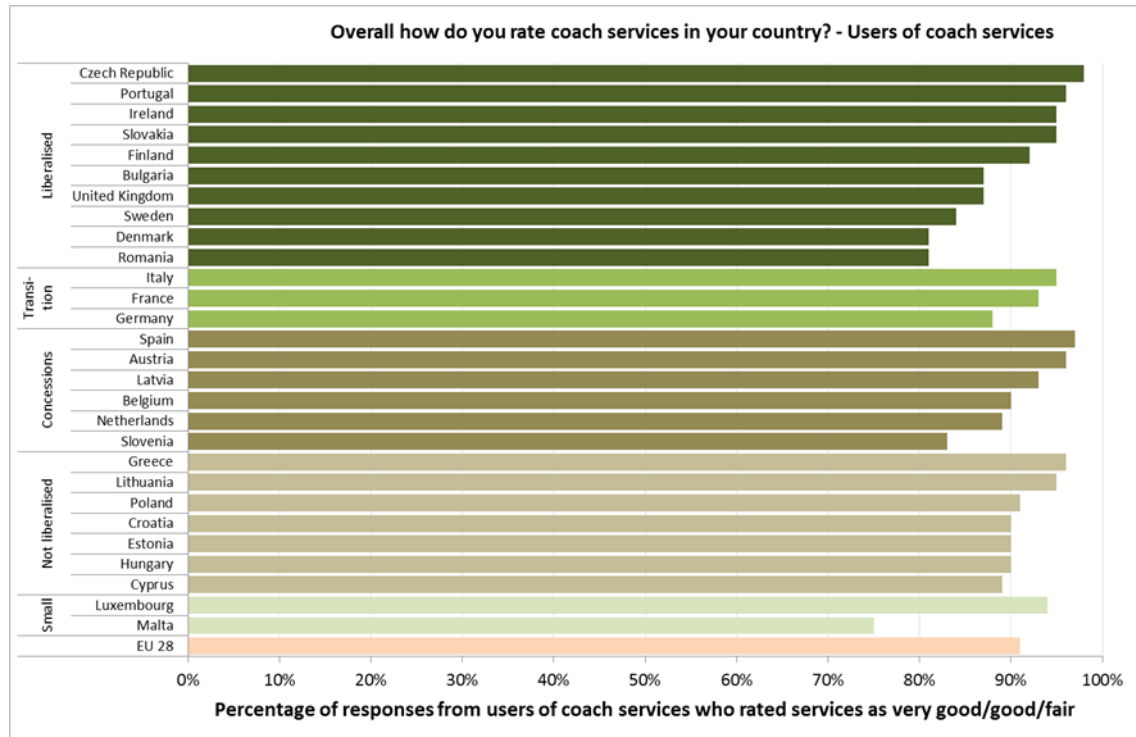
Impacts on fares and service quality

6.69 Given the lack of data from liberalised countries on the effects of coach market liberalisation, we have assessed fares and service quality impacts of the options in qualitative terms. However, we recognise the need to consider price and quality effects together rather than in isolation to demonstrate the overall impact on customer service.

6.70 The Eurobarometer survey undertaken by the Commission in 2017 is a primary source of information on how coach passengers view the overall service level, providing an indication of their perceptions of fares as well as different aspects of service quality. However, the survey results do not suggest any systematic differences in the satisfaction of passengers in liberalised and non-liberalised Member States, as shown in Figure 6.19 and Figure 6.20 below.

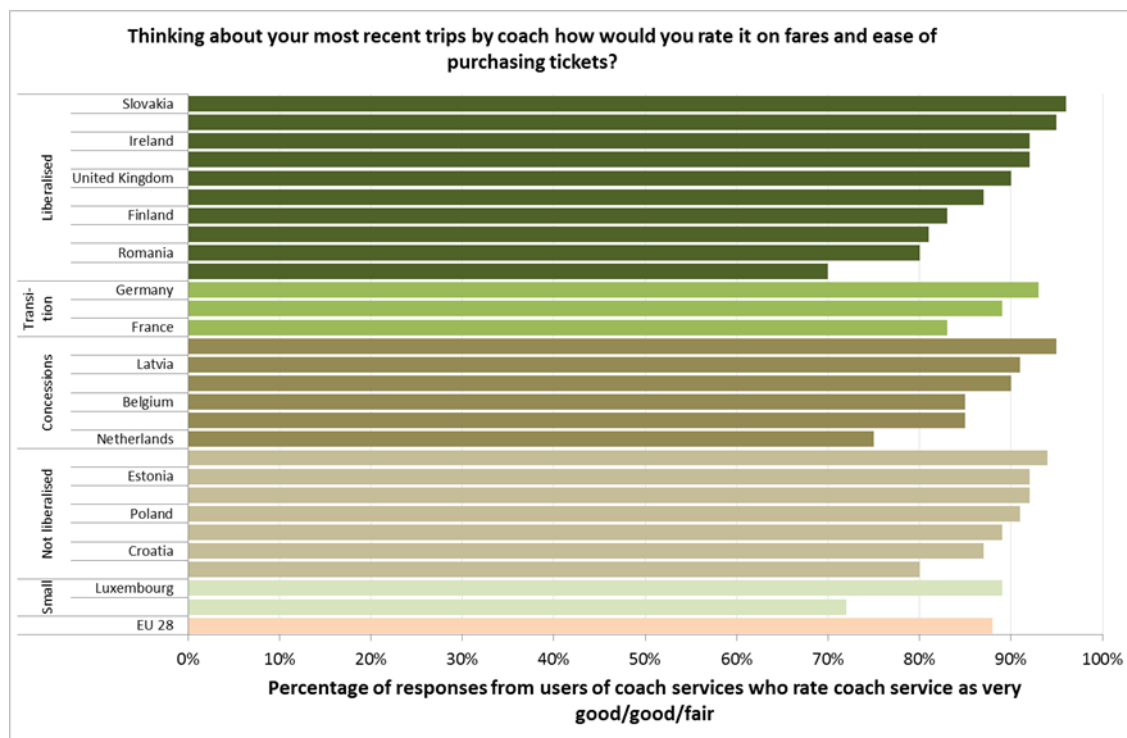
We were therefore not able to use the survey results to make estimates of the impact on the price-quality offer under each of the market opening options. At the same time, we note that the results are not, in themselves, evidence that market opening is unlikely to have a material impact, since they could reflect different expectations of service quality and other economic, social and cultural factors affecting the responses in different countries.

Figure 6.19: Perception of overall service quality among users



Source: Eurobarometer results 2017.

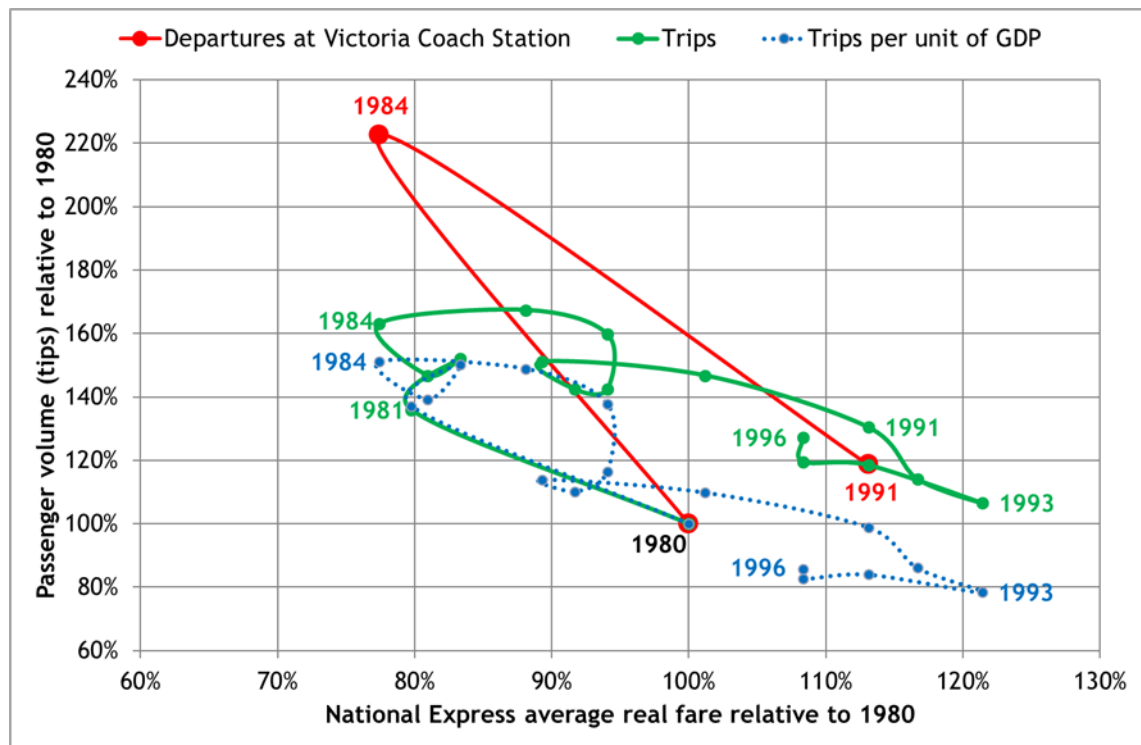
Figure 6.20: Perceptions of fares and ease of purchasing tickets by country



Source: Eurobarometer results 2017.

6.71 Nevertheless, there is evidence from individual countries that have already liberalised indicating that market opening can lead to a substantial reduction in fares as well as improvements in service quality, at least in the short term. The following figure, reproduced from the case study of the UK undertaken for the study (Appendix Case studiesF) shows changes in National Express average real fares and service departures from Victoria Coach Station in London (the latter an indication of two different dimensions of service quality, namely the range of routes served and the service frequency offered). It indicates that in the five years following full market liberalisation in 1980, average fares fell by more than 20%, while the number of departures increased by more than 100%, representing a substantial improvement in the service offer. Note, however, that by 1991 average fares were more than 10% higher than in 1980 while departures had fallen back to 120% of their pre-liberalisation level, reflecting the consolidation of the market and the strengthening of National Express's dominant position from 1984.

Figure 6.21: Trends following domestic liberalisation in the UK



Source: Peter White, reported by ECMT, Steer Davies Gleave analysis.

- 6.72 Whether the resulting price-service quality offer represented an improvement on the position in 1980 is difficult to determine on this evidence alone, although the increase in departures was clearly a benefit to passengers. In any event, the figure demonstrates the difficulties of sustaining any initial, substantial improvement in the value of the service offer, particularly if competition in the market is not preserved.
- 6.73 More recent evidence from Germany supports the view that the immediate effect of liberalisation is to improve the price-service quality ratio. The figure below, reproduced from Dürr and Hüschelrath (2015), shows service quality ratings for a range of different German coach operators (including both well-established operators and new entrants) plotted against their average price per kilometre in 2014⁴⁴. This suggests that liberalisation resulted in a wide range of price-service quality combinations within the first year of the new market access arrangements taking effect.

⁴⁴ Based on an exercise in which service users were asked to rate the different operators on a one-to-five scale (with five being the best outcome), undertaken in December 2014.

Figure 6.22: Price-service quality offer of German coach operators in 2014



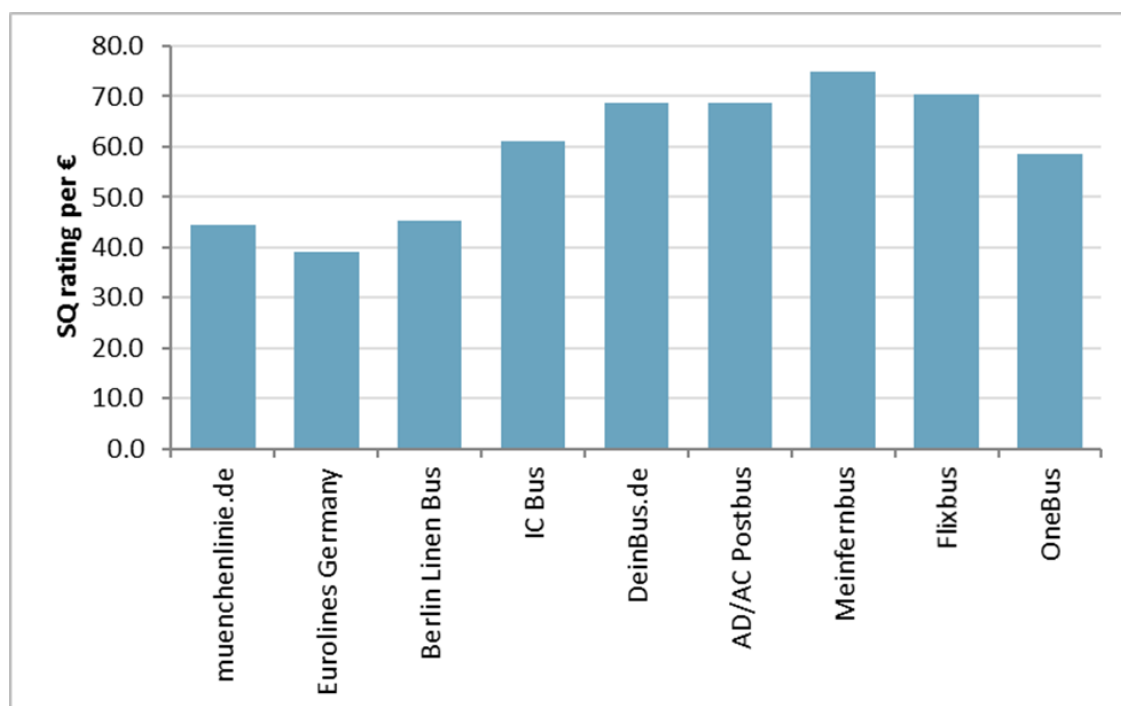
Source: Dürr and Hüschelrath (2015).

6.74 The figure below presents the same information expressed in terms of a service quality rating per unit of average fare. This can be interpreted as a measure of customer perceptions of the overall value for money offered by the different operators. As shown, operators offering higher value for money include both FlixBus (with lower fare and lower service quality rating) and DeinBus.de (with a higher fare and higher service quality rating). Those apparently offering lower value for money, based on customer perceptions, include operators such as Berlin Linen Bus and Eurolines Germany, both of which charged relatively high fares but whose service quality offering was broadly comparable with that of FlixBus. Note that both these operators were established before liberalisation, and could therefore be considered to represent the price-service quality offering in the absence of competition.

6.75 However, these observations are subject to qualification:

- The service quality ratings were based on a limited exercise undertaken in 2014. As already indicated, the Commission’s more recent Eurobarometer survey provides no evidence that customers in liberalised countries are more satisfied with value for money than those in non-liberalised ones.
- As already described, the German market has consolidated since 2014, with FlixBus acquiring more than a 90% share. As in the UK, we would expect such consolidation to go hand-in-hand with an increase in fares and a reduction in the choice of price-service quality offer. Dürr and Hüschelrath present evidence that, even in 2014, a substantial number of routes were operated by a single service provider, and that fares on monopoly routes were 20% higher than those on routes with three competitors.

Figure 6.23: Comparison of perceptions of value for money offered by different coach operators in Germany



Source: Dürr and Hüschelrath (2015).

6.76 Based on this evidence, we summarise the expected impacts of each of the options on fares and service quality in the table below.

Table 6.8: Summary assessment – impacts on fares and service quality

Option	Summary assessment	Evidence
	Providing clarification and creating more uniform business conditions	
A1	<p>There is clear evidence that liberalisation initially leads to a reduction in fares and more innovative pricing strategies in the short term. Several studies have identified significant reduction in fares on routes where there is competition between two or more operators.</p> <p>However, the impact on fares over the long term is more difficult to predict, because it depends on the extent to which competition on individual routes is sustained. There is clear evidence that the market in Germany has become concentrated, and emerging evidence that consolidation among operators is taking place in France and Italy. The UK market continues to be dominated by National Express despite more than 35 years of liberalisation.</p> <p>Against this background, we conclude that the impact on fares over the long term will depend on the willingness of competent authorities to take action to preserve competition.</p> <p>We have not identified any evidence from the Eurobarometer survey suggesting that passengers using services in liberalised markets perceive service quality to be materially higher than in other markets. However, some studies suggest that market liberalisation leads to a more innovative use of sales channels, the adoption of yield management and faster introduction of on-board services such as WiFi. In addition, there is clear evidence from independent studies that the number of services offered increases substantially in liberalised markets.</p>	<p>Eurobarometer survey 2017 (rating of services by users)</p> <p>Hibbs (1991)</p> <p>Augustin (2013)</p> <p>Dürr and Hüschelrath (2015)</p> <p>Gipp (2016)</p> <p>Grimaldi (2016)</p> <p>Busworld Academy</p>

Option	Summary assessment	Evidence
A2	As for A1. To the extent that A2 stimulates more rapid market growth, as assumed in the quantitative analysis, we would expect to observe more aggressive price competition and more rapid take-up of service innovations in the short term.	As above.
A3	As for A2. It is possible that abolition of the authorisation process would release more resources to enable further improvements in service quality. However, in general we would expect operators to realise the benefits of this measure in the form of cost reductions.	As above.
Providing greater access to public terminal facilities		
B1	Given the estimated impact on traffic levels, we would not expect the release of terminal capacity to have a material impact on fares other than on specific routes affected by discriminatory behaviour. Improved access to terminals could encourage investment in new facilities by new entrants. However, there is no firm evidence of this effect. Note that there is a risk terminal facilities might be removed to exclude facilities from the scope of the Regulation if a prescriptive definition of a terminal is introduced.	No evidence.
B2	As for B1.	No evidence.
B3	As for B2.	No evidence.

Source: Steer Davies Gleave

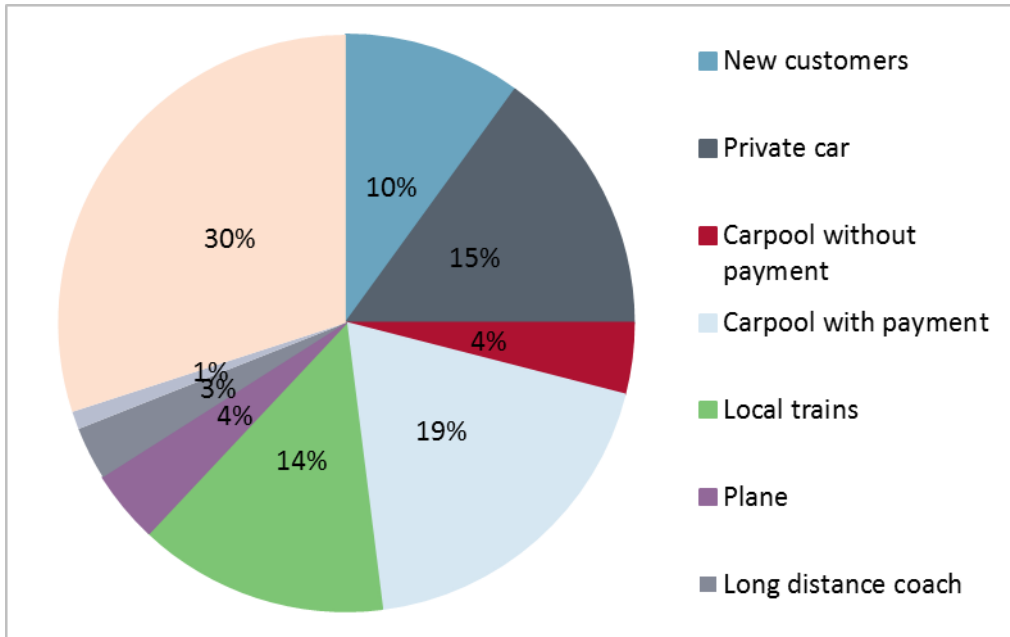
Impacts on citizens with limited access to other modes

- 6.77 We also attempted to assess the potential impact of coach liberalisation on citizens with limited access to other modes. To determine whether the impact of liberalisation can be expected to be adverse or favourable overall, it is necessary to consider:
- the extent to which publicly contracted services, and existing commercial services, are cut back in a way which disadvantages citizens with limited access to other modes; and
 - the extent to which liberalised services create new opportunities for citizens with limited access to other modes.
- 6.78 On the first point, the impact is unpredictable, as it depends on many decision-makers dealing with routes with different levels of exposure to liberalised services, different levels of materiality to subsidy levels, different policies and different constraints.
- 6.79 On the second point, those introducing new services in liberalised markets are unlikely to have data on, and hence be able to target, citizens with limited access to other modes. They may enter the market using at least two business models:
- identifying a new connection, in a new market, which can be operated commercially: this may benefit citizens who did not have private transport; and
 - identifying an existing connection, in a proven market, from which they can abstract passengers (given that the typical market positioning of coach relative to rail and air is that it is slower but cheaper, this may benefit citizens (or non-citizens) who could not afford access to other modes).
- 6.80 Evidence from the German market provides some insight into this issue, since it enables analysis of the origins of passengers on liberalised coach services. Figure 6.24 shows the mode of transport that coach users reported that they had previously used. This suggests that only around 10% of passengers had no access to other modes, but many of the others might have had “limited” access, such as a car which was not always available to them. We also note that

more than twice as many coach passengers (30%) had come from long-distance trains as from local or regional trains (14%).

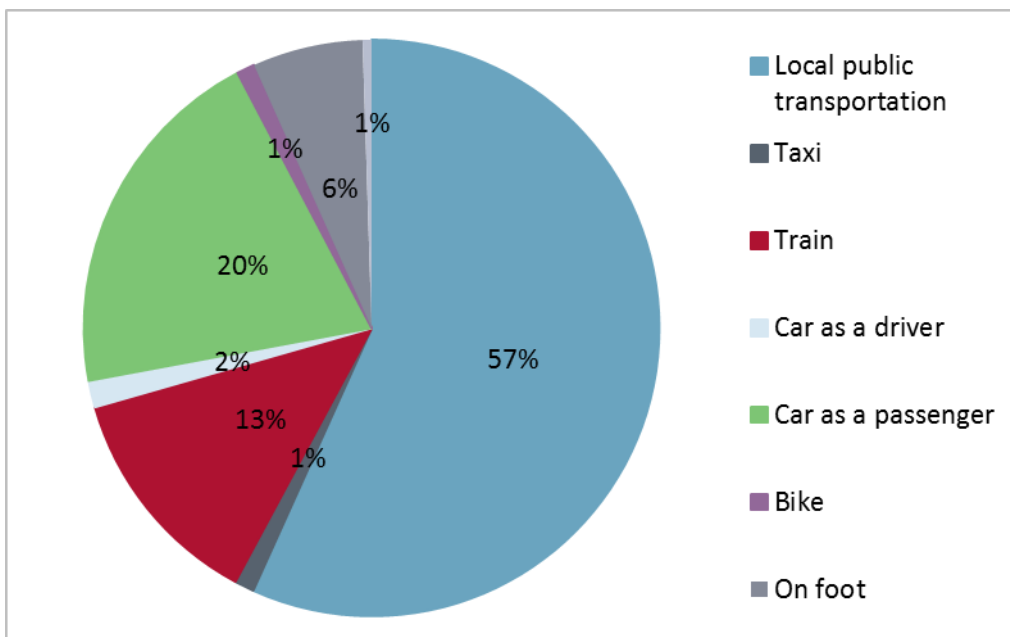
6.81 Figure 6.25 shows the mode(s) that FlixBus coach users reported they had used to get to and from the coach stops at the end of their journey. It is difficult to reach firm conclusions on whether they could have made the entire journey by other modes, but the data nevertheless indicates that around 70% of coach stops could have been reached via the public transport or rail network, even if the coach journey itself was not well-served by public transport.

Figure 6.24: German coach passengers' previous means of transport



Source: Bundesamt für Güterverkehr "Marktanalyse des Fernbuslinienverkehrs 2014".

Figure 6.25: German coach passengers' previous means of transport



Source: Bundesamt für Güterverkehr "Marktanalyse des Fernbuslinienverkehrs 2015".

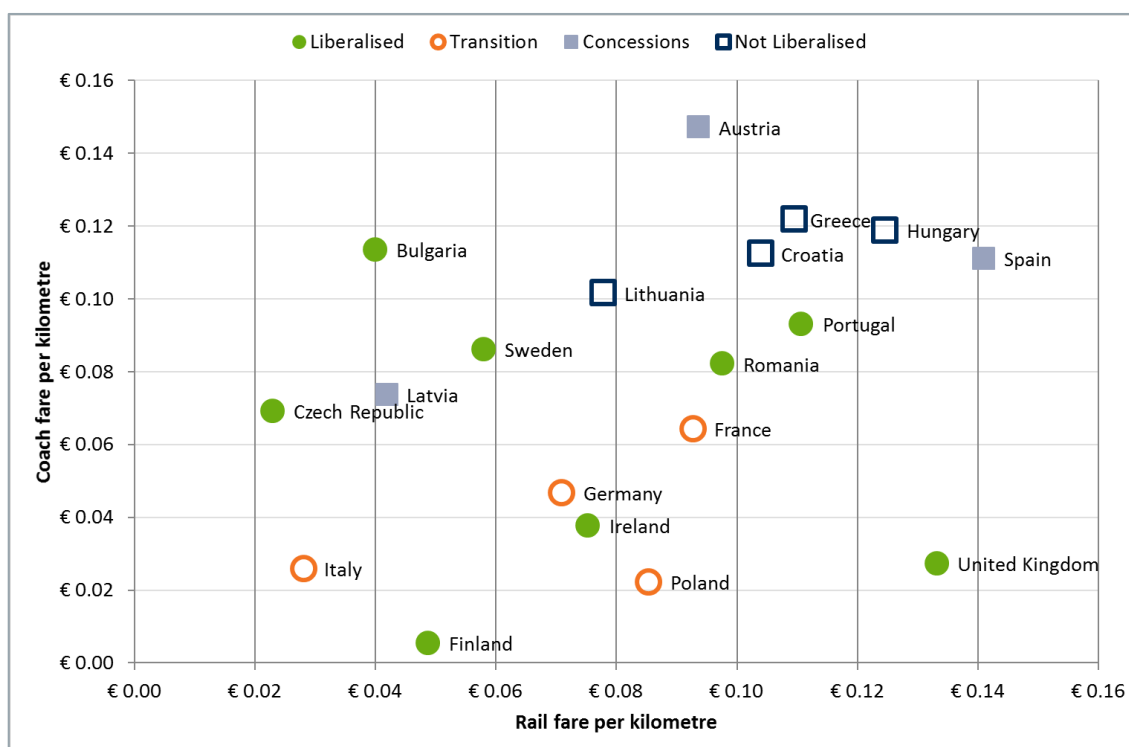
New points served

6.82 We note that liberalised services may serve points which did not previously have public transport, particularly if they impose only a small time penalty or would be necessary in any case for rest or a crew change. One example of the former is on the frequent Oxford Tube service between Oxford and London in Great Britain, which includes a stop at the small village of Lewknor (population around 600), 20 kilometres from Oxford and 60 kilometres from London. However, we note that Member States would not be obliged to authorise such a stop in Options A2 and A3, as no passengers from Lewknor could be carried more than 100 kilometres.

Lower fares available

6.83 Figure 6.26 uses the same data on coach and rail fares on journeys over 300 kilometres used in Figure 3.11, but plots rail fare on the horizontal axis and coach fare on the vertical axis.

Figure 6.26: comparison of coach and rail fares



Source: Comprehensive study on passenger transport by coach, Steer Davies Gleave, February 2016.

6.84 Coach fares are lower than rail fares (points low right on the chart) in many liberalised markets, and most notably in the UK, suggesting that in these markets, coach may be an inferior mode that tends to charge lower prices. This is also the case with all four of the transition Member States although, as we showed in the case study on the UK (Appendix Figure F.17), coach fares may fall by around 20% in the first four years after liberalisation before rising to previous levels.

6.85 in practice, the outcome of liberalisation on coach fares depends on at least two factors:

- In the first few years after liberalisation, coach fares may fall, as new entrants try to attract passengers and build market share.

- In the longer term after liberalisation, coach fares determined in the market place may either be lower or higher than rail fares, depending on the relative quality, and particularly average speeds, of coach and rail services.

6.86 Of the Member States shown in Figure 6.26, only Spain is shown in Figure 3.10 as having significantly lower average coach speeds than rail speeds. This suggests that, all other things being equal, average coach fares in Spain may fall after liberalisation, but provides little indication of what may happen in other Member States.

Other impacts assessed qualitatively

6.87 We next discuss the remaining impacts, listed in Table 5.2 and Table 6.4, which we assessed qualitatively.

6.88 Where possible, we supported our observations with the results of the independent studies listed in Appendix A and factual information provided by stakeholders. However, in some cases we relied on views offered by stakeholders, which we could not verify independently. Where we had no evidence of, or a priori reason for, an effect, we assumed that the option would have no impact.

Table 6.9: summary assessment: market structure

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	<p>A1</p> <p>We would expect liberalisation to lead to a more competitive market structure, at least in Member States where the market is currently dominated by a limited number of incumbents. Competitors are likely to focus on specific routes rather than seeking to replicate or establish national route networks. Abolition of journey forms will also reduce entry costs for providers of occasional services.</p> <p>However, in the longer term, evidence from Germany and the UK suggests that the market may consolidate if competent authorities do not take action to preserve competition. Some stakeholders have confirmed that they withdrew from the German market because of FlixBus' dominance.</p>	<p>Hibbs (1991)</p> <p>Augustin (2013)</p> <p>Dürr and Hüscherath (2015)</p> <p>Grimaldi (2016)</p>
	<p>A2</p> <p>As for A1. More rapid growth under this option may lead to greater fragmentation of the market in the early years of liberalisation, but we would expect consolidation and the emergence of a dominant operator in the absence of action by competent authorities.</p>	
	<p>A3</p> <p>As for A2. Note that abolition of the authorisation process is likely to make it more difficult to track market developments.</p>	
Providing greater access to public terminal facilities.	<p>B1</p> <p>We would expect this option to support new entry and a more competitive market structure. However, under soft regulation the effect is likely to be marginal.</p>	<p>See paragraph 3.94 and Table 3.2.</p>
	<p>B2</p> <p>As for B1. The Commission report would provide an opportunity to identify remaining barriers not addressed by B1, but would not encourage new entry unless followed by further action.</p>	
	<p>B3</p> <p>Where competition authorities have taken action to address discriminatory behaviour, competing operators have been able to establish new services, at least for a period. We would therefore expect the effect on market structure to be greater than under B1 or B2, although still limited.</p>	

Source: Steer Davies Gleave analysis.

Table 6.10: Summary assessment: relocation of businesses between Member States

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	<p>A1 Operators such as FlixBus have already established a pan-European network by subcontracting services. To the extent that this model becomes widespread, we would not expect this option to affect the location of businesses materially.</p> <p>However, operators that have established subsidiaries in order to operate in markets that were otherwise closed to them would no longer need to do so. For example, in principle, National Express could operate in Spain on its own account rather than through ALSA. In practice, operators may continue to establish subsidiaries in different Member States for a variety of strategic and operational reasons, regardless of the regulatory environment.</p> <p>On balance, we would not expect a material change in the distribution of coach companies across Europe, although some migration over the long term away from Member States whose markets are currently closed to operators established elsewhere is possible.</p>	See paragraph 3.42 and FlixBus and National Express case studies in Appendix F
	A2 As for A1.	
	A3 As for A2.	
	Providing greater access to public terminal facilities.	
B2 No evidence that this option would have any material effect.		
B3 No evidence that this option would have any material effect.		

Source: Steer Davies Gleave analysis.

Table 6.11: summary assessment: fares

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	<p>A1</p> <p>There is clear evidence that liberalisation initially leads to a reduction in fares and more innovative pricing strategies in the short term. Several studies have identified significant reduction in fares on routes where there is competition between two or more operators.</p> <p>However, the impact on fares over the longer term (see Figure 3.12) is more difficult to predict, because it depends on the extent to which competition on individual routes is sustained. There is clear evidence that the market in Germany has become concentrated, and emerging evidence that consolidation among operators is taking place in France and Italy. The UK market continues to be dominated by National Express despite more than 35 years of liberalisation.</p> <p>Against this background, we conclude that the impact on fares over the long term will depend on the ability and willingness of competent authorities to take action to preserve competition.</p>	<p>Hibbs (1991)</p> <p>Augustin (2013)</p> <p>Dürr and Hüschelrath (2015)</p> <p>Gipp (2016)</p> <p>Grimaldi (2016)</p>
	<p>A2</p> <p>As for A1. To the extent that A2 stimulates more rapid market growth, as assumed in the quantitative analysis, we would expect to observe more aggressive price competition in the short term.</p>	
	<p>A3</p> <p>As for A2.</p>	
Providing greater access to public terminal facilities.	<p>B1</p> <p>Given the estimated impact on traffic levels, we would not expect the release of terminal capacity to have a material impact on fares other than on specific routes where capacity is constrained by discriminatory behaviour.</p>	<p>No evidence.</p>
	<p>B2</p> <p>As for B1.</p>	
	<p>B3</p> <p>As for B2.</p>	

Source: Steer Davies Gleave analysis.

Table 6.12: summary assessment: integration of ticketing and price competition

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	<p>A1 As already noted, liberalisation can be expected to lead to strong competition, at least on some routes, in the short term. Evidence from Germany and the UK indicates that prices fall significantly in the years immediately following liberalisation. However, there is a risk that they will rise substantially thereafter if the market is allowed to consolidate and a dominant operator emerges. Preserving the benefits of liberalisation, including price competition, may therefore depend on effective use of competition policy.</p> <p>A more fragmented market may result in less integrated ticketing since, for example, intermodal ticketing arrangements will be more difficult to coordinate. Consolidation of the market could be expected to make such coordination easier. At the same time, competition can lead to the creation of a wide range of multimodal products introduced through partnerships between coach companies and airlines as well as rail operators.</p>	<p>Hibbs (1991) Augustin (2013) Dürr and Hüscherath (2015) Gipp (2016) Grimaldi (2016)</p>
	<p>A2 As for A1. Note also that more effective protection of public service contracts will help to preserve integrated ticketing arrangements in conurbations.</p>	
	<p>A3 As for A2. The abolition of authorisation could release resources to support the development of new sales channels, ticketing arrangements and integrated ticketing products.</p>	
Providing greater access to public terminal facilities.	<p>B1 This option could lead to more ticketing facilities at terminals, although the effect is likely to be marginal.</p>	<p>See case involving discriminatory behaviour in Finland in Table 3.2.</p>
	<p>B2 As for B1.</p>	
	<p>B3 The provision of additional ticketing facilities could be greater than under B1 or B2 as the terminal capacity released under a non-discrimination requirement could be expected to increase still further. However, the effect is likely to be limited.</p>	

Source: Steer Davies Gleave analysis.

Table 6.13: summary assessment: economic effects on SMEs

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	A1 We would expect liberalisation to provide new opportunities for SMEs, notwithstanding the risk of market consolidation over the long term. If FlixBus' business model were to become widespread, national operators seeking to expand their networks would provide opportunities for subcontracting and offer benefits that could be of considerable value to SMEs (e.g. the purchase of large orders vehicles that exploit economies of scale, which could then be passed on to SME operators through vehicle leasing rates). The abolition of journey forms would also reduce regulatory costs for SMEs providing occasional services. However, these effects could be offset by a general trend towards greater market consolidation, especially if dominant operators emerge that prefer to manage operations in-house rather than outsourcing.	See paragraph 3.42 and FlixBus case study in Appendix F
	A2 As for A1. Greater market stimulation could be expected to generate more opportunities for SMEs.	
	A3 As for A2. In addition, we would expect the abolition of authorisations to reduce significantly the regulatory costs faced by SMEs, encouraging new businesses to enter the market, either as subcontractors or primary operators.	
Providing greater access to public terminal facilities.	B1 This option could support new entry by SMEs. However, under soft regulation the effect is likely to be marginal.	See Table 3.2.
	B2 As for B1. The Commission report could usefully document instances of new entry, as reported by Member States.	
	B3 Where competition authorities have taken action to address discriminatory behaviour, competing operators have been able to establish new services, at least for a period. We would therefore expect more entry by SMEs under B3 than under B1 or B2, although the overall effect would still be limited.	

Source: Steer Davies Gleave analysis.

Table 6.14: summary assessment: infringements of market access rules

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	A1 As the rules governing access to national markets would be streamlined, we would expect fewer opportunities to infringe them and hence fewer recorded infringements. However, it is possible that a greater level of market activity could result in some remaining rules, for example those protecting public service contracts, to be infringed more frequently.	See paragraphs 3.36 and 3.48.
	A2 We would expect fewer infringements due to the streamlining of market access rules, including those protecting public service contracts.	
	A3 As for A2. However, abolition of the authorisation procedure would appear to increase the potential for infringement of any remaining rules designed to protect public service contracts. For example, it could be difficult to enforce a prohibition on services carrying passengers less than 100 kilometres.	
Providing greater access to public terminal facilities.	B1 No evidence that this option would have any material effect.	No evidence.
	B2 No evidence that this option would have any material effect.	
	B3 No evidence that this option would have any material effect.	

Source: Steer Davies Gleave analysis.

Table 6.15: summary assessment: work conditions, job quality and legal infringements

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	A1 The European Workers' Transport Federation indicated that liberalisation of national markets would lead to a deterioration of working conditions. They cited examples of drivers of occasional services working for 12 consecutive days without a break, and others being pressed to perform additional tasks during rest periods (e.g. planning routes, calculating tolls and organising hotel stays). Fewer young people are joining the workforce because of the perceived pressures. We could not verify these observations, but note that competitive pressures in any industry can result in workers being asked to take on additional duties, possibly in contravention of legislation. We suggest that legislation governing working conditions stands apart from Regulation 1073/2009, and should be subject to enforcement regardless of the market access rules in place. However, various stakeholders have stated that journey forms are an important means of monitoring compliance in the case of occasional services, providing information on driving times and rest periods for example, although some Member States have already abolished them.	Appendix C recording views of ETF and Member State views.
	A2 As for A1.	
	A3 As for A2. In addition, various stakeholders have stated that the abolition of the authorisation process would remove an important mechanism for ensuring the safe operation of services.	
Providing greater access to public terminal facilities.	B1 No evidence that this option would have any material effect.	No evidence.
	B2 No evidence that this option would have any material effect.	
	B3 No evidence that this option would have any material effect.	

Source: Steer Davies Gleave analysis.

Table 6.16: summary assessment: PRMs and integration of persons with disabilities

Option	Summary assessment	Evidence
Providing clarification and creating more uniform business conditions.	A1 The European Disability Forum had received complaints from members on operators in the German market, and was concerned that a deregulated environment will disadvantage people with restricted mobility. In its view, the needs of PRMs are generally not taken into account when operators are purchasing new buses, and terminals are also poorly equipped. However, we saw no systematic evidence that liberalised markets result in the provision of a poorer service to PRMs than more regulated ones.	Appendix C recording views of European Disability Forum.
	A2 As for A1.	
	A3 As for A2. The authorisation process could be a means of enforcing future requirements relating to the carriage of PRMs, and its removal might therefore prevent effective enforcement.	
Providing greater access to public terminal facilities.	B1 No evidence that this option would have any material effect. It is possible that greater access to terminal capacity could enable the development of better intermodal integration at some locations.	No evidence.
	B2 As for B1.	
	B3 As for B2.	

Source: Steer Davies Gleave analysis.

Combining the options

- 6.89 The results of the MCA and the qualitative assessment of impacts suggest that Options A2 and B3 are the most efficient and effective options for implementation. While Option A3 delivers additional quantified benefits compared with Option A2, these are driven by savings in regulatory costs arising from the abolition of the authorisation process, a process that we consider to be important for effective monitoring of market developments and ensuring that services are operated safely.
- 6.90 In line with guidance from the Commission, we assessed separately the impacts of market opening options and options designed to improve access to terminal infrastructure. This is consistent with our view that the corresponding problem drivers, while contributing to the same overall problem, should be considered separately as the geographical scope of the effect is different in each case. More specifically, major restrictions on market access apply in only 50% of Member States, while the problem of discriminatory access to terminals is encountered across the European Union.
- 6.91 Nevertheless, we anticipate that any modification to Regulation 1073/2009 should include both Option A2 and Option B3, thereby addressing two key constraints on market development in one set of changes to the existing regulatory framework. We therefore considered whether the implementation of both options could have impacts that are not captured by a simple aggregation of those already reported above. While it is difficult to quantify such impacts, we make the following observations:
- We identified evidence that the growth in services following liberalisation can quickly absorb available terminal capacity (see German case study in Appendix F). While the availability of terminal capacity is likely to vary considerably across Member States, we consider that existing capacity must be used as efficiently as possible if the immediate benefits of liberalisation are to be maximised. As indicated by the example of Worcester bus station cited in the UK case study in Appendix F, the ability to investigate the allocation of capacity within individual terminals independently can result in a significant uplift and allow new services to be accommodated.
 - In the longer term, any new public terminal facilities would immediately be subject to the new legislative provisions governing access, preventing dominant operators from establishing rights to capacity that might become entrenched. More generally, a presumption in favour of non-discrimination could help to ensure a more favourable business environment for new and smaller operators, allowing them to plan services with greater confidence.
 - The introduction of explicit rules to ensure fair and non-discriminatory access to public terminals would be consistent with broader European Union competition law and policy, as well as legislation governing other sectors, such as Directive 2012/34/EU establishing a single European railway area. It would therefore help to reinforce expectations across the coach sector and among policy makers at the national level about the direction of travel for the industry. It would also limit, at least to some extent, the ability of stakeholders to frustrate liberalisation through control of access to terminal facilities.
 - We noted that allegations of discriminatory behaviour relating to terminals are relative common across the European Union (see Table 3.2). The investigation of such allegations can be prolonged, absorbing the resources of operators and competition authorities. A general presumption in favour of fair and non-discriminatory access, provided for explicitly in sector-specific legislation, could reduce the number of allegations (through a

deterrence effect) and the costs of investigating them (by providing legal clarity). If it did, there would be a reduction in the administrative burden for all affected stakeholders.

6.92 These observations therefore strengthen the case for implementing Options A2 and B3 within the same timeframe. More specifically, we would expect Option B3 to reinforce the impact of Option A2, although it is not possible to quantify this effect with any confidence.

Monitoring and evaluation

6.93 The analysis undertaken for this study was constrained by a lack of data, and the difficulty of estimating the possible effects of liberalisation in markets that are currently highly-regulated based on limited information on those that have already implemented market-opening measures. It is therefore important that any future policy initiative includes mechanisms to collect the data needed to support monitoring and evaluation of the effects. We therefore identified data that will enable policy makers to monitor market developments effectively, drawing as far as possible on sources that we would expect to be available at minimal additional cost, and recognising that liberalisation tends to reduce the information reported to competent authorities and hence to policymakers.

6.94 We aligned the data that we propose for monitoring purposes with a number of operational objectives for the preferred policy options. These objectives, together with the associated metrics and our assessment of the implications for the administrative burden are set out in the table below.

Table 6.17: operational objectives and monitoring data

Option	Operational objective	Monitoring metric	Implications for administrative cost
A2	Reduce the elapsed time for the authorisation process.	Average reported elapsed time by Member State.	Competent authorities could record this during the authorisation process at limited additional cost.
	Increase the modal share of interurban coach services.	Passenger km by Member State, disaggregated by national and international traffic. (Note that we see little value in monitoring cabotage separately following liberalisation of national markets, since distinguishing such traffic would become arbitrary).	Total passenger km already available for all Member States – additional costs may be incurred in improving their reliability. Would require guidance to ensure consistent treatment of international traffic – some additional costs incurred by the Commission in preparing and disseminating this.
	Increase the number of low income regions/citizens connected by coach services.	Number of locations served within NUTS2 regions with GDP per capita of less than €20,000. Percentage of users of coach services below a defined income threshold or facing difficulties paying bills.	Should be possible for relevant authorities to identify locations served through authorisation process. Percentage of low income users could continue to be estimated using periodic Eurobarometer survey.
B3	Increase the availability of existing public terminal capacity.	Number of complaints of infringement of new non-discrimination requirement. Additional capacity released through action taken following infringement.	We would expect competent authorities to collect information on complaints made. Calculation of capacity would only be undertaken in cases of infringement. Cost already taken into account in the quantitative assessment of Option B3.

Source: Steer Davies Gleave analysis.

- 6.95 We conclude that our proposed metrics for monitoring and evaluation could be recorded at minimal cost, as most are already recorded or could be captured either as part of existing regulatory processes or through new procedures already costed for the purposes of the impact assessment. However, as discussed further in 7.15, we suggest that the Commission should engage with Member States to encourage comprehensive and consistent measurement of national and international coach traffic.

7 Conclusions and recommendations

Findings

The current market

- 7.1 Since the implementation of Regulation 1073/2009, several Member States have liberalised further, introducing legislation to open national interurban bus and coach markets. These include a number of Europe's largest economies, notably Germany, Italy, France and, most recently, Poland. We estimate in Figure 3.3 that, by the beginning of 2017, 64% of the total European Union market for interurban coach travel had been liberalised to some degree. This has led to reductions in fares, an increase in routes and operating frequencies and the introduction of innovative pricing and services. However, the German market has become highly concentrated, and there is also evidence of market consolidation in France and Italy.
- 7.2 Notwithstanding recent liberalisation, our review of the market identified various constraints on the ability of coach operators to develop their services and compete more effectively. Building on the evaluation of Regulation 1073/2009 undertaken by the Commission in 2016, we found evidence of:
- ongoing restrictions on access to national markets, including in Member States that have already introduced market opening measures of various kinds;
 - complex and protracted authorisation procedures requiring both operators and competent authorities to expend significant resources to complete them; and
 - discriminatory behaviour resulting in restricted access to key transport infrastructure, in particular publicly-owned terminals in urban centres and other major locations.
- 7.3 To some extent, the ongoing restrictions on market access are driven by the need for transport authorities to ensure the economic viability of established services operating under public service contracts. In an open market, such services can be vulnerable to competition from operators focusing on the most profitable routes or times of the day, depriving public service operators of revenue needed to preserve the commercial integrity of a wider network. However, while the protection of public service contracts is a legitimate objective, there is a risk that the discretionary application of protracted processes for assessing the impact of new commercial services on public service operators can restrict the development of the market unnecessarily.

Results of the impact analysis

Identification of options

- 7.4 Against this background, we agreed with the Commission a series of policy options that, collectively, were designed to address the issues outlined in paragraph 7.2 above. These were

initially outlined in the Task Specifications for this study, and subsequently developed in discussion with the Commission. They included the following options for opening domestic markets and streamlining administrative processes for obtaining market access:

- Option A1 is extension of the scope of Regulation 1073/2009 to national markets and prohibition of discrimination on grounds of nationality and place of discrimination, while introducing common requirements for protecting public service contracts (and other changes designed to clarify existing legislation).
- Option A2 is as A1, but limiting the ability of authorities to protect public services to contracts meeting the needs of urban centres and conurbations through the introduction of a 100-kilometre threshold (with a presumption in favour of authorisation for new services carrying passengers more than 100 kilometres).
- Option A3 is as A2, but abolishing the authorisation procedure for operators wishing to operate services exceeding the 100-kilometre threshold.

7.5 All three options provide for the opening of domestic markets, but Option A1 would allow Member States the greatest discretion in determining which commercial services might damage public service contracts, albeit within a framework setting out common principles. Hence, we consider that the growth in traffic following liberalisation would be greater under Options A2 and A3, which broadly align with precedents set in France and Germany and greatly simplify the definition of urban services to be protected. A 100-kilometre threshold is consistent with the equivalent test applied under French legislation, as well as the geographical scope of several urban transport networks across Europe (see Figure 4.4).

7.6 We also defined four options for improving access to terminals, as follows:

- B1 defines a terminal for legislative purposes, and establishes guidelines for terminal operators to encourage fair and non-discriminatory access and publication of capacity allocation rules.
- B2 is as B1, supplemented by a Commission report on the effects of the option.
- B3 defines a coach terminal as under B1, coupled with a requirement to grant operators access to terminals on fair and non-discriminatory terms.
- B4 requires separation between public transport operators and public terminal operators to ensure independent management control of terminal capacity.

7.7 We considered that Option B3 to have the greatest impact on the market, since it would establish a presumption in favour of non-discrimination, thereby potentially releasing significant capacity currently under-utilised, although it has been difficult to quantify this effect. While in principle Option B4 might have a similar effect, we consider that it would be difficult to implement given the number of terminals and associated ownership and management arrangements across the European Union.

Key results

7.8 The results of our assessment of the impacts, which included both quantitative and qualitative analysis, indicate that Option A2 is the best approach to market opening. We estimate that it would result in a 11.3% uplift in passenger-kilometres by coach in 2030 relative to the baseline. This would provide increased connectivity for European citizens, particularly those facing difficult financial circumstances, whose ability to travel is constrained by lack of access to a car and dependent on the availability of low fares. In addition, it would deliver significant savings in environmental and accident costs, notwithstanding some diversion of passengers and revenue from the rail sector.

- 7.9 While Option A3 delivers similar quantified benefits, we suggest that abolition of the authorisation procedure entirely would introduce risks. It would eliminate the process by which competent authorities could ensure that the 100-kilometre threshold was met, and remove an important check on the safety and quality of services being introduced, as well as a key source of monitoring information.
- 7.10 Option B3 would reinforce the impact of market opening by releasing terminal capacity that is currently withheld and/or inefficiently used. While the impact of this option on coach traffic is more marginal, an uplift of 1.7% in 2030 relative to the baseline (with commensurate reductions in environmental and accident costs), it could be important in Member States facing major constraints on terminal capacity following liberalisation.

Policy implications and recommendations

- 7.11 In the light of these results, we recommend that:

The Commission should take steps to implement Option A2 through amendments to Regulation 1073/2009, extending the scope of the Regulation to cover national markets, prohibiting discrimination in providing access to such markets on the grounds of nationality or place of establishment, and clarifying existing provisions relating to regular services and own account operations.

The Commission should also seek amendments to Regulation 1073/2009 to establish a presumption in favour of authorisation of services carrying passengers more than 100 kilometres. The ability of authorities to apply discretionary mechanisms to determine whether new services carrying passengers less than 100 kilometres would be likely to damage public service contracts should be retained.

- 7.12 The Commission may nevertheless wish to consider developing guidance on the analysis it would expect authorities to undertake in determining whether to authorise services carrying passengers below 100 kilometres.

- 7.13 We make the following recommendation on terminal access:

The Commission should take steps to define a terminal for the purposes of legislation, distinguishing it from en-route stopping points and on-street stands. It should also introduce legislation requiring Member States to ensure that operators are granted rights to access publicly-owned terminal infrastructure on fair and non-discriminatory terms for the purposes of operating regular services.

- 7.14 We suggest that the definition of a terminal already adopted in the UK is a useful starting point for a European-wide definition, but it will need to be developed and tested with stakeholders to take account of the wide range of terminal facilities across the European Union.

- 7.15 To monitor the effects of these changes, the Commission should require Member States to record and report the metrics listed in Table 6.17. It should also engage with Member States to encourage good practice in data collection, and develop guidance on the appropriate recording of international traffic (with a view to eliminating double-counting of cross border services and other data anomalies).

- 7.16 Implementation of these recommendations will support further development of the European interurban bus and coach market, extending the benefits already observed in newly liberalising countries to all Member States. However, we also recognise the potential for

national markets to become highly concentrated within the first few years following liberalisation, and suggest that the Commission should take steps to monitor trends in competition after any change to the Regulation is implemented. In our view, these should include active engagement with national competition authorities, with the aim of agreeing the need for intervention when competition is threatened. In the absence of such intervention, there is a risk that both national and international markets will become dominated by a limited number of pan-European networks, and that the benefits of greater competition through liberalisation will be lost.

A Literature review

A1.1 In this section a review of the relevant literature for liberalisation of the coach market is provided. The document reviewed, content and their relevance to the problem definition is summarised in the table below.

Title	Publishing information	Summary	Link to problem definition
Liberalisation and competition in the European regional rail market.	Arriva (2013)	From an environmental perspective, rail (freight and passenger) has a relatively low environmental impact compared with other forms of transport. Nevertheless, it only represents around 7% of all land passenger transport-kilometres and its market share when compared with other modes of passenger transport has stagnated and marginally declined since the mid 1990's (Eurostat). A European Commission Staff Working Document concluded that the fully liberalised rail passenger markets of Sweden and the UK had improved more than other less liberalised markets when considering a range of 10 key indicators. Benchmarking liberalised and mainly liberalised (e.g. Germany) markets on a range of satisfaction/quality and efficiency indicators showed that those markets scored significantly higher than other classifications of markets in all main aspects. Where competitive tendering for procurement of regional and urban passenger rail networks is established, it has delivered costs savings of typically 20% to 30%, increased investment and improved service quality resulting in increased market share through better customer orientation, better quality and performance and controlled costs through improved efficiency.	Different national approaches to liberalisation.
Intercity coach liberalisation. The cases of Germany and Italy.	Grimaldi Raffaele, Augustin Katrin, Beria Paolo (2017) <i>Transportation Research</i>	The study discusses how liberalisation and market formations for long-distance coach travel differ as a result of different market conditions. With reference to Italy and Germany, it shows that similar regulatory developments, i.e. removal of the main entry barriers, can create different market structures, networks and dynamics of market expansion. Two elements are crucial when assessing market liberalisation should therefore be the characteristics, in particular the dimension and concentration of the "before-liberalisation" market, and the geography of the country. The study also discusses the attraction of the "Intercity" model which caters for the core demand but later expands to secondary point-to-point routes serving more marginal towns.	Different national approaches to liberalisation, different rules on access to national markets in Member States.

Title	Publishing information	Summary	Link to problem definition
A comparison of rail liberalisation levels across four European countries.	Paolo Beria, Emilie Quinet, Gines de Rus, Carola Schulz (2012) <i>Research in Transportation Economics</i>	The paper gives a comparative overview of the regulation of railways in Italy, France, Germany and Spain to assess the regulatory frameworks according to their implications on the degree of liberalisation. Despite common legal frameworks, the extent to which European regulations have been implemented differs depending on the country. In particular, the conditions for licensing, access to the network in terms of slots, services and terminals, and ownership are a result of the role of government in backing the opposing attitude of incumbent railways against liberalisation and thus determine the actual level of market opening.	Different national approaches to liberalisation, requirements for establishment in Member States, Different rules on access to markets in Member States, Restricted competition between undertakings.
Spatial and scenario analyses of long-distance coach transport in Italy.	Beria et al. (2014) <i>DASTU - Politecnico di Milano, Studio META</i>	To assess the Italian long-distance coach market following the completion of the liberalisation process, the study uses a national long-distance travel model with four modes (coach, rail, air and private travel). The model highlights that the Centre and Northeast of the country bears the most potentials, with a polarisation on urban areas and those with limited rail services. The study also highlighted opportunities arising from changes in competing modes, including long-distance rail services.	Different national approaches to liberalisation, inability of coach and bus services to gain market share vis-à-vis other modes of transport.
Long distance coach transport in Italy: state of the art and perspectives.	Beria et al. (2013) Politecnico di Milano	The study provides a snapshot of the Italian long-distance coach market just at the end of the liberalisation process where coach was acting as a complementary mode to rail, often simply filling the qualitative and quantitative gap. In order to show how the market can be expected to evolve as a result of liberalisation, it provides three policy scenarios for possible growth. Firstly, consolidation of the existing market, inside a new liberalised context, secondly, an expansion of the market towards new users, and lastly, a different attitude of national planners towards the broader use of coach for subsidised long-distance “universal services”, now supplied only by rail.	Access to market for domestic regular services is somewhat restricted/unpopular, inability of coach and bus services to gain market share vis-à-vis other modes of transport (rail).
Economic Lessons from the Liberalization of the German Bus Market.	Christoph Gipp (2016) <i>IGES Institute GmbH</i>	The presentation provides an overview of recent trends and developments in the German long-distance coach market, including number of round trips, road vs coach comparisons for connecting regions, market share and ticket price levels. It also gives an indication of how innovation trends, including internationalisation, night buses and touristic bus lines, have relaunched the concept of travel by bus. Identified challenges for the future of the coach market are framework conditions such as road charges, the availability of appropriate terminal infrastructure, drivers as a limited resource, and intra- and intermodal connection of coach services.	Discrimination in access to terminals, inability of coach and bus services to gain market share vis-à-vis other modes of transport, and restricted competition between undertakings.

Title	Publishing information	Summary	Link to problem definition
Contestability of the German long-distance coach market.	Katrin Augustin (2013) <i>KCW</i>	This study tests the contestability of the German long-distance coach markets to see if the only factors on competition are cost drivers. It applies the Herfindahl Index as an economic indicator to calculate the level of market concentration for each route. Results show that the German long-distance coach market, although providing a high level of competition, is not perfectly contestable. However, the regulatory framework has reached its aim of supporting the development of a new transport mode in Germany and the rapid growth of the network still offers a large number of attractive niche markets with high potential.	Different national approaches to liberalisation, restricted competition between undertakings.
Competition in the German Interurban Bus Industry: A Snapshot Two Years After Liberalization.	Niklas S. Dürr and Kai Hüschelrath (2015) <i>ZEW</i>	The study gives a snapshot view of the competition in the German interurban bus industry two years after liberalisation. It provides analysis of selected market characteristics, including the concentration and competitive interaction, fares and service quality. Two policy issues are discussed, namely the industry consolidation and possible abuses of market power by incumbents.	Requirements for establishment in Member States, different national approaches to liberalisation.
The Liberalisation of the British Bus and Coach Industry: An uncompleted enterprise.	Hibbs (1991) <i>Economic Notes No. 38</i>	Looking at whether liberalisation can ever be achieved fully, the study looks at the historic liberalisation process of the UK bus and coach market (with a stronger focus on bus, however). It finds that the deregulation of the express coach industry and the subsequent privatisation of National Express did not lead to a highly competitive situation, but caused prices to fall sharply and frequencies to be greatly improved.	(In)ability of coach and bus services to gain market share vis-à-vis other modes of transport, different national approaches to liberalisation
Liberalisation of the interurban coach market in Germany – an attitudinal problem?	Bahamonde-Birke, Kunert, Link, de Dios Ortúzar (2014)	The 2014 study recognises the importance of the way that coach services are marketed in Germany when analysing interurban services and tries to understand attitudes and perceptions through a stated-choice experiment. The marketing campaigns of coach services, targeted to position the service through product differentiation (e.g. most ecological way to travel) rather than just low prices, are found to play an important role in the choice of mode.	Different national approaches to liberalisation.
Deregulation and privatisation in the UK freight, and bus and coach industries.	Lawton-Smith	The study, which provides an overview of the effects of deregulation on the UK freight, bus and coach industries highlights that whereas bus regulation and privatisation have had a number of adverse effects on passenger numbers and low profitability, the opening of the coach market has benefitted consumers. However, the study notes that even within the coach market, the initial phase of growth immediately following deregulation was followed by a decline. The impacts of deregulation of coach services for airport access and international services are also discussed.	Different national approaches to liberalisation, competition between undertakings.
Liberalisation of passenger transport in Europe & its consequences for the fleet.	Jan Deman	The presentation gives key statistics, including KPIs and trip and passenger developments for the development of the coach markets in different European countries. It also highlights innovation trends and product development in the market and presents industry challenges and opportunities.	Different national approaches to liberalisation, different rules on access to national markets in Member States.

Title	Publishing information	Summary	Link to problem definition
Liberalisation of intercity bus market in France.	Busradar.com	This short blog entry gives an overview of the French coach market post-liberalisation, including market shares, and provides projections for future development.	Different national approaches to liberalisation.
En route to French transport liberalisation: the coach market.	Oxera (2015)	The paper examines the impacts of the coach market reform in 2015 which changed the ruling for coach service on routes under 100 kilometres. An economic test was developed by Arafer to determine whether entry by a coach operator would threaten the viability of public rail services of coach passengers were carried less than 100 kilometres.	Restricted competition between undertakings, inability of coach and bus services to gain market share vis-à-vis other modes of transport, different rules on access to national markets in Member States.
A comparison of rail liberalisation levels across four European countries.	Beria et al. (2010)	The study presents outcomes from research on railway regulation and liberalisation in Italy, France, Germany and Spain. It focuses specifically on the relationship between the state and railway companies, network access conditions by operators, slot allocations, pricing schemes and how public service obligations are defined, paid and regulated – and how these differ between the countries. Findings include that the actual level of liberalisation is still scarce, driven by an opposing attitude of incumbent railways against the liberalisation process and the role of the state/decision makers in backing this behaviour.	Different national approaches to liberalisation, different rules on access to national markets in member states, discrimination in access to terminals and restricted competition between undertakings.
Long-Distance Bus Services in Europe: Concessions or Free Market?	Van de Velde (2009) <i>Joint Transport Research Centre</i>	The paper offers a review of the interurban coach market in Europe in 2009. For a number of countries, it provides a description of the regulatory setting, the main market actors, the main developments and resulting challenges, specifically in terms of regulation. The paper compares two main organisational forms for passenger transport systems, market initiative regimes and authority initiative regimes and finds that for most countries the clear choice is a free market, rather than a system of competitively tendered concessions or a regime of exclusive rights.	Access to market for domestic regular service is restricted, requirements for establishment in Member States, different national approaches to liberalisation, discrimination in access to terminals, competition between undertakings.
Workshop 4 Report: Governance, ownership and competition in deregulated public transport markets.	Van de Velde and Augustin (2014) <i>Research in Transportation Economics</i>	The paper provides a summary on the outcomes of the workshops on governance, ownership and competition in deregulated public transport markets. The fourth workshop focused specifically on finding smarter ways to organise a deregulated regime. It highlights that external factors have an impact in the success of deregulated regimes, for example new media and internet for the coach sector.	Different national approaches to liberalisation and requirement for establishment in Member States.

B Member State approaches to regulating national interurban bus and coach markets

Member State	Liberalised	Concessions/ public service contracts	Other	Comment
Austria		✓		<p>Non-commercial services are operated under public service contracts and competitively tendered by local authorities.</p> <p>Commercial services are subject to approval by the relevant authority following consultation with affected parties. Approval will generally not be granted if a new service is similar to one already being procured under a public service contract or pre-empts one that could be delivered by existing operators.</p>
Belgium		✓		<p>In Flanders a publicly-owned operator, De Lijn, provides all regular coach services under a directly awarded contract. Similarly, in Wallonia, the publicly-owned TEC is responsible for all public transport including coach services. However, De Lijn operates a number of services under contract and TEC is expected to launch a tender in 2019.</p>
Bulgaria	✓			<p>The market for coach services has been liberalised since 1999, although individual services are licensed by the Ministry of Transport, Information Technologies and Communication or the relevant local authority according to whether they operate between or within particular regions or municipalities. Licences are granted subject to compliance with basic requirements in the national or relevant local transport scheme.</p> <p>New routes can be added at the initiative of local authorities and are operated under public service contracts.</p>
Croatia		✓	✓	<p>Regular inter-county services are operated under regulatory framework administered by the Ministry of Maritime Affairs, Transport and Infrastructure. Within counties, county authorities have the power to award concessions in line with their transport needs, although they may authorise services offered by commercial operators. All services are licensed and operators must comply with a number of requirements relating to their capacity to offer the service and the proposed schedule.</p>
Cyprus			✓	<p>All long distance coach services are operated under a concession awarded to Intercity Buses, a national operator founded in 2009.</p>

Member State	Liberalised	Concessions/ public service contracts	Other	Comment
Czech Republic	✓	✓		<p>The market for interregional services is liberalised, although operators must have a licence which may be withheld if they intend to compete with bus or rail services that are subject to a public service contract or obligation.</p> <p>Regional services are operated under public service contracts and operators must also be licensed. Most contracts are awarded through competitive tender and those that are directly awarded will be subject to competition in 2019 or 2024.</p>
Denmark	✓	✓		<p>The majority of services are planned and procured by six regional transport authorities, but a number of intercity services are provided on a commercial basis by private operators. Operators are licensed to serve individual routes, and licences are only granted where the proposed commercial service does not affect an established public service.</p>
Estonia		✓		<p>For the most part, regular long distance services are operated under competitively tendered public service contracts awarded by the national Road Administration. However, operators may also be licensed to provide commercial services introduced on their own initiative. All operators must hold a Community licence, issued in accordance with Article 4 of Regulation 1073/2009.</p>
Finland	✓	✓		<p>Long distance coach services are largely provided on a commercial basis by private sector operators. However, regional Centres for Economic Development, Transport and the Environment may fund additional services in order to meet the requirements of regional transport plans. The majority of long distance services are operated by Express Bus but faces some competition from OnniBus, a new entrant.</p>
France	✓			<p>Legislation introduced in 2015 provided for liberalisation on all domestic routes where a passenger is carried more than 100 kilometres. The introduction of services on routes where distance the passenger is carried is below this threshold is subject to approval by the Autorité de Régulation des Activités Ferroviaire et Routières. In addition, no passengers may be carried wholly within the administrative boundary of a local public transport authority (autorité organisatrice des transports urbains). In these circumstances the operator must demonstrate that the new service will not negatively affect rail services subject to public service obligations.</p>
Germany	✓			<p>Amendments in the legislation governing coach services have removed the protection formerly provided to rail services and operators of long distance coach services are now only required to demonstrate that they comply with certain safety and professional capability standards. However, authorisations to operate are not generally granted unless the distance between two stops on the proposed route is greater than 50 kilometres and no rail service with a journey time of less than one hour is already operating between these stops.</p>
Greece			✓	<p>All domestic long distance coach services are operated by KTEL (Jointly Funded) companies, and are heavily regulated by the Ministry of Infrastructure, Transport and Networks. KTEL companies effectively operate under directly awarded contracts, and have an exclusive right to provide a bundle of services within a route.</p>

Member State	Liberalised	Concessions/ public service contracts	Other	Comment
Hungary		✓	✓	Regular coach services operate subject to public service obligations under concession arrangements. In the case of regional services (under 100 kilometres) and long distance services (over 100 kilometres), public service contracts are awarded by the Ministry for National Development. To date, the scope for new entry has been limited, with only three recent entrants serving domestic routes. However, the Ministry has developed a new concession framework that is expected to encourage new entry from 2017.
Ireland	✓			The market for long distance coach services has been liberalised, with operators wishing to provide commercial services applying to the National Transport Authority for a licence. Licences may be refused if a new service is considered to undermine the economics of operations subject to public service obligations (which tend to be limited to rural, urban and commuter services). Nevertheless, the majority of long distance services are operated by Bus Éireann, a subsidiary of the public sector holding company CIÉ responsible for all public road and rail transport services in Ireland.
Italy	✓			The market for interregional coach services has been liberalised since 2013. The authorisation process administered by the Ministry of Infrastructure and Transport is intended primarily to ensure that operators comply with certain technical, financial and legal requirements. However, the Ministry must also be satisfied that a proposed service does not 'cherry pick' passenger flows from services operated under public service contracts where these operate along the same route.
Latvia		✓		All intercity services are operated under concession arrangements and subject to public service obligations. Concessions are competitively tendered according to a process set out in legislation, and operators need not be registered in Latvia to compete.
Lithuania		✓	✓	Many services are provided under competitively tendered public service contracts. Long distance commercial services are subject to authorisation by the Ministry of Transport and Communications, and local authorities responsible for the areas through which the service passes are involved in the authorisation process.
Luxembourg				No information on market access has been identified to date, but markets are likely to be small.
Malta			✓	Since January 2015, all bus and coach services have been operated by Autobuses Urbanos de León, a public sector entity created following the financial failure of a concession previously awarded through competitive tender.
Netherlands		✓		Regular services operating within individual regions are provided under a concession framework, administered by 13 regional Public Transport Authorities responsible for 36 concession areas. Services operating across one or more regional boundaries are not subject to this framework, but operators seeking to introduce such services must request permission from all the authorities responsible for the affected concession areas. We understand that services competing with established public transport operations, including rail operations, are unlikely to be permitted and that no authorisations for these longer distance services have yet been granted.

Member State	Liberalised	Concessions/ public service contracts	Other	Comment
Poland	✓			Until recently, operators wishing to provide regular coach services required both an operating licence and a permit to operate within each of the administrative areas served. However, the requirement for permits was abolished at the beginning of 2017 and the market is now fully liberalised, although some services will continue to be provided under public service contracts.
Portugal	✓			Interurban services, defined in legislation as services operating over a route length of 50 kilometres or more, have been liberalised, although operators seeking to introduce services must apply to the national transport authority for a licence and provide on route geography, the timetable and the number of stops.
Romania	✓	✓(?)		While the market for regular coach services has been liberalised, the market access regime retains some of the characteristics of a concession framework. Route licences are issued by the Romanian Road Authority, they are awarded through competitive tender and according to criteria defined by the Ministry of Transport and the Ministry of the Interior. In some cases, bid evaluation by the authorities includes consideration of fares.
Slovenia		✓		Regular regional and national services are operated under a concession framework and subject to public service obligations. Until 2015, services were provided under contracts awarded directly to operators already established on the relevant routes between 2003 and 2004. However, the Ministry of Infrastructure now awards concessions through competitive procurement, having first specified routes, types of service, fares and quality of service in the relevant contracts.
Slovakia	✓	✓		Services operated within individual regions are subject to public service obligations and contracted to commercial operators (which are partially owned by the state). Long distance interurban services have been liberalised, but are subject to licensing and some regional authorities have been accused of protecting established operators from competition.
Spain		✓		All interurban services, whether operating within or between Spain's Autonomous Communities, are operated under monopoly concession arrangements. In principle, the relevant legislation permits concessions to be awarded directly, but in practice they are competitively tendered. Nevertheless, some stakeholders have observed that bidding arrangements and asymmetric access to information can favour incumbents.
Sweden	✓			The market for regular national coach services has been liberalised since 2010, when new legislation prohibiting the granting of exclusive rights to coach operators was implemented.
United Kingdom	✓			Regular coach services (other than those operating in London and Northern Ireland) have been liberalised since 1980, and the former publicly-owned National Bus Company was privatised in 1986 (the company now operates as National Express). Operators only require an operating licence to enter the market, and there is no protection for subsidised bus or rail services that may be affected by competing coach services. However, national Express has emerged as a dominant operator.

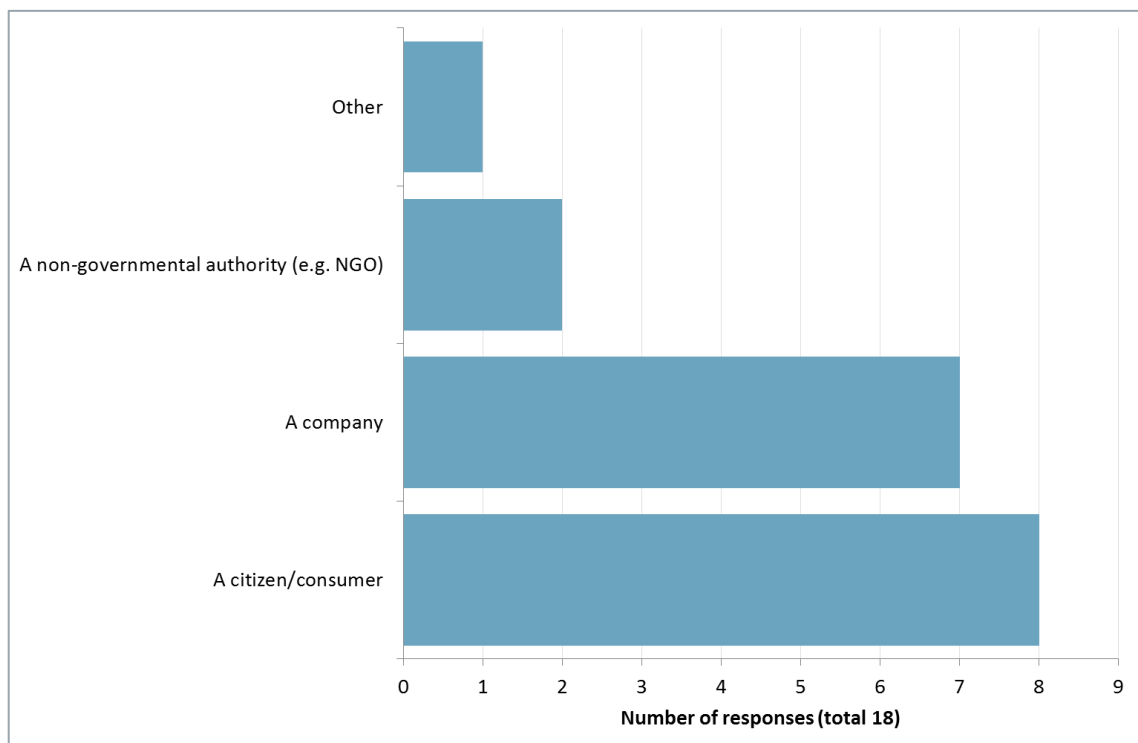
C Stakeholder open consultation results

Analysis of respondents' profile

General questionnaire

C.1 A total of 18 complete or partial responses were received for the general questionnaire, mostly from citizens/consumers and companies, as shown in the table below.

Number of responses

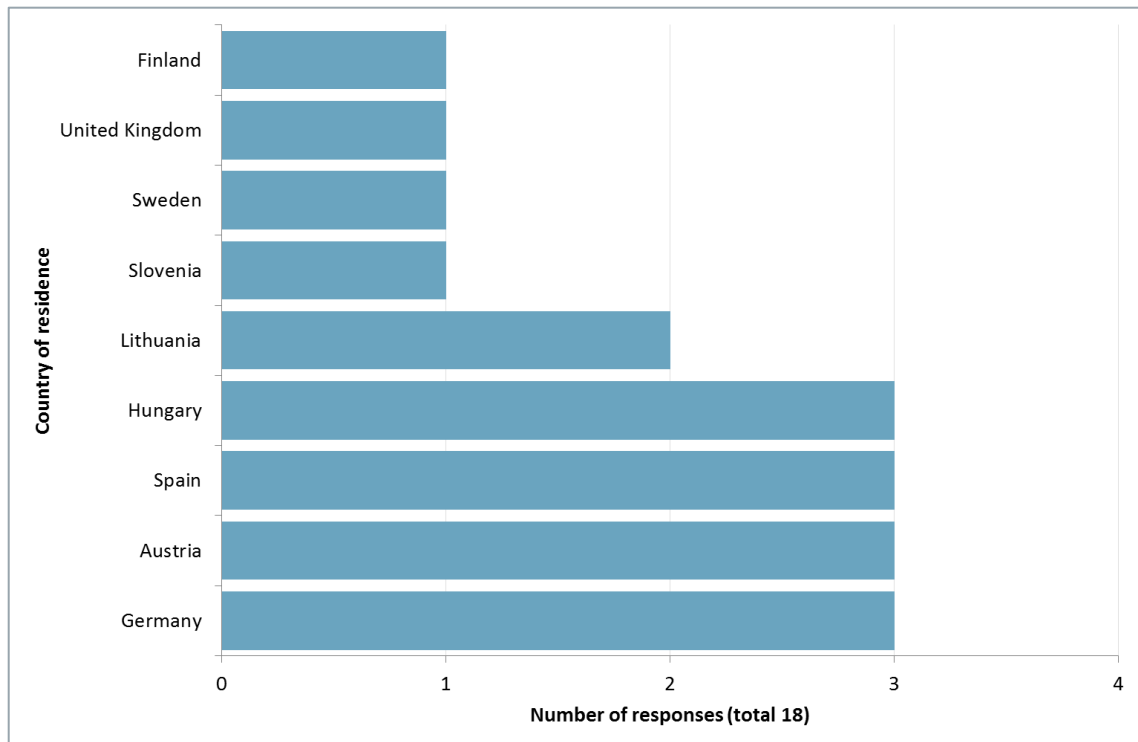


Classification of stakeholders responding to the questionnaire - general

Stakeholder category	Number of responses	Percentage of responses
A company	7	39%
A non-governmental authority (e.g. NGO)	2	11%
A road passenger transport worker (e.g. driver)	0	0%
A citizen/consumer	8	44%
An academic	0	0%
Other	1	6%
Total	18	100%

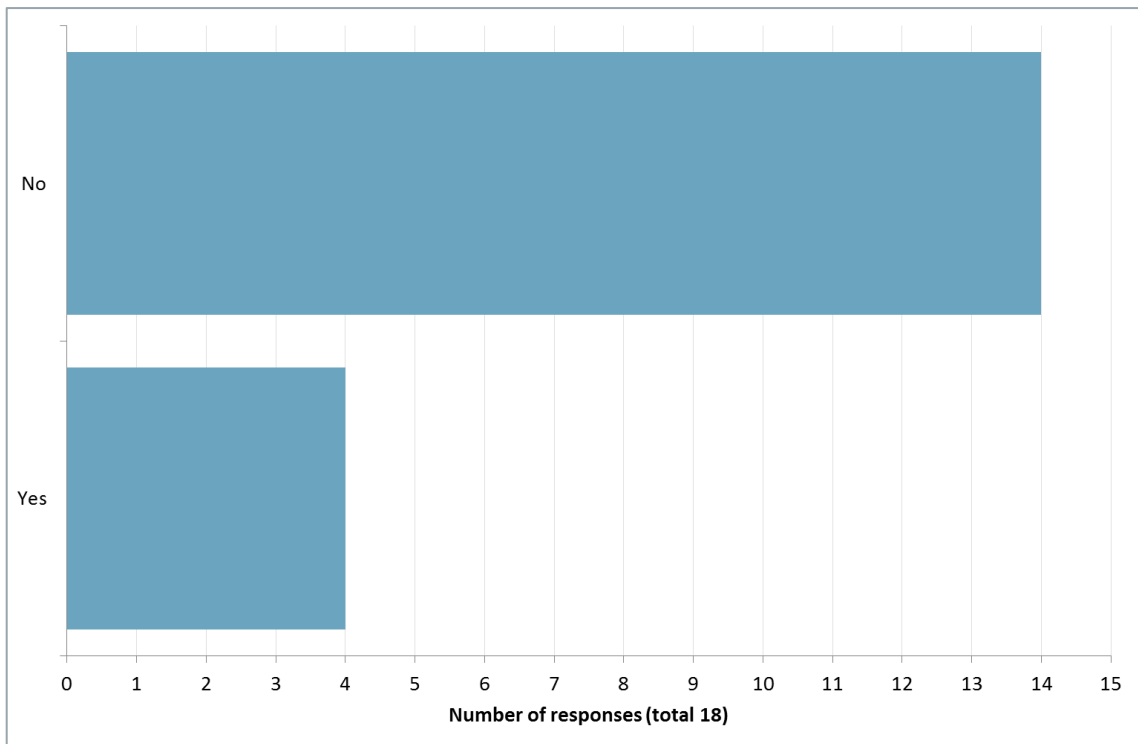
C.2 Respondents resided, or were based, in nine Member States (Austria, Finland, Germany, Hungary, Lithuania, Slovenia, Spain, Sweden and the United Kingdom). The most responses were from Austria, Germany and Hungary, with three responses each (17% of the total each). The distribution of responses by Member State of residence or establishment is shown in the figure below.

Distribution of the responses by country of residence/establishment – general



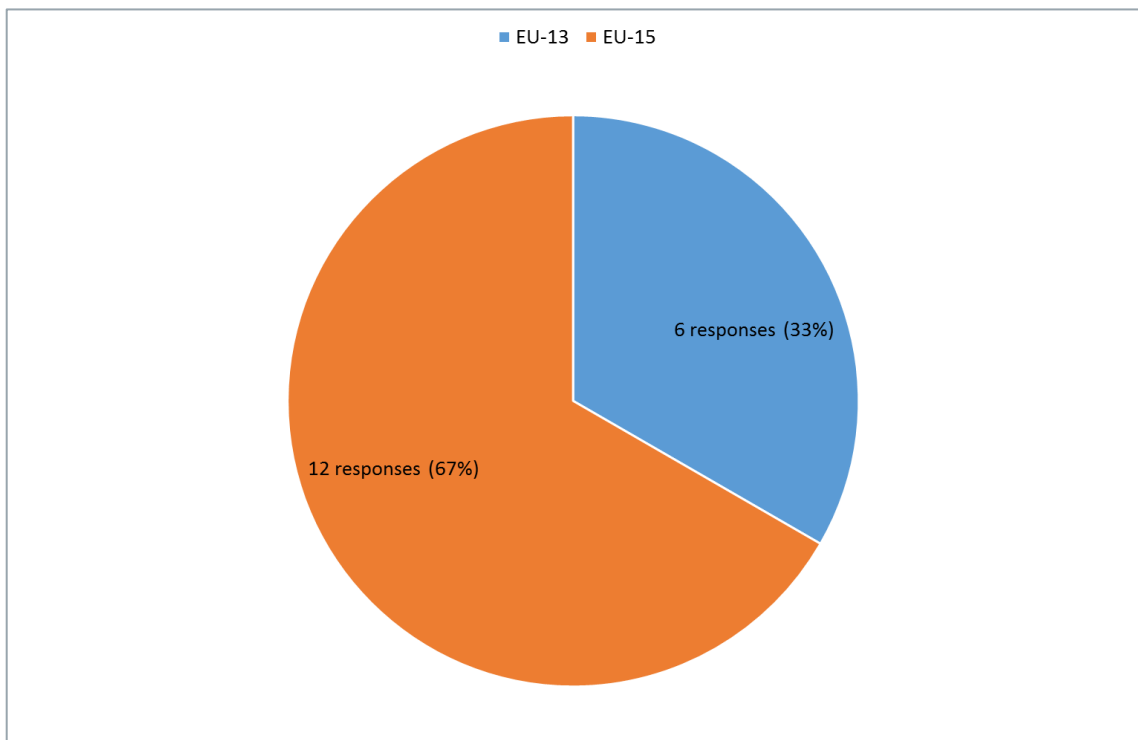
C.3 Only four (22%) of responses were coordinated and 14 (78%) were completed independently.

Are you applying on behalf of an entity?



C.4 Six (33%) of the responses were from EU-13 Member States and 12 (67%) were from EU-15 Member States.

Distribution of responses (including coordinated responses) by EU-15 and EU-13 membership – general



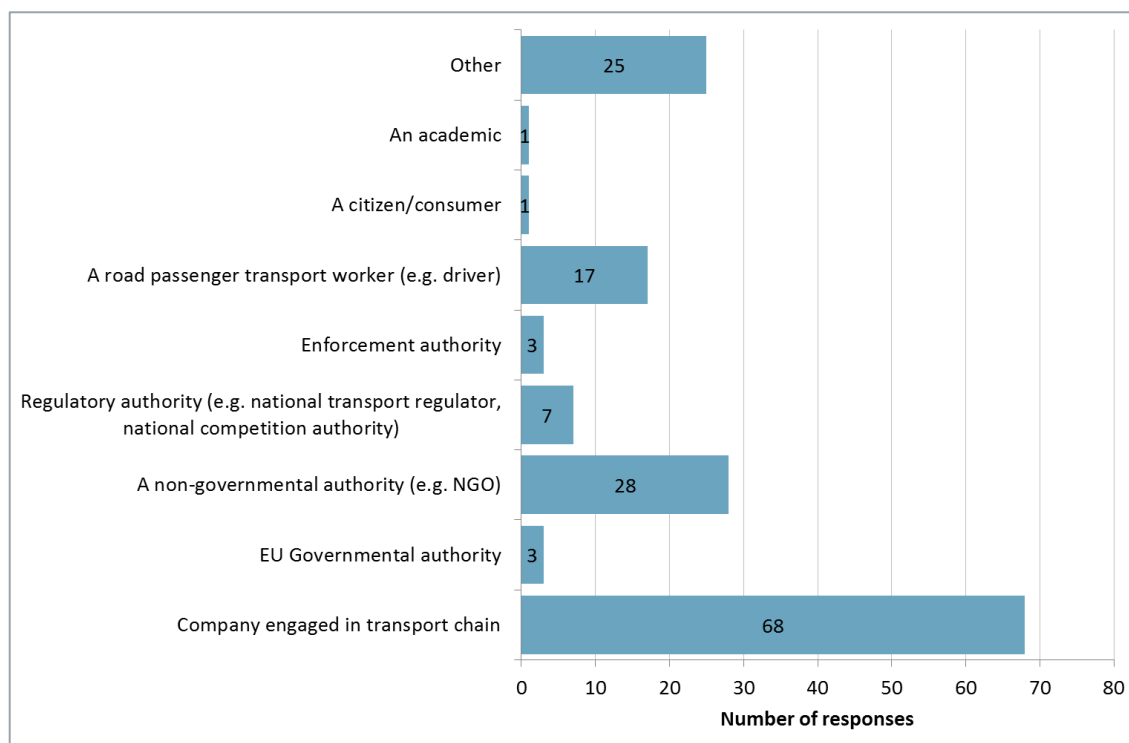
Specialised questionnaire

C.5 A total of 153 complete or partial responses were received for the specialised questionnaire, mostly from companies engaged in the transport chain and non-governmental authorities. A breakdown of respondents is provided in the table below.

Classification of stakeholders responding to the questionnaire – specialised

Stakeholder category	Number of responses	Percentage of responses
Company engaged in transport chain	68	44%
EU Governmental authority	3	2%
A non-governmental authority (e.g. NGO)	28	18%
Regulatory authority (e.g. national transport regulator, national competition authority)	7	5%
Enforcement authority	3	2%
A road passenger transport worker (e.g. driver)	17	11%
A citizen/consumer	1	1%
An academic	1	1%
Other	25	16%
Total	153	100%

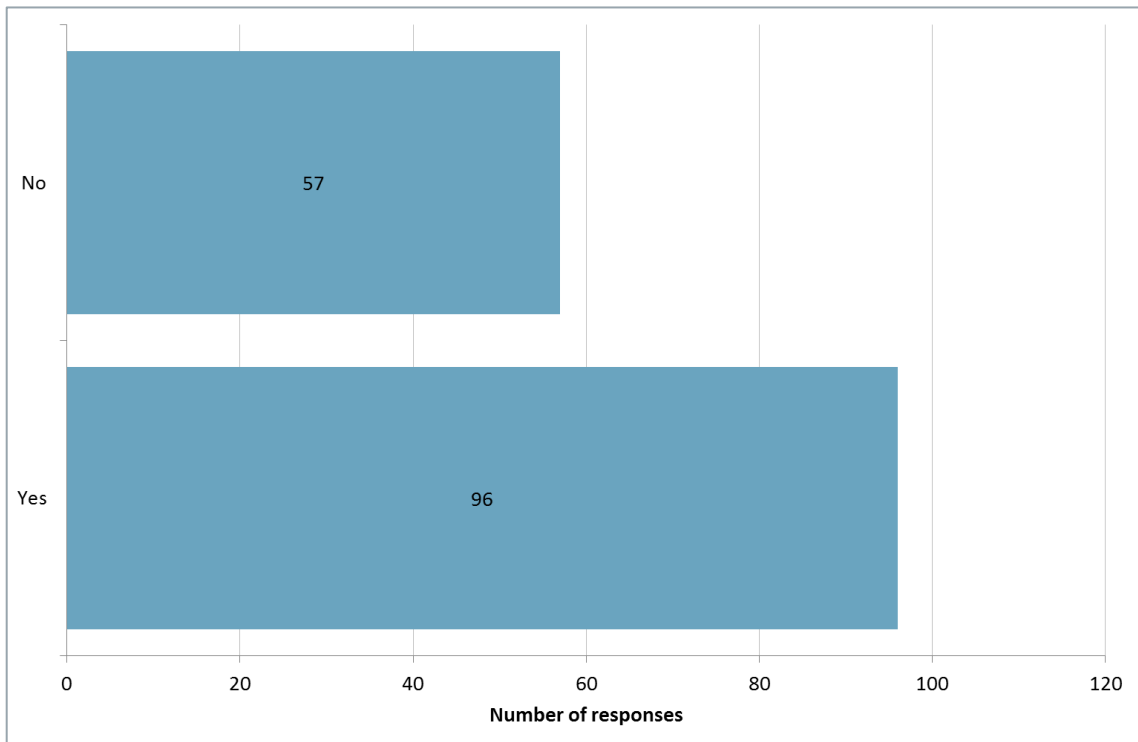
Number of responses



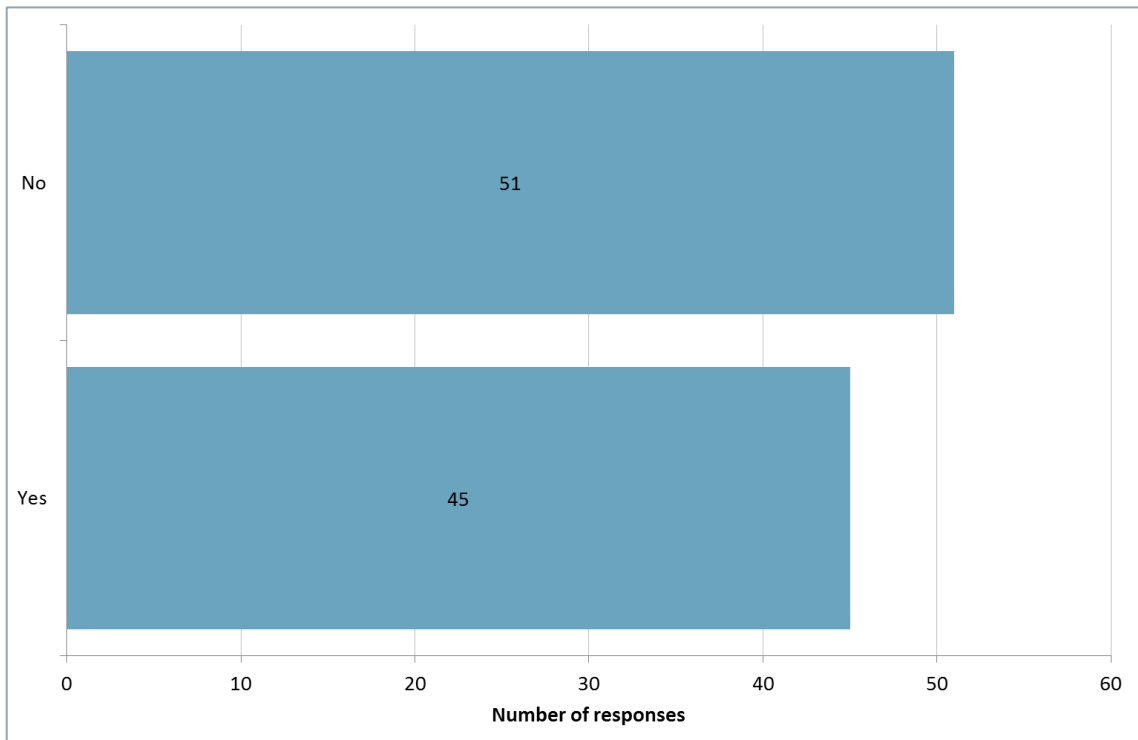
C.6 96 of the responses (63%) were on behalf of an entity and a number of coordinated responses were received, indicating that respondents followed a template in providing answers. Seven different templates were identified, but the answers/opinions submitted sometimes varied. 40

of the responses (26%) are suspected to have used one of the seven templates. One Ministry submitted two identical responses⁴⁵.

Are you applying on behalf of an entity?

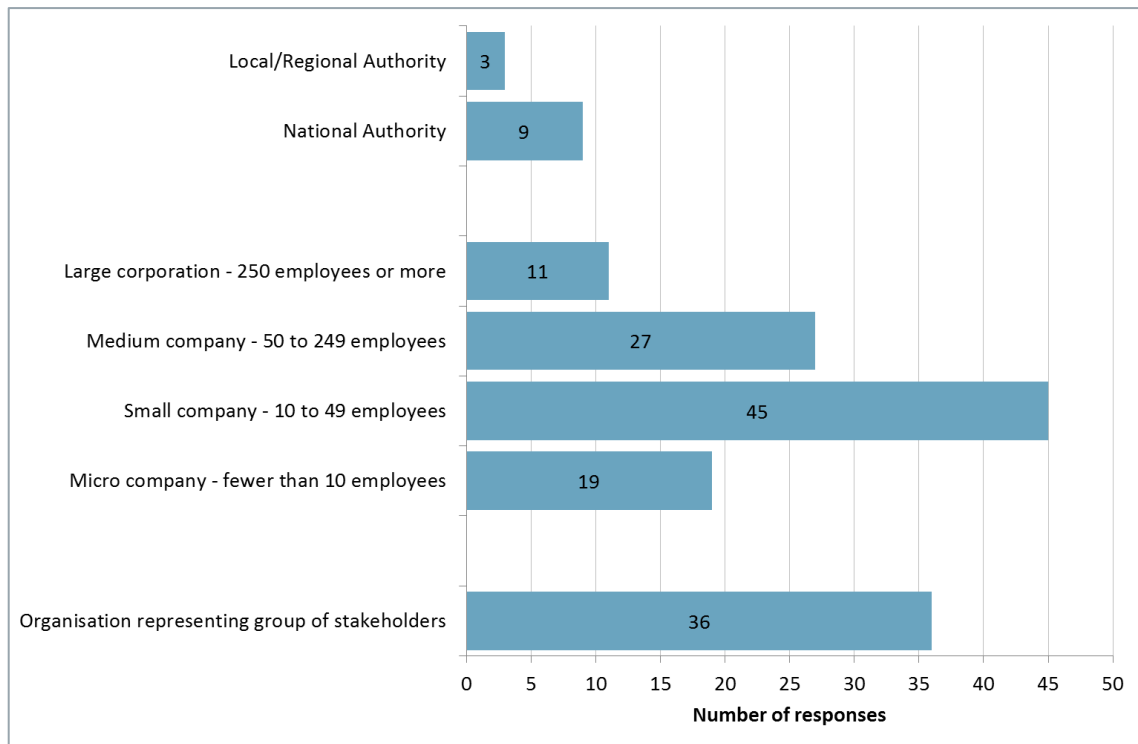


Is the entity on whose behalf you are replying registered in the EU Transparency Register?



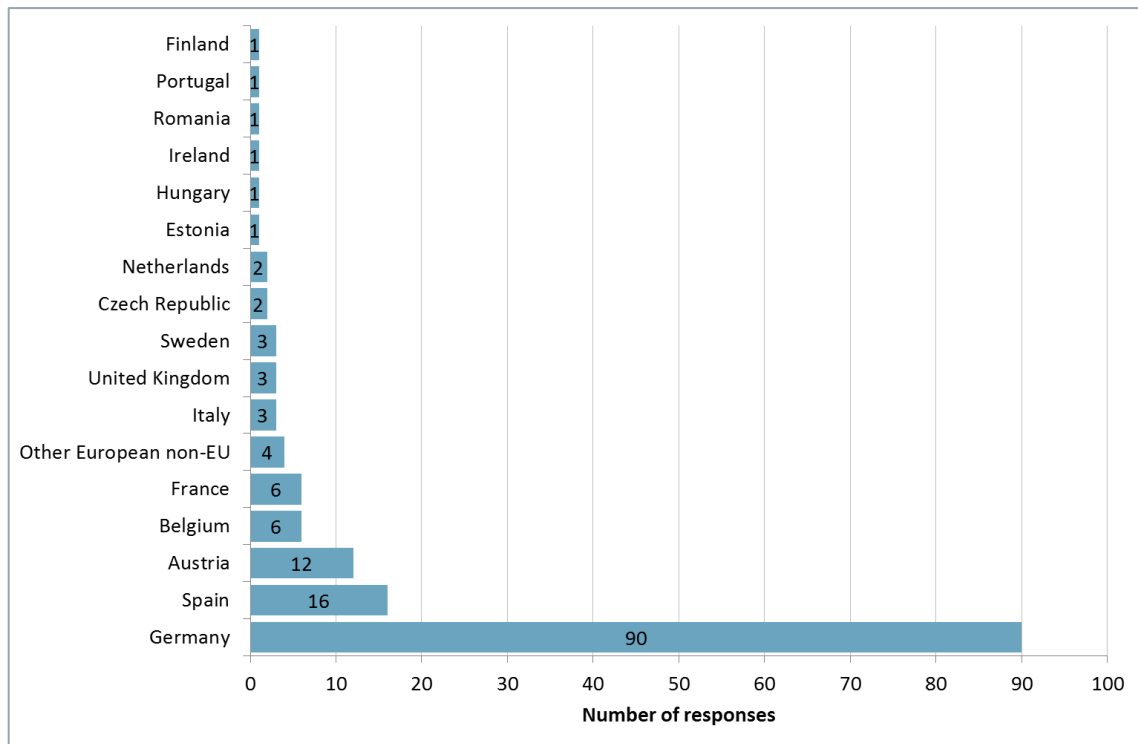
⁴⁵ After consultation with the Commission we included both responses.

What is the size of your organisation?



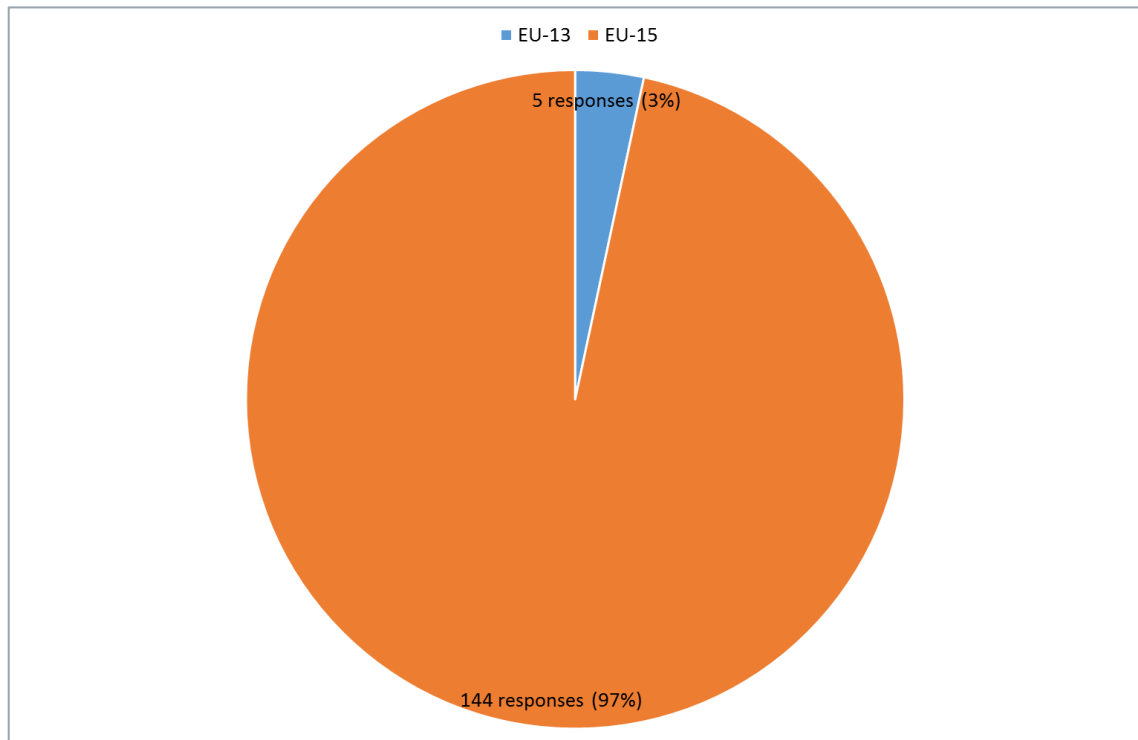
- C.7 Respondents resided in, or were based in, 16 Member States (Austria, Belgium, Czech Republic, Estonia, France, Finland, Germany, Hungary, Ireland, Italy, the Netherlands, Portugal, Romania, Spain, Sweden and the United Kingdom). Four respondents were from other European non-EU countries. 90 responses (59%) were from Germany.
- C.8 The distribution of responses by country of residence or establishment is shown in the figure below.

Distribution of the responses by country of residence/establishment -specialised



C.9 Five (3%) of the responses were from EU-13 Member States and 144 (94%) were from EU-15 Member States.

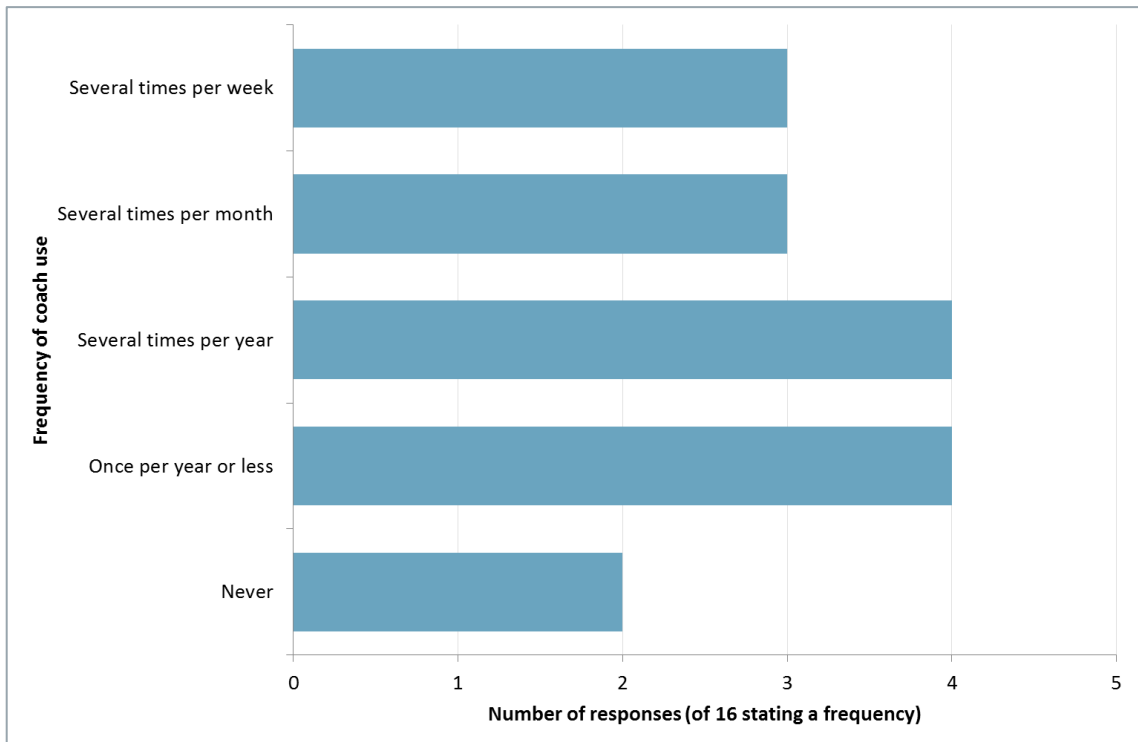
Distribution of responses (including coordinated responses) by EU-15 and EU-13 membership – specialised



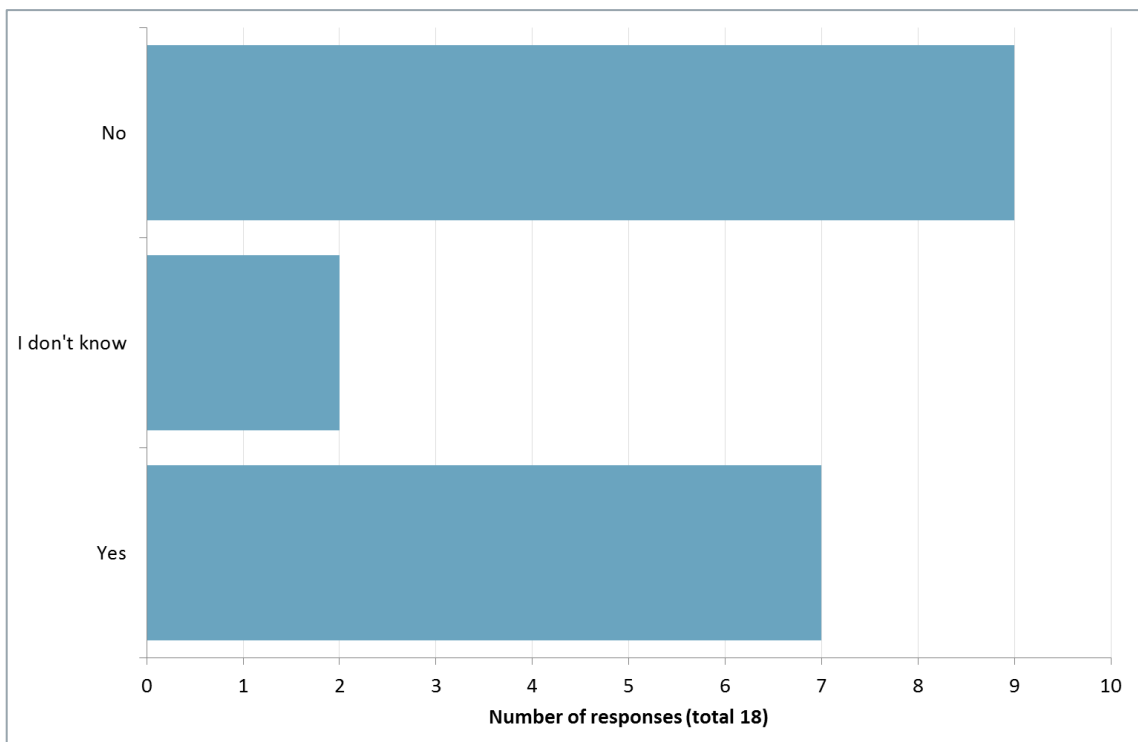
Preliminary results

General questionnaire

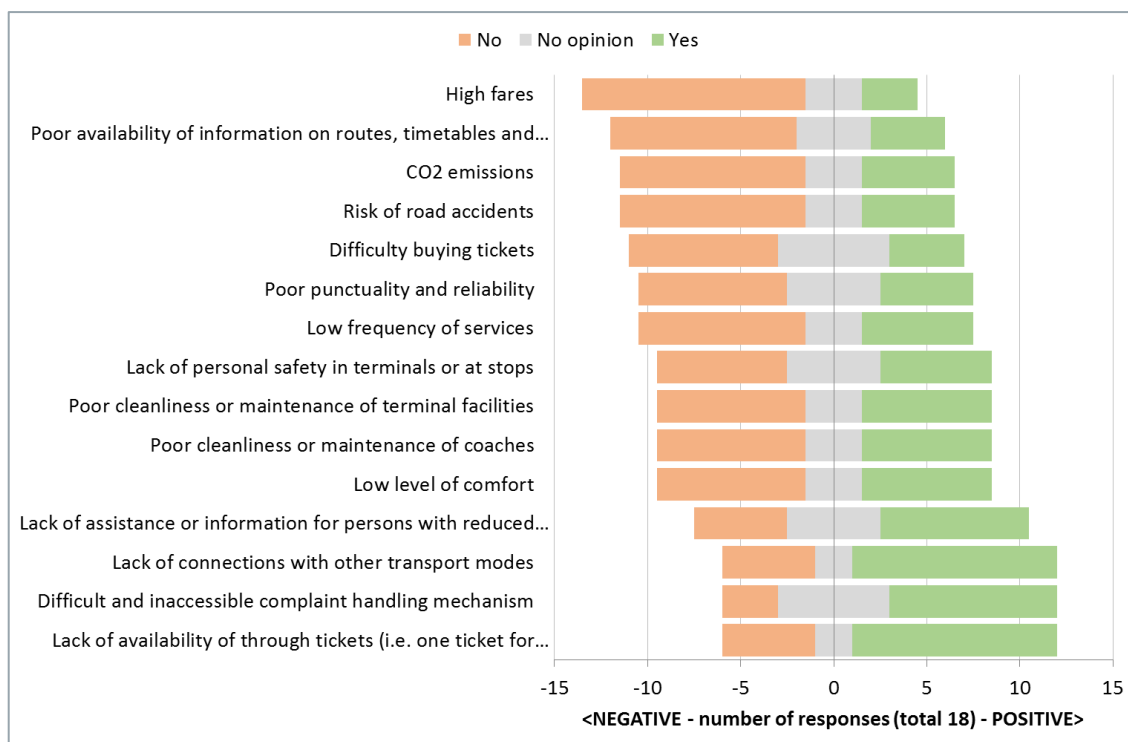
Q8 How often do you use coach services?



Q9 Have you travelled to another EU Country in the past year using coach services?



Q10 Do the following deter you from using coach services?



Breakdown of responses

High fares

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	29%	-	0%	-	-	-	13%	-	0%
Percentage positive	57%	-	100%	-	-	-	63%	-	100%

Poor availability of information on routes, timetables and fares

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	0%	-	100%	-	-	-	25%	-	0%
Percentage positive	71%	-	0%	-	-	-	50%	-	100%

Difficulty buying tickets

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	14%	-	0%	-	-	-	38%	-	0%
Percentage positive	57%	-	0%	-	-	-	38%	-	100%

Poor punctuality and reliability

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	43%	-	0%	-	-	-	25%	-	0%
Percentage positive	29%	-	100%	-	-	-	38%	-	100%

Risk of road accidents

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	29%	-	0%	-	-	-	25%	-	100%
Percentage positive	43%	-	100%	-	-	-	63%	-	0%

CO₂ emissions

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	43%	-	0%	-	-	-	25%	-	0%
Percentage positive	29%	-	100%	-	-	-	63%	-	100%

Low frequency of services

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	43%	-	100%	-	-	-	13%	-	0%
Percentage positive	43%	-	0%	-	-	-	63%	-	100%

Lack of personal safety in terminals or at stops

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	57%	-	0%	-	-	-	25%	-	0%
Percentage positive	0%	-	100%	-	-	-	50%	-	100%

Low level of comfort

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	29%	-	100%	-	-	-	38%	-	0%
Percentage positive	57%	-	0%	-	-	-	38%	-	100%

Poor cleanliness or maintenance of coaches

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	43%	-	0%	-	-	-	50%	-	0%
Percentage positive	29%	-	100%	-	-	-	38%	-	100%

Poor cleanliness or maintenance of terminal facilities

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	57%	-	0%	-	-	-	38%	-	0%
Percentage positive	14%	-	100%	-	-	-	50%	-	100%

Lack of assistance or information for persons with reduced mobility at stops/terminals/in the coach

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	43%	-	100%	-	-	-	25%	-	100%
Percentage positive	29%	-	0%	-	-	-	38%	-	0%

Difficult and inaccessible complaint handling mechanism

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	57%	-	100%	-	-	-	38%	-	0%
Percentage positive	14%	-	0%	-	-	-	13%	-	100%

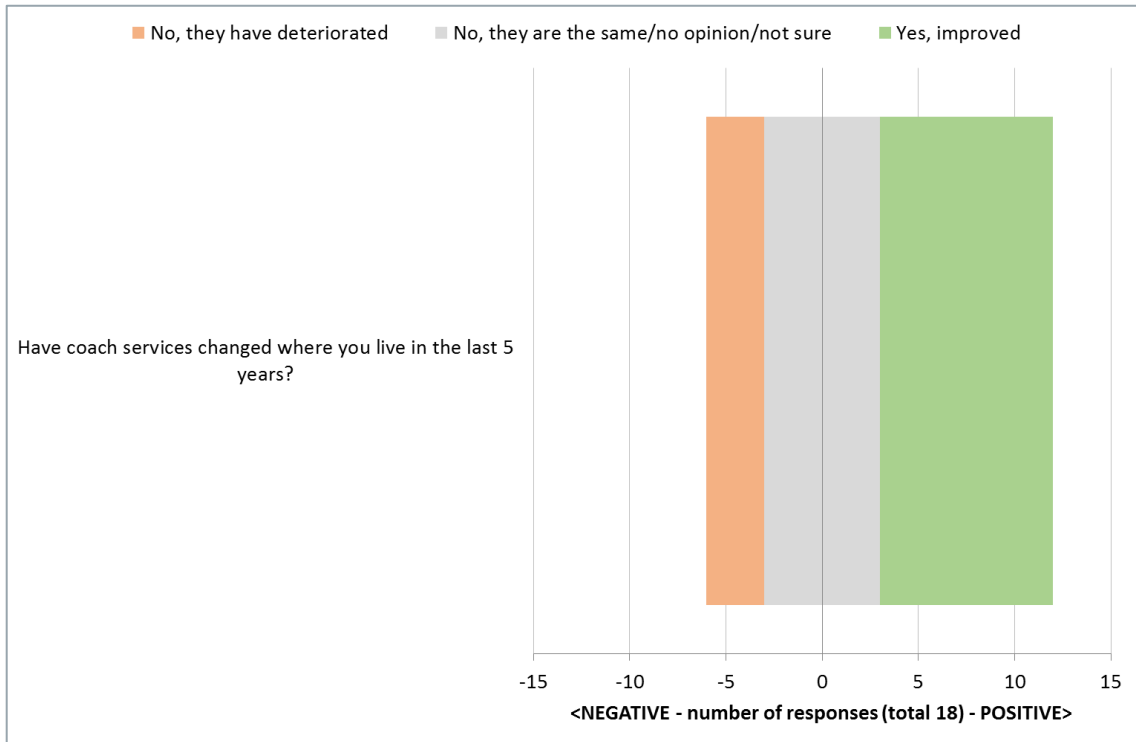
Lack of availability of through tickets

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	57%	-	100%	-	-	-	63%	-	0%
Percentage positive	29%	-	0%	-	-	-	25%	-	100%

Lack of connection with other transport modes

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	57%	-	100%	-	-	-	63%	-	0%
Percentage positive	29%	-	0%	-	-	-	25%	-	100%

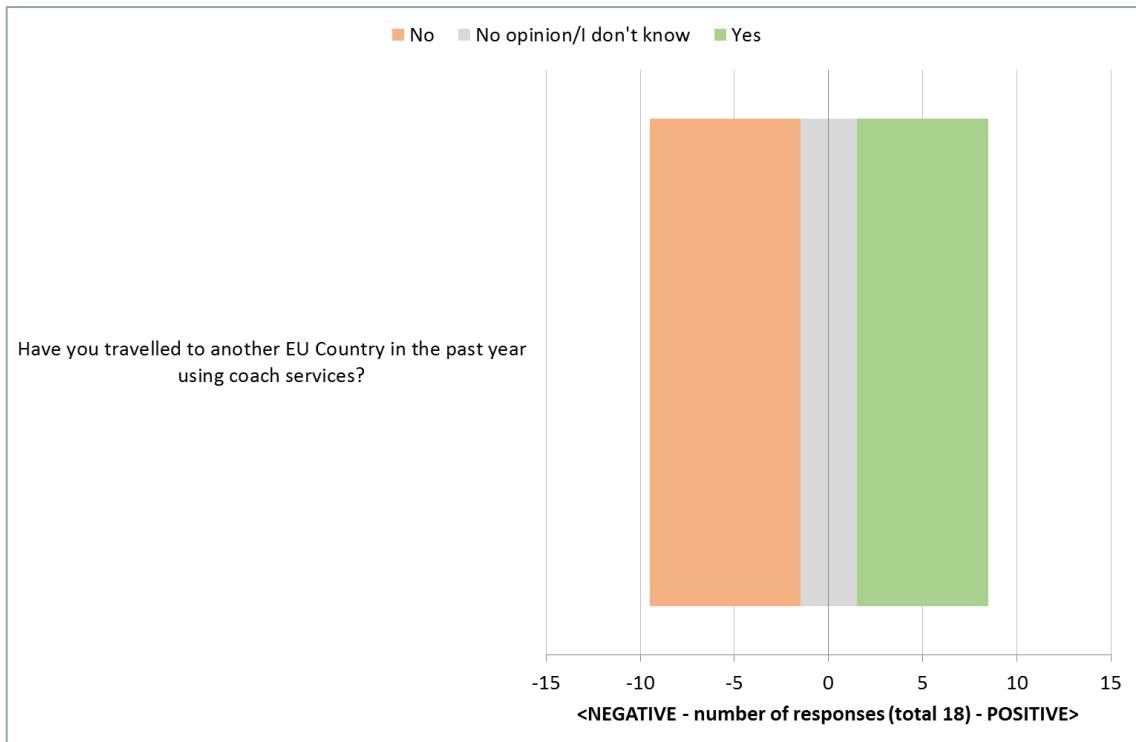
Q12 Have coach services changed where you live in the last 5 years?



Breakdown of responses

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	43%		0%				50%		0%
Percentage positive	43%		100%				38%		100%

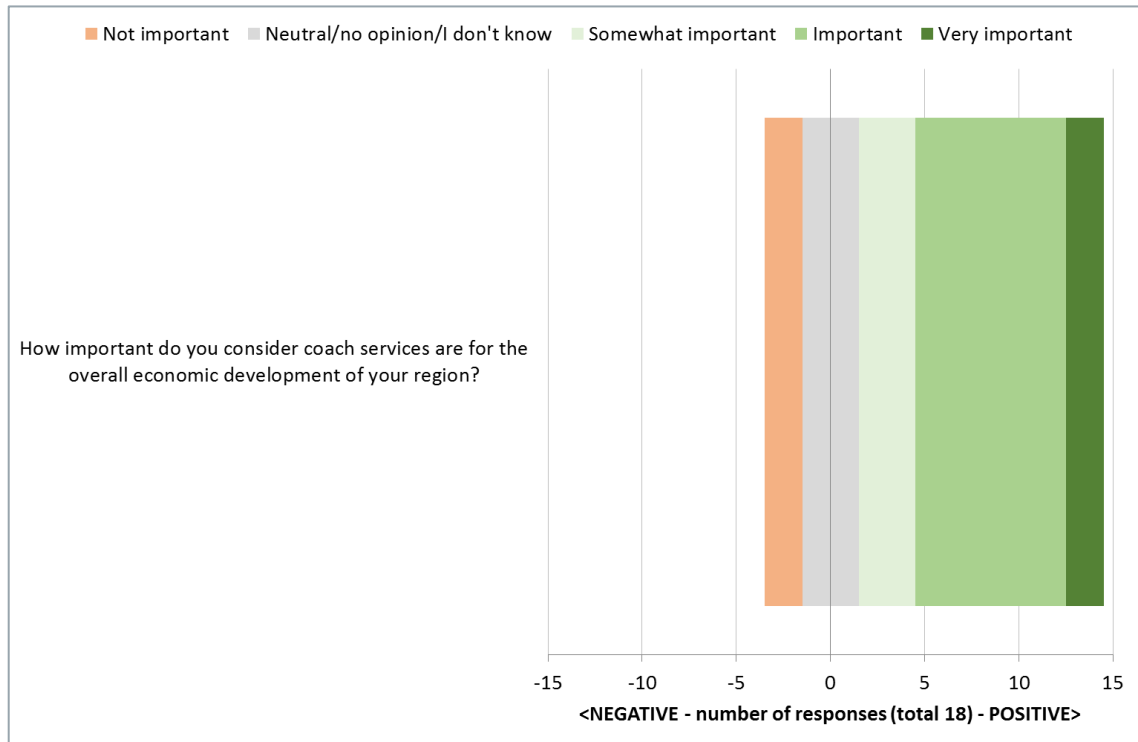
Q13 Have you travelled to another EU Country in the past year using coach services?



Breakdown of responses

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	71%						38%		
Percentage positive	14%						63%		100%

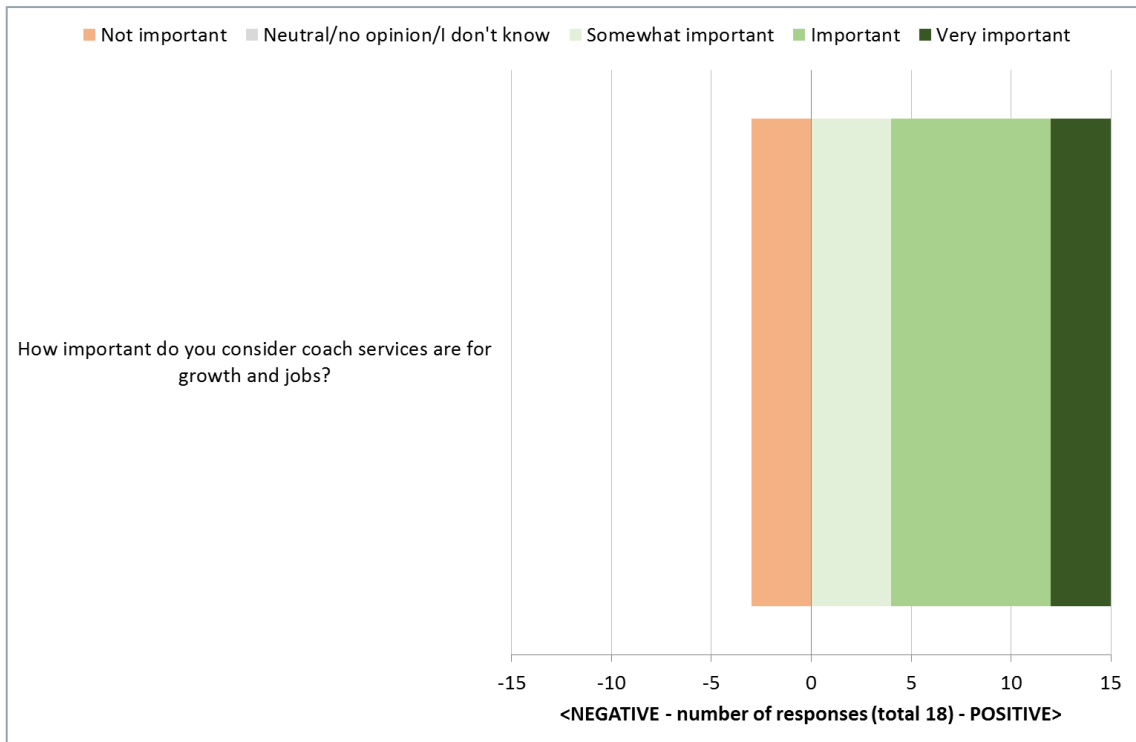
Q14 How important do you consider coach services are for the overall economic development of your region?



Breakdown of responses

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	0%		0%				25%		0%
Percentage positive	86%		0%				75%		100%

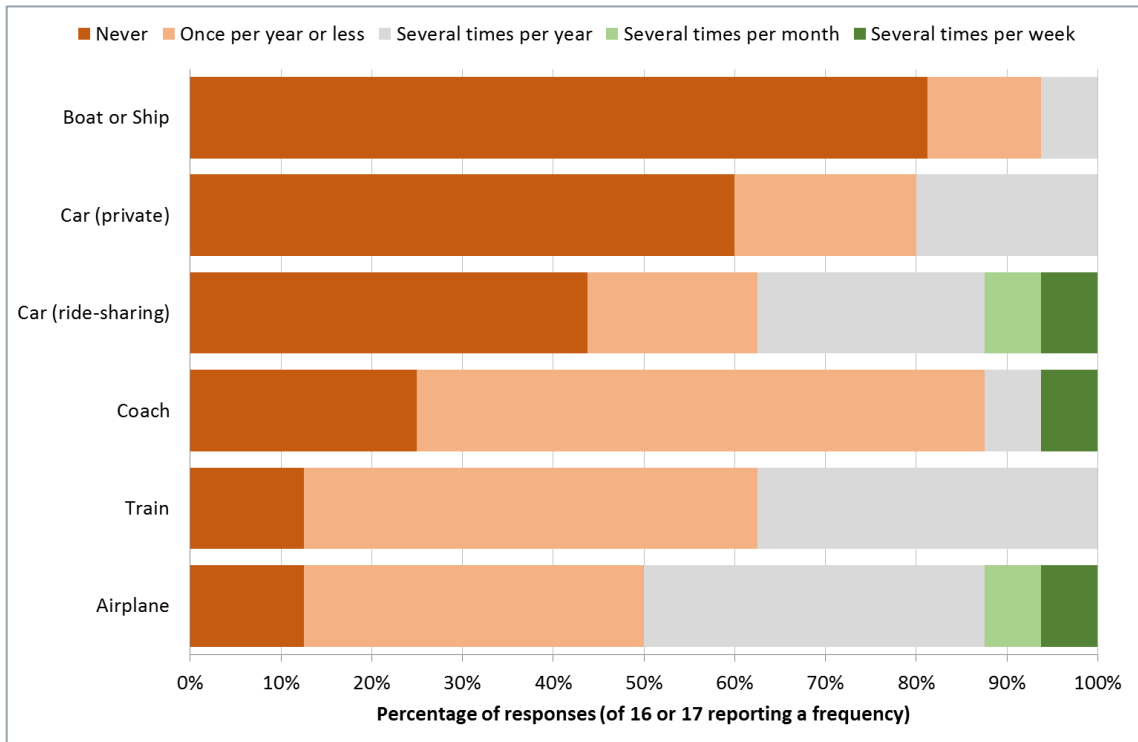
Q15 How important do you consider coach services are for growth and jobs?



Breakdown of responses

	A company	EU Governmental Authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	7	0	2	0	0	0	8	0	1
Percentage negative	14%		0%				25%		0%
Percentage positive	86%		100%				75%		100%

Q16 Please indicate how often you travel to another EU Member State for each mode of transport.



Q17 How can the following objectives be most effectively achieved in the EU road passenger transport sector?



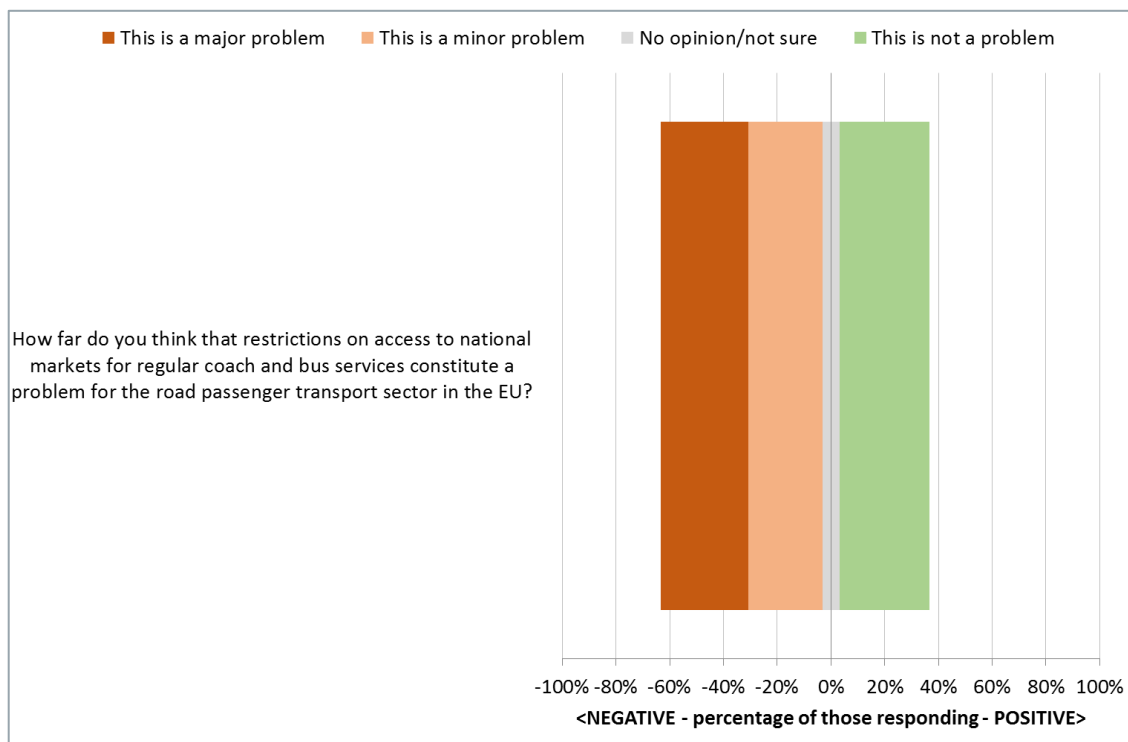
Summary of comments

Question	Comments
Q11 Please comment on what you consider presents the greatest deterrent when you consider travelling by coach.	<ul style="list-style-type: none"> • The European long-distance bus market is still very confusing and the combination of trips would be very difficult. (Citizen/consumer) • Passenger rights (e.g. delay compensations) are too weak, nearly useless. (Citizen/consumer) • Generally, the major barrier is journey time which typically cannot compete with rail, both conventional and High Speed. However, there are many routes that can compete with rail and additionally, some coach services may complement rail journeys. For example, it may be viable for a passenger to combine a rail journey (e.g. outbound) and a coach journey (e.g. return leg). However, typically this form of combination of travel modes is not easily bookable. (Citizen/consumer).
Q12 Please comment on the reasons for the change?	<ul style="list-style-type: none"> • The long-distance bus market in Germany has grown a lot, reaching a volume of 25 million trips per year in 2016. However, a monopoly has arisen in Germany because FlixBus is now dominating the German domestic market and also with trips abroad. (Citizen/consumer) • More competition. (Citizen/consumer) • Better connections and better vehicles. (Company)
Q13 Please comment on why you think coach services are not sufficient for your needs?	<ul style="list-style-type: none"> • Traffic congestion in and around London and other major cities in Europe means that the efficiency of coach services that serve city centre locations is adversely impacted. As such, it is difficult for coaches to compete with rail services from a journey reliability and duration perspective. (Citizen/consumer) • Lack of coordination between modes of transport. (Company) • There is no business competition that motivates companies to improve the service. (Citizen/consumer)
Q14 Please comment.	<ul style="list-style-type: none"> • Viable coach travel options are necessary for a fully functioning and competitive economy. They would provide choice to customers vs rail or private car as well as providing additional employment opportunities. Successful public transport options should also lead to a reduction in traffic congestion which is mainly due to private cars. (Citizen/consumer) • The bus service is a universal service that connects all citizens of any purchasing level and reaches all places of geography in an agile and versatile way. (Company) • Environment-friendly public transport, strengthens social ties. (Citizen/consumer)
Q15 Please comment.	<ul style="list-style-type: none"> • They are good. Buses are environmentally friendly, promotes labour mobility, we encourage employees to use bus companies. (Company) • Access to any means of transport is essential to empower people with disabilities. (NGO) • Bus staff are poorly paid; most drivers are from "cheap labour countries". (Citizen/consumer)
Q16 Please comment on the factors that would influence you to use coach services for international journeys in the future.	<ul style="list-style-type: none"> • Bus passenger rights must be adjusted to rail passenger rights. (Citizen/consumer) • The improvement of information on the accessibility conditions of the stations, coaches and services to the customer by the transport companies. (NGO) • Better access to unbiased information about coach travel between competing coach carriers and between coach carriers and other modes of travel, typically rail. (Citizen/consumer)
Q16 Please comment on the reasons why you opted to travel by coach and what would influence you to travel by coach more frequently in the future.	<ul style="list-style-type: none"> • Only used it because no train was available. (Citizen/consumer) • Cheaper, more environmentally friendly. (Company) • Availability of schedules, low prices, comfort of vehicles, direct routes and special services. (Company)

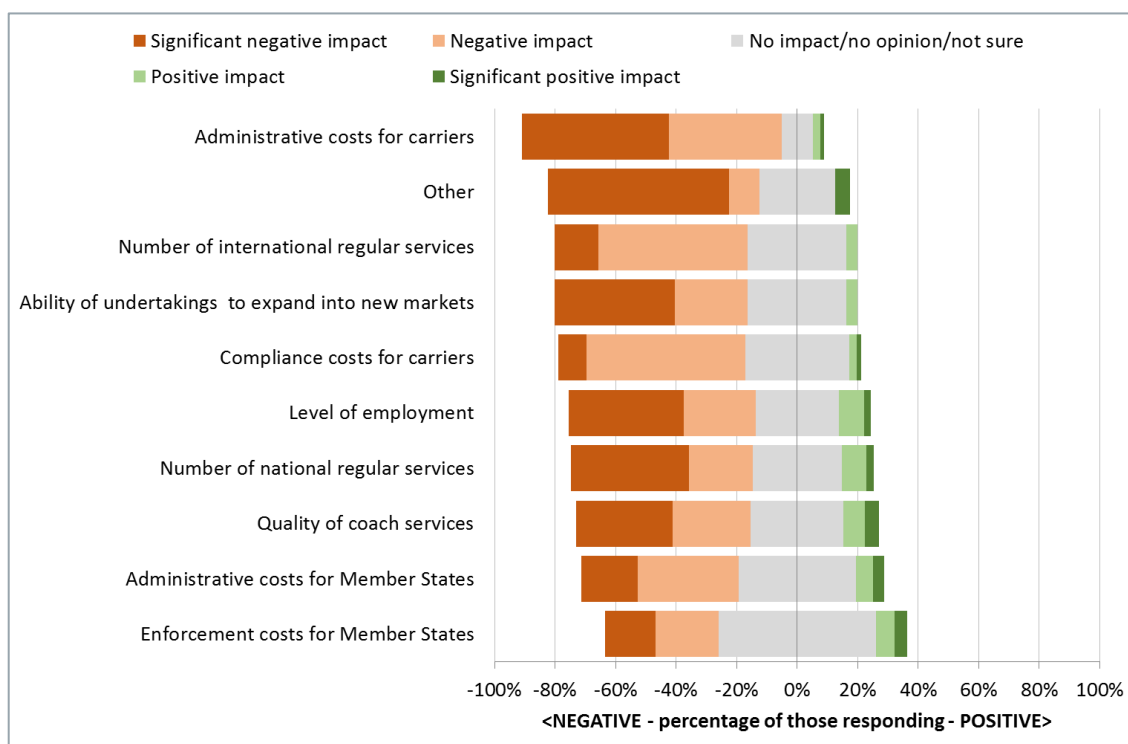
Question	Comments
<p>Q17 If you wish, you may expand on your replies to the previous question.</p>	<ul style="list-style-type: none"> In order for EU wide transport to improve its attractiveness and competitiveness, there needs to be consistency of service (and service provision) across all member states. For example, the popularity of long distance coach services in France and Germany has led to incumbent rail operators needing to become more customer-centric and to offer more competitive price options for customers. As such, it appears to follow that EU-level legislation should be introduced so that all member states can benefit from a competitive and increasingly high quality public transport system. In line with rail legislation, it makes sense for operators to be able to enjoy access to terminals on non-discriminatory terms. Such a move could see the introduction of coach (and other transport) hubs or interchanges which will facilitate the connecting of bus services from different providers, much as today in the rail sector. (Citizen/consumer) European laws are more impartial and less dependent on pressures from corporate lobbies and large transport companies. (Company)
<p>Q18 Please provide details of any other issues with the operation of the current Regulation to which you would like to draw the attention of the Commission or which you consider should be addressed.</p>	<ul style="list-style-type: none"> At the moment there are no statistics on the long-distance bus market in Europe because the Commission has not set any rules. Therefore, it is not known at all how many long-distance bus journeys are made nationally and how many long-distance bus trips from one country to another. This must be changed. (Citizen/consumer) Given the general positive customer impact of bus market liberalisation in France and Germany, it points to there being merit in deploying an EU-wide liberalisation policy in order to provide more choice to customers and to drive positive change (price and quality) in the rail sector. (Citizen/consumer) It is essential that there be collaborative work between all the actors involved, and significantly between the responsible administrations and representative organisations of people with disabilities. (NGO)

Specialised questionnaire

Q9 How far do you think that restrictions on access to national markets for regular coach and bus services constitute a problem for the road passenger transport sector in the EU?



Q9.1 What impacts do you think that restrictions on access to national markets for regular coach and bus services has on:



Breakdown of responses

Ability of undertakings to expand into new markets

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	45	1	14	4	1	9	1	1	16
Percentage negative	67%	100%	64%	75%	100%	33%	100%	100%	25%
Percentage positive	0%	0%	0%	0%	0%	11%	0%	0%	13%

Quality of coach services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	1	14	4	0	9	1	1	15	1
Percentage negative	65%	100%	57%	50%	-	44%	100%	100%	27%
Percentage positive	9%	0%	7%	0%	-	0%	0%	0%	7%

Level of employment

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	43	1	14	4	1	9	1	1	16
Percentage negative	70%	0%	71%	50%	0%	44%	100%	100%	25%
Percentage positive	9%	0%	7%	0%	100%	0%	0%	0%	6%

Number of national regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	44	1	13	4	1	9	1	1	16
Percentage negative	68%	0%	69%	75%	0%	44%	100%	100%	19%
Percentage positive	5%	100%	15%	0%	100%	0%	0%	0%	6%

Number of international regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	45	1	14	4	1	9	1	1	16
Percentage negative	64%	100%	71%	50%	0%	56%	100%	100%	25%
Percentage positive	4%	0%	0%	0%	0%	0%	0%	0%	6%

Compliance costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	1	12	3	1	8	1	1	16
Percentage negative	69%	0%	83%	33%	0%	38%	100%	100%	25%
Percentage positive	3%	0%	0%	0%	0%	0%	0%	0%	6%

Administrative costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	40	1	12	3	1	8	1	1	16
Percentage negative	83%	0%	75%	33%	100%	75%	100%	100%	94%
Percentage positive	5%	0%	0%	0%	0%	0%	0%	0%	0%

Administrative costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	1	12	3	1	8	0	1	16	1
Percentage negative	46%	100%	25%	33%	0%	38%	-	100%	6%
Percentage positive	5%	0%	0%	0%	0%	0%	-	0%	6%

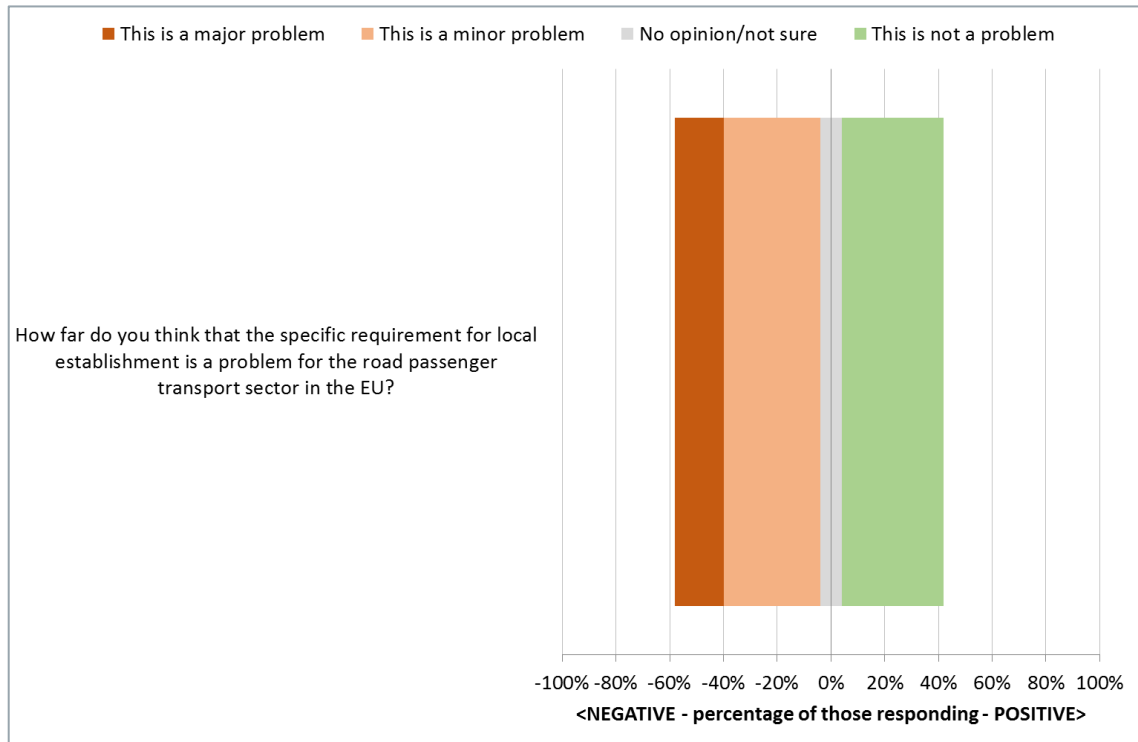
Enforcement costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	1	12	3	1	8	0	1	14
Percentage negative	31%	0%	17%	33%	0%	13%	-	100%	7%
Percentage positive	5%	0%	0%	0%	0%	0%	-	0%	7%

Other

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	16	0	8	1	1	4	0	1	5
Percentage negative	56%	-	50%	0%	0%	25%	-	0%	0%
Percentage positive	0%	-	0%	0%	0%	0%	-	0%	0%

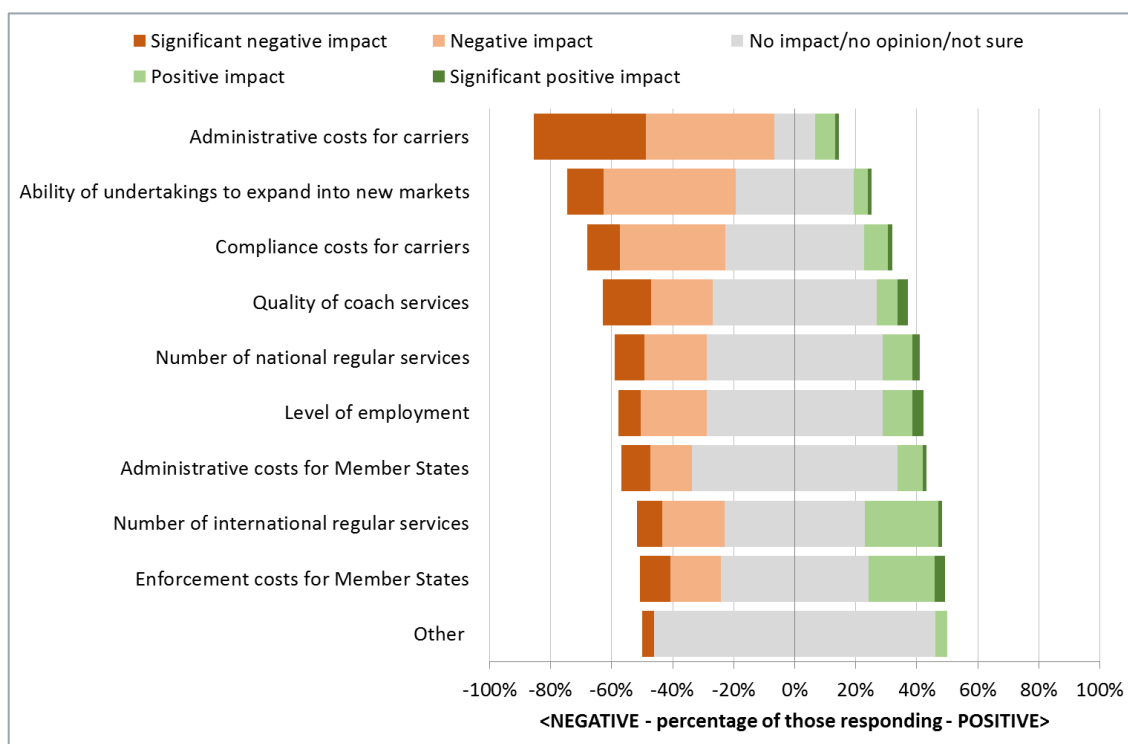
Q10 How far do you think that the specific requirement for local establishment is a problem for the road passenger transport sector in the EU?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	57%	33%	43%	29%	0%	65%	100%	100%	64%
Percentage positive	32%	67%	50%	57%	100%	29%	0%	0%	32%

Q10.1 What impacts do you think that the requirement to be established in the Member State has on:



Breakdown of responses

Ability of undertakings to expand into new markets

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	38	1	12	2	0	11	1	1	16
Percentage negative	71%	100%	67%	50%	-	36%	100%	100%	19%
Percentage positive	5%	0%	17%	0%	-	0%	0%	0%	0%

Quality of coach services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	36	1	12	2	0	11	1	1	16
Percentage negative	39%	0%	50%	0%	-	18%	100%	100%	13%
Percentage positive	8%	0%	17%	0%	-	0%	0%	0%	6%

Level of employment

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	37	1	12	2	0	11	0	1	16
Percentage negative	43%	0%	42%	0%	-	9%	-	0%	13%
Percentage positive	14%	0%	25%	0%	-	0%	-	0%	0%

Number of national regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	38	1	12	2	0	11	0	1	16
Percentage negative	42%	0%	42%	50%	-	9%	-	0%	13%
Percentage positive	13%	0%	25%	0%	-	0%	-	0%	0%

Number of international regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	38	1	12	2	0	11	1	1	16
Percentage negative	34%	0%	58%	50%	-	0%	100%	0%	13%
Percentage positive	16%	0%	8%	0%	-	36%	0%	0%	56%

Compliance costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	34	1	10	2	0	9	1	1	16
Percentage negative	53%	0%	70%	50%	-	44%	0%	100%	19%
Percentage positive	15%	0%	10%	0%	-	0%	0%	0%	0%

Administrative costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	36	1	10	2	0	8	1	1	16
Percentage negative	81%	100%	70%	50%	-	88%	0%	100%	88%
Percentage positive	11%	0%	10%	0%	-	0%	0%	0%	0%

Administrative costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	35	1	10	2	0	8	1	1	15
Percentage negative	31%	0%	30%	50%	-	0%	0%	100%	7%
Percentage positive	14%	0%	10%	0%	-	0%	0%	0%	0%

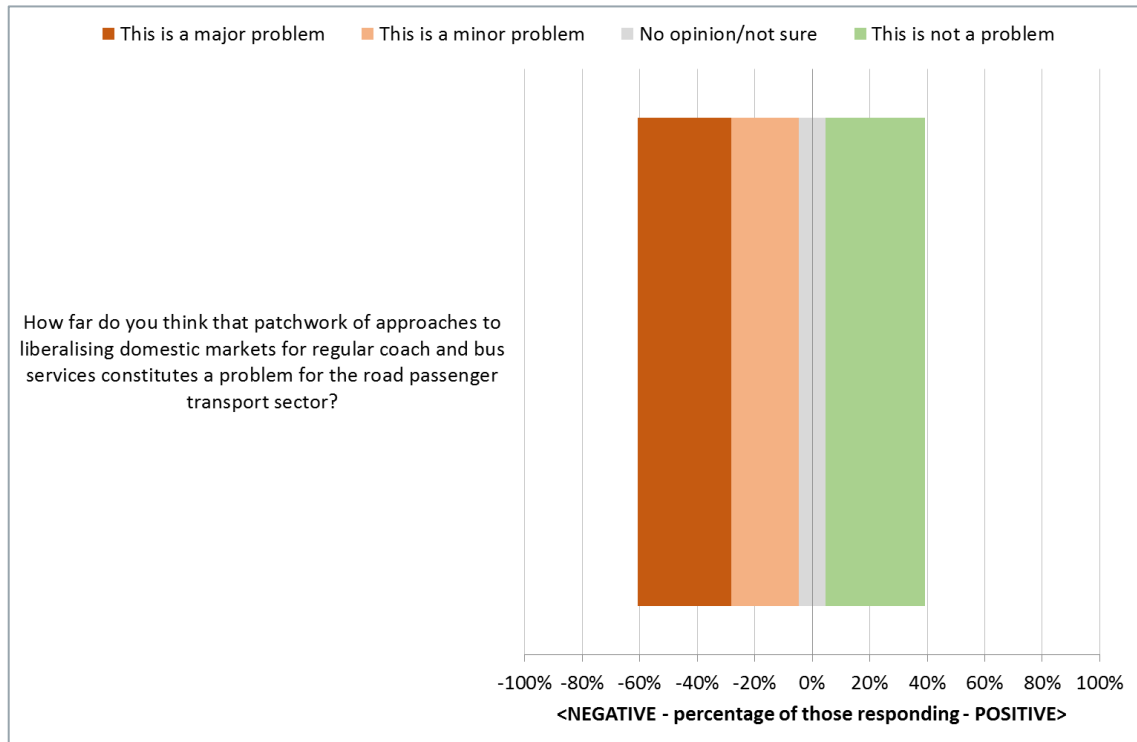
Enforcement costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	28	1	10	2	0	6	1	1	9
Percentage negative	32%	0%	30%	50%	-	17%	0%	100%	11%
Percentage positive	36%	0%	10%	0%	-	17%	0%	0%	11%

Other

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	11	0	3	1	0	3	1	1	5
Percentage negative	9%	-	0%	0%	-	0%	0%	0%	0%
Percentage positive	9%	-	0%	0%	-	0%	0%	0%	0%

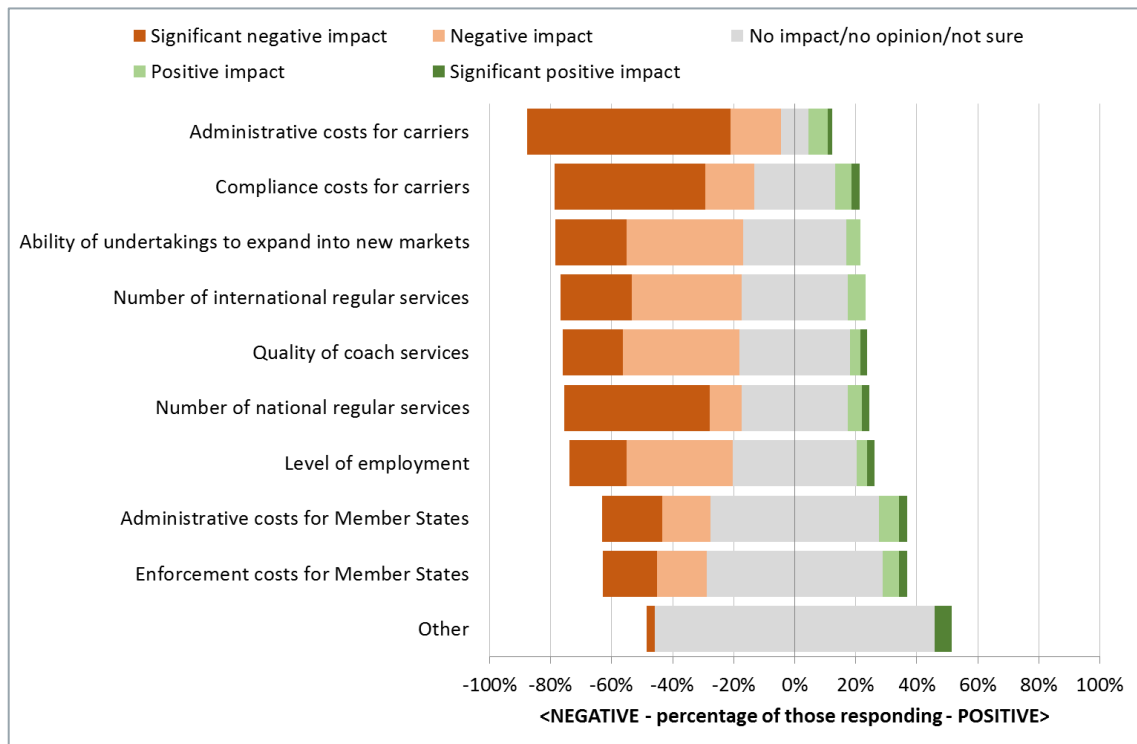
Q11 How far do you think that patchwork of approaches to liberalising domestic markets for regular coach and bus services constitutes a problem for the road passenger transport sector?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	63%	0%	36%	43%	33%	59%	100%	100%	68%
Percentage positive	29%	67%	57%	57%	67%	24%	0%	0%	20%

Q11.1 What impacts do you think that the patchwork of approaches to liberalising national markets for regular services has on:



Breakdown of responses

Ability of undertakings to expand into new markets

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	43	0	10	3	1	10	1	1	17
Percentage negative	70%	-	80%	67%	100%	30%	100%	100%	41%
Percentage positive	5%	-	20%	0%	0%	0%	0%	0%	0%

Quality of coach services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	42	0	10	3	0	10	1	1	17
Percentage negative	67%	-	90%	0%	-	50%	100%	0%	41%
Percentage positive	7%	-	0%	0%	-	0%	0%	0%	0%

Level of employment

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	41	0	10	3	1	10	1	1	17
Percentage negative	63%	-	90%	33%	0%	30%	100%	0%	35%
Percentage positive	5%	-	0%	0%	100%	0%	0%	0%	0%

Number of national regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	42	0	10	3	1	10	0	1	17
Percentage negative	69%	-	100%	67%	0%	30%	-	0%	35%
Percentage positive	7%	-	0%	0%	100%	0%	-	0%	0%

Number of international regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	43	0	10	3	1	10	1	1	17
Percentage negative	67%	-	80%	67%	100%	40%	100%	0%	35%
Percentage positive	7%	-	10%	0%	0%	0%	0%	0%	6%

Compliance costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	35	0	9	3	1	8	0	1	16
Percentage negative	77%	-	78%	33%	100%	63%	-	100%	44%
Percentage positive	9%	-	11%	0%	0%	0%	-	0%	0%

Administrative costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	38	0	9	3	1	8	1	1	16
Percentage negative	84%	-	78%	67%	100%	75%	0%	100%	100%
Percentage positive	8%	-	11%	0%	0%	0%	100%	0%	0%

Administrative costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	36	0	9	3	1	8	0	1	16
Percentage negative	50%	-	33%	0%	0%	0%	-	100%	31%
Percentage positive	11%	-	0%	0%	100%	0%	-	0%	0%

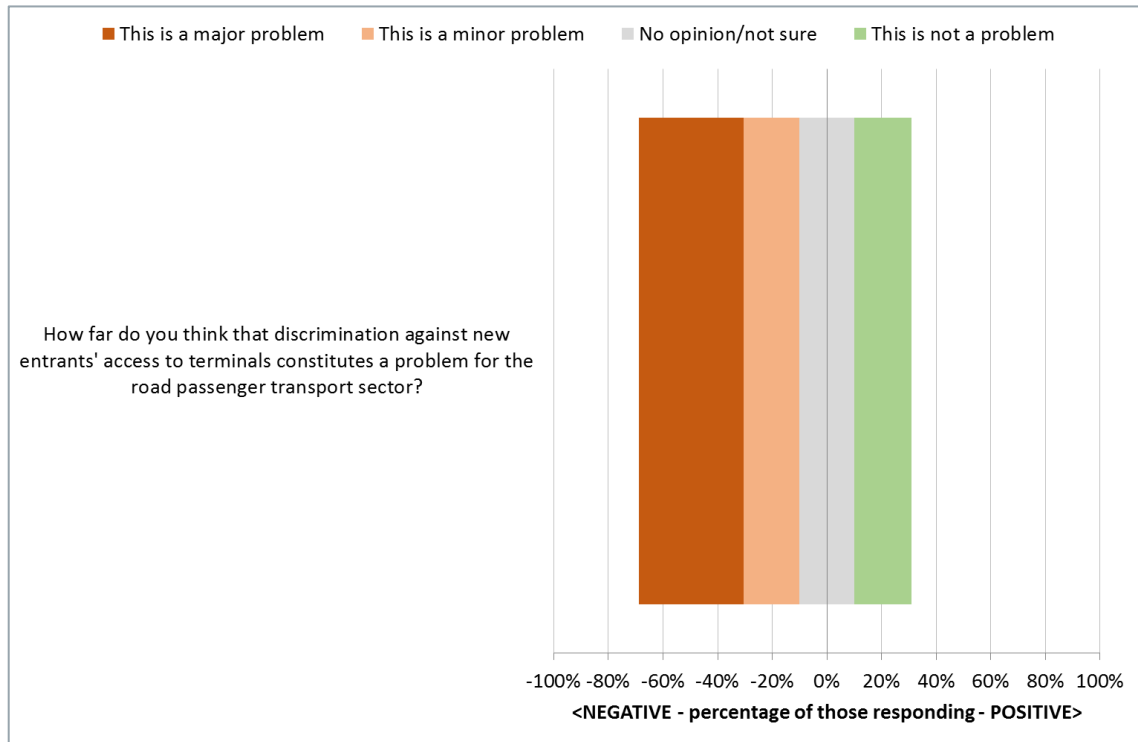
Enforcement costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	33	0	9	3	0	8	1	1	16
Percentage negative	48%	-	33%	0%	-	0%	0%	100%	31%
Percentage positive	9%	-	0%	0%	-	0%	100%	0%	0%

Other

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	11	0	4	1	1	3	0	1	13
Percentage negative									
Percentage positive	0%	-	0%	0%	0%	0%	-	0%	8%

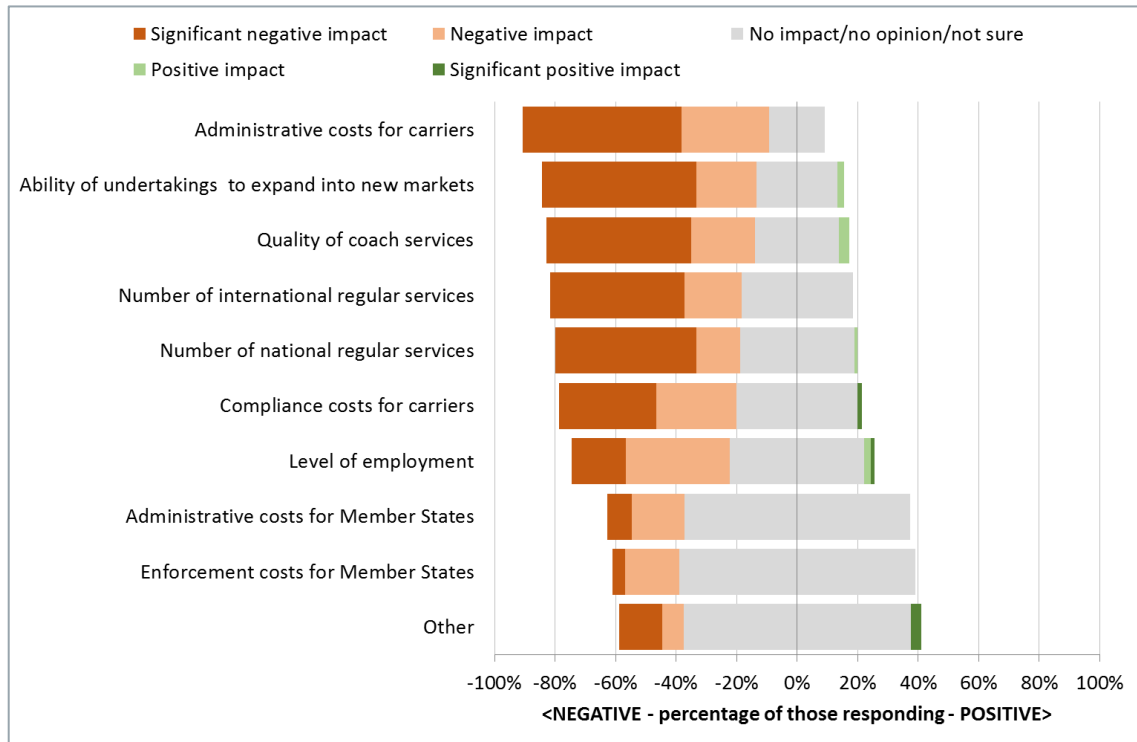
Q12. How far do you think that discrimination against new entrants' access to terminals constitutes a problem for the road passenger transport sector?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	57%	67%	54%	57%	33%	59%	100%	100%	68%
Percentage positive	21%	33%	21%	29%	67%	24%	0%	0%	12%

Q12.1 What impacts do you think that discrimination against new entrants' access to terminals has on:



Breakdown of responses

Ability of undertakings to expand into new markets

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	2	15	4	1	10	1	1	17
Percentage negative	87%	50%	80%	75%	100%	60%	0%	100%	35%
Percentage positive	0%	0%	13%	0%	0%	0%	0%	0%	0%

Quality of coach services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	2	15	4	1	10	1	1	17
Percentage negative	82%	50%	80%	75%	0%	60%	0%	100%	41%
Percentage positive	0%	0%	13%	0%	100%	0%	0%	0%	0%

Level of employment

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	2	15	4	0	10	1	1	17
Percentage negative	69%	0%	73%	50%	-	40%	0%	0%	18%
Percentage positive	0%	0%	13%	0%	-	0%	0%	0%	0%

Number of national regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	2	15	4	1	10	1	1	17
Percentage negative	77%	0%	87%	50%	0%	40%	0%	100%	29%
Percentage positive	0%	0%	0%	0%	100%	0%	0%	0%	0%

Number of international regular services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	39	2	15	4	1	10	1	1	17
Percentage negative	79%	0%	73%	50%	100%	60%	0%	0%	35%
Percentage positive	0%	0%	0%	0%	0%	0%	0%	0%	0%

Compliance costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	31	2	11	4	1	8	0	1	16
Percentage negative	74%	0%	82%	50%	0%	63%	-	100%	25%
Percentage positive	0%	0%	0%	0%	0%	0%	-	0%	0%

Administrative costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	32	2	11	4	1	8	1	1	16
Percentage negative	81%	50%	91%	75%	100%	88%	0%	100%	81%
Percentage positive	0%	0%	0%	0%	0%	0%	0%	0%	0%

Administrative costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	31	2	11	4	1	8	1	1	16
Percentage negative	35%	0%	45%	25%	0%	13%	0%	100%	0%
Percentage positive	0%	0%	0%	0%	0%	0%	0%	0%	0%

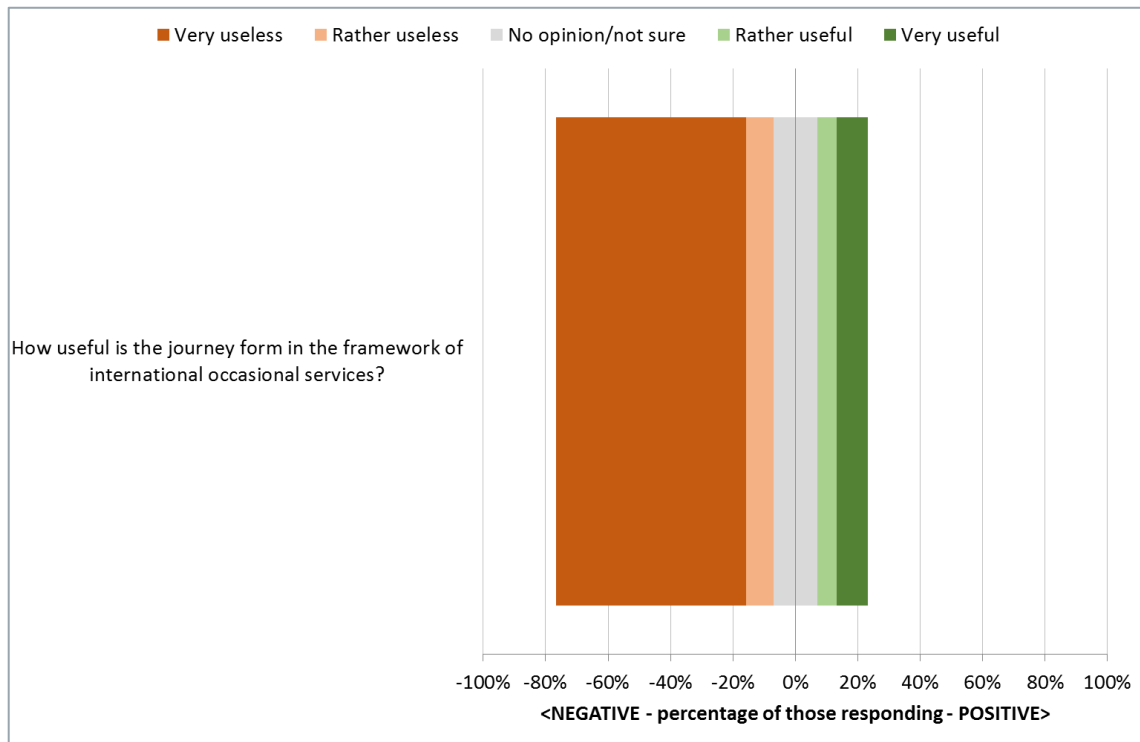
Enforcement costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	31	2	10	4	1	8	1	1	15
Percentage negative	32%	0%	40%	25%	0%	0%	0%	100%	0%
Percentage positive	0%	0%	0%	0%	0%	0%	0%	0%	0%

Other

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	11	0	6	1	1	2	1	1	4
Percentage negative	36%	-	17%	0%	0%	0%	0%	0%	25%
Percentage positive	0%	-	0%	0%	0%	0%	0%	0%	0%

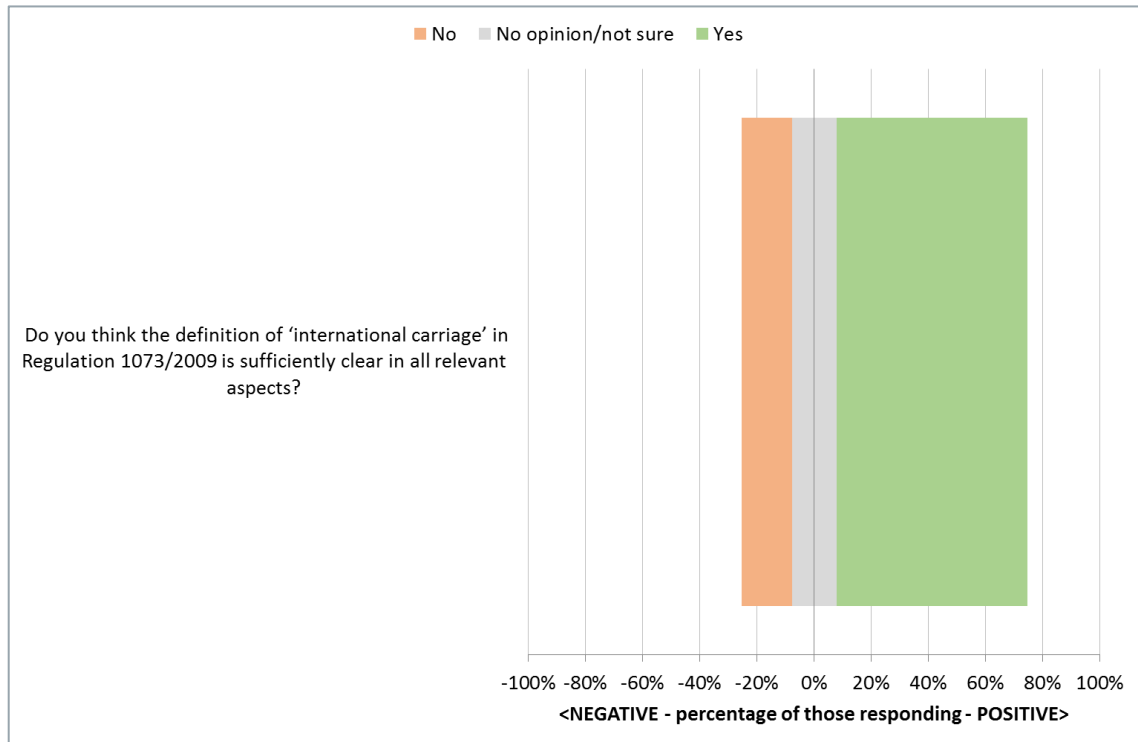
Q13 How useful is the journey form in the framework of international occasional services?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	65	3	27	7	3	17	1	1	24
Percentage negative	75%	0%	78%	14%	0%	88%	0%	100%	67%
Percentage positive	6%	100%	11%	86%	67%	6%	100%	0%	17%

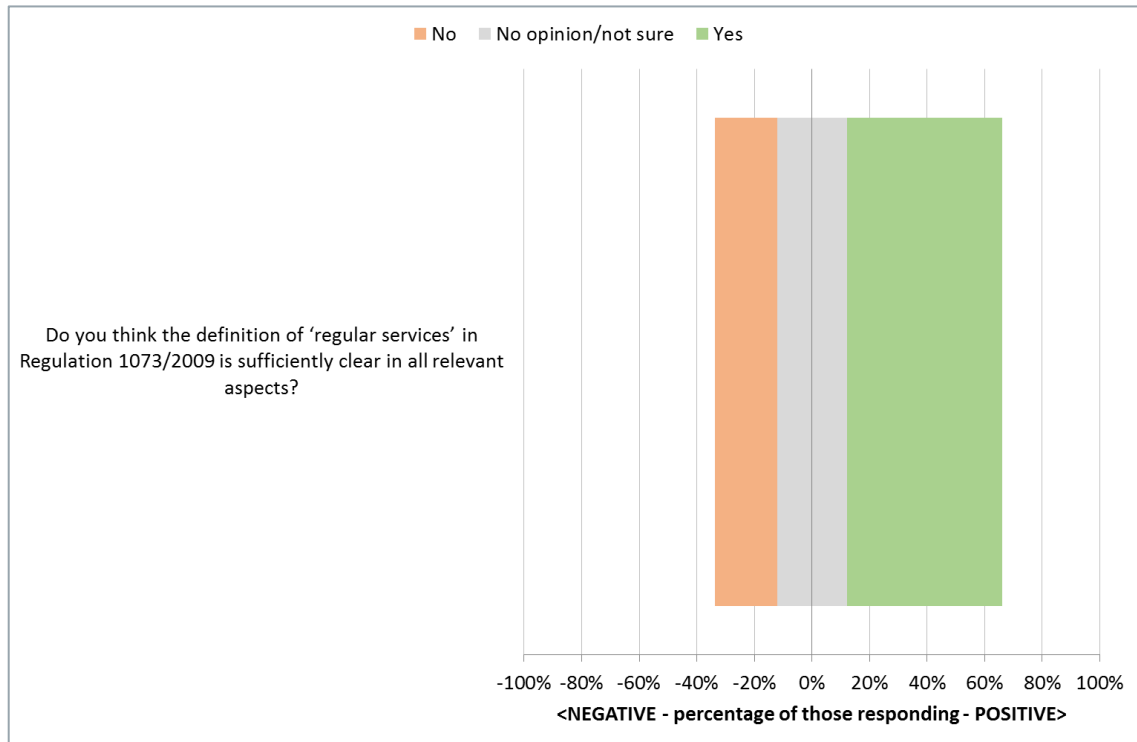
Q14. Do you think the definition of ‘international carriage’ in Regulation 1073/2009 is sufficiently clear in all relevant aspects?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	66	3	26	7	3	16	1	1	25
Percentage negative	23%	33%	8%	0%	0%	13%	100%	100%	16%
Percentage positive	61%	67%	77%	86%	100%	81%	0%	0%	60%

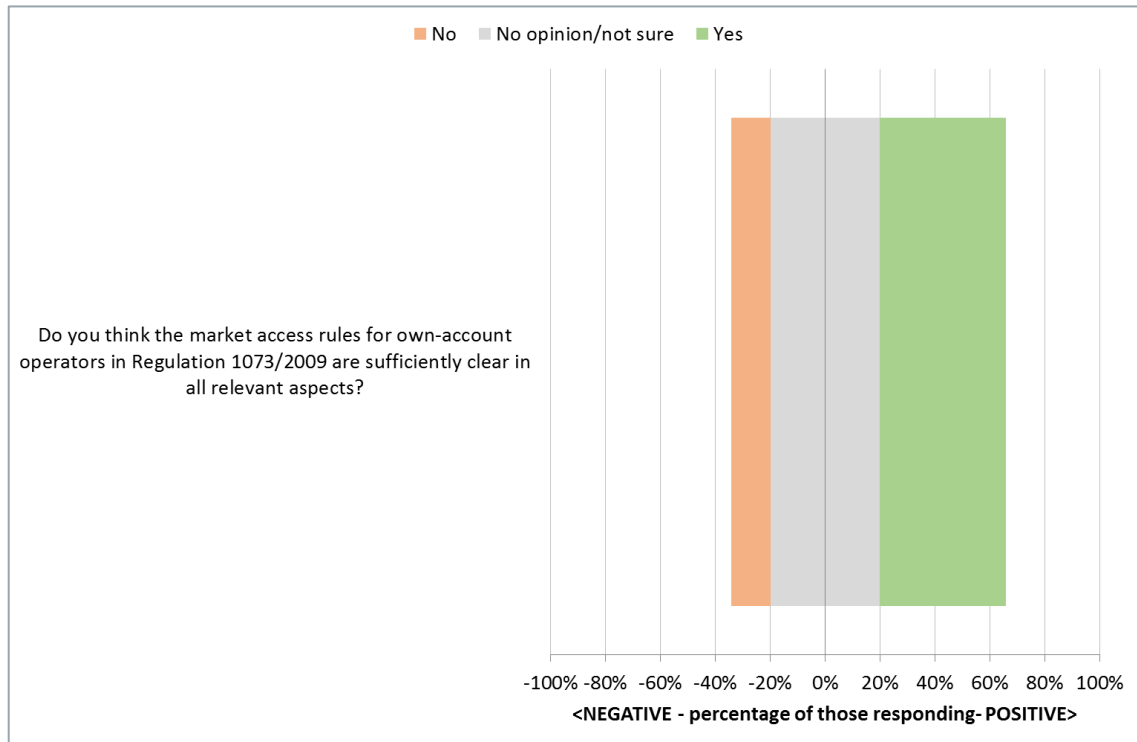
Q15. Do you think the definition of 'regular services' in Regulation 1073/2009 is sufficiently clear in all relevant aspects?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	65	3	27	7	3	16	1	1	25
Percentage negative	22%	33%	15%	43%	0%	13%	100%	100%	24%
Percentage positive	54%	67%	74%	57%	100%	56%	0%	0%	28%

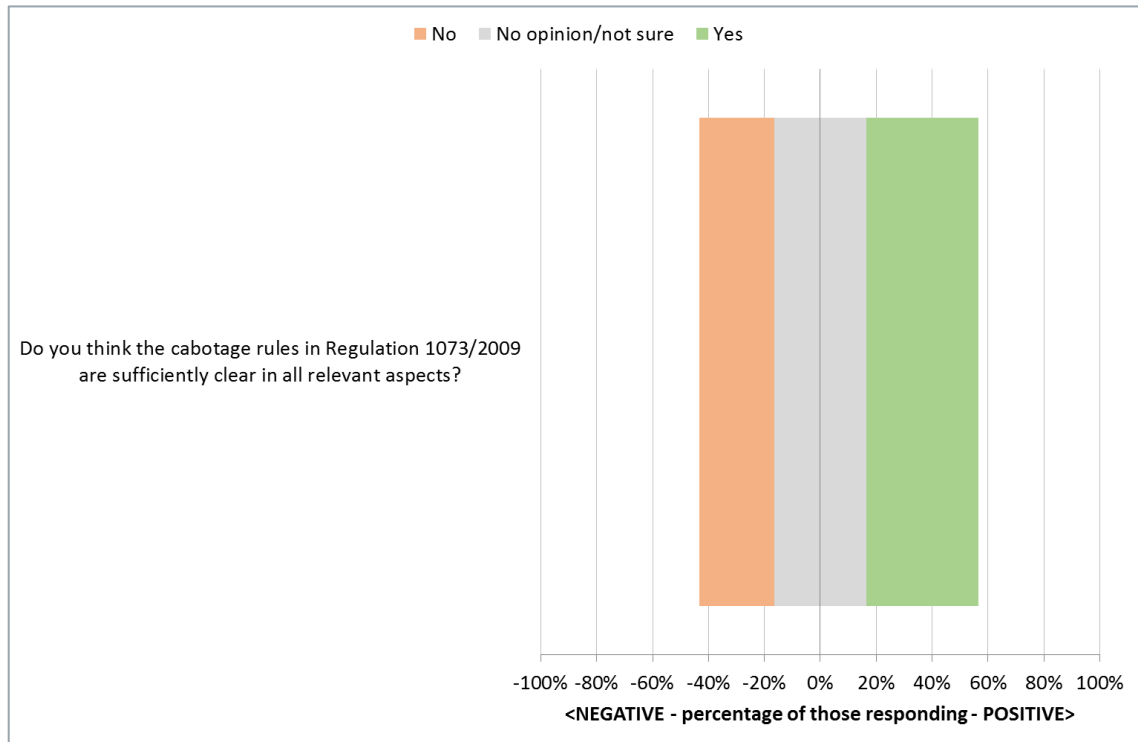
Q16. Do you think the market access rules for own-account operators in Regulation 1073/2009 are sufficiently clear in all relevant aspects?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	64	3	26	7	3	16	1	1	25
Percentage negative	13%	67%	0%	29%	0%	13%	100%	100%	20%
Percentage positive	47%	33%	77%	57%	100%	44%	0%	0%	8%

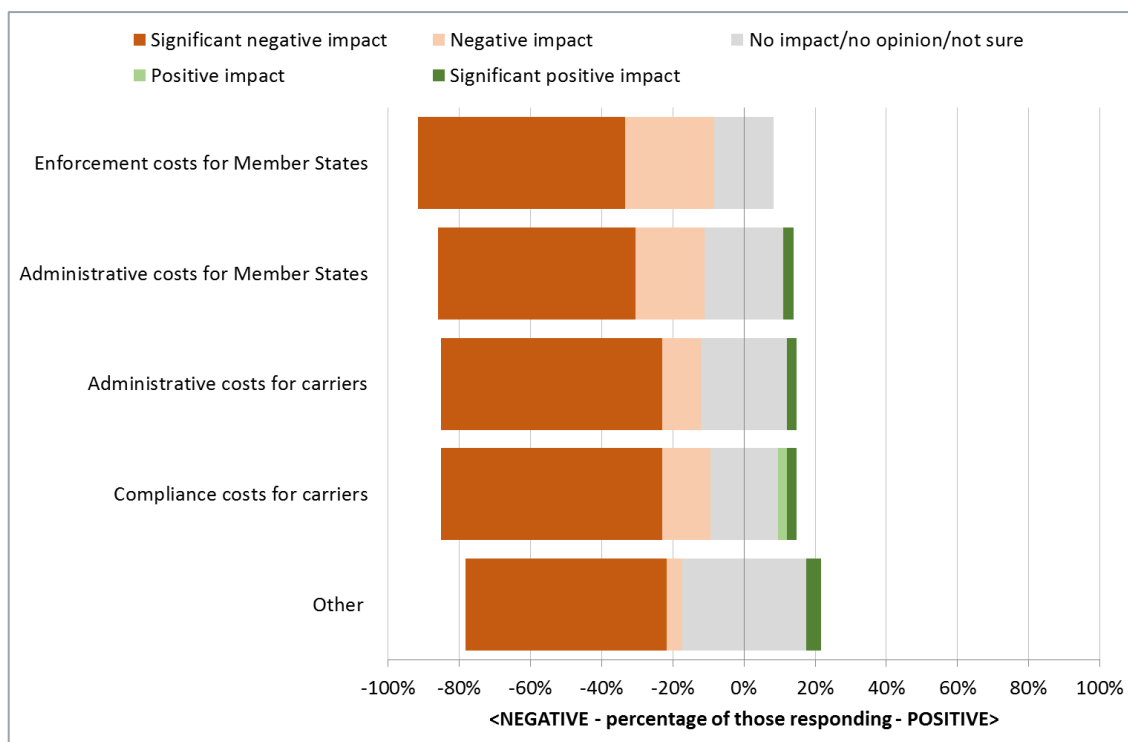
Q17. Do you think the cabotage rules in Regulation 1073/2009 are sufficiently clear in all relevant aspects?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	67	3	27	7	3	15	1	1	25
Percentage negative	27%	67%	19%	57%	67%	7%	100%	100%	24%
Percentage positive	39%	33%	74%	43%	0%	47%	0%	0%	12%

Q17.2 What impacts do you think unclear cabotage rules has on:



Breakdown of responses

Compliance costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	17	2	5	4	0	1	0	1	6
Percentage negative	94%	50%	60%	50%	-	100%	-	100%	67%
Percentage positive	0%	0%	20%	0%	-	0%	-	0%	0%

Administrative costs for carriers

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	17	2	5	4	0	1	0	1	6
Percentage negative	94%	0%	60%	50%	-	100%	-	100%	67%
Percentage positive	0%	0%	0%	0%	-	0%	-	0%	0%

Administrative costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	17	2	4	4	0	1	0	1	6
Percentage negative	82%	50%	100%	50%	-	0%	-	100%	83%
Percentage positive	0%	0%	0%	0%	-	0%	-	0%	0%

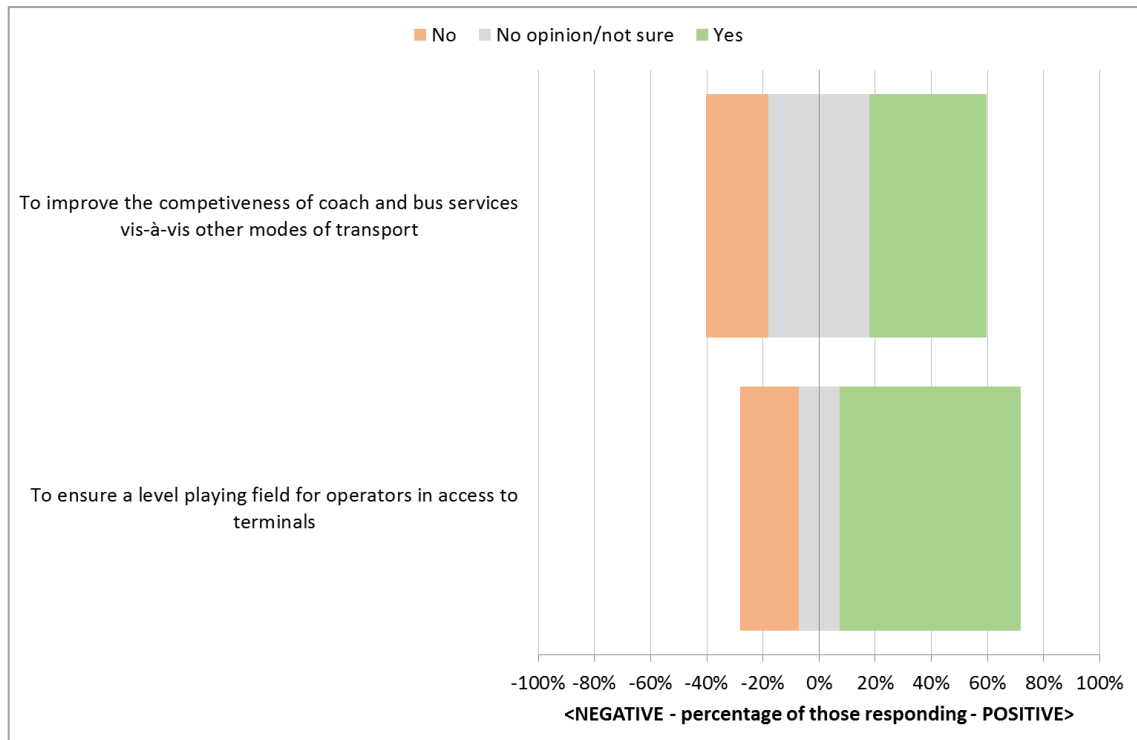
Enforcement costs for Member States

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	17	2	4	4	0	1	1	1	6
Percentage negative	88%	100%	75%	75%	-	0%	0%	100%	100%
Percentage positive	0%	0%	0%	0%	-	0%	0%	0%	0%

Other

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	10	0	3	2	0	1	0	1	5
Percentage negative	80%	-	67%	0%	-	0%	-	0%	80%
Percentage positive	0%	-	0%	0%	-	0%	-	0%	0%

Q20 Do you agree with the following main objectives of a revision of the current EU legislation?



Breakdown of responses

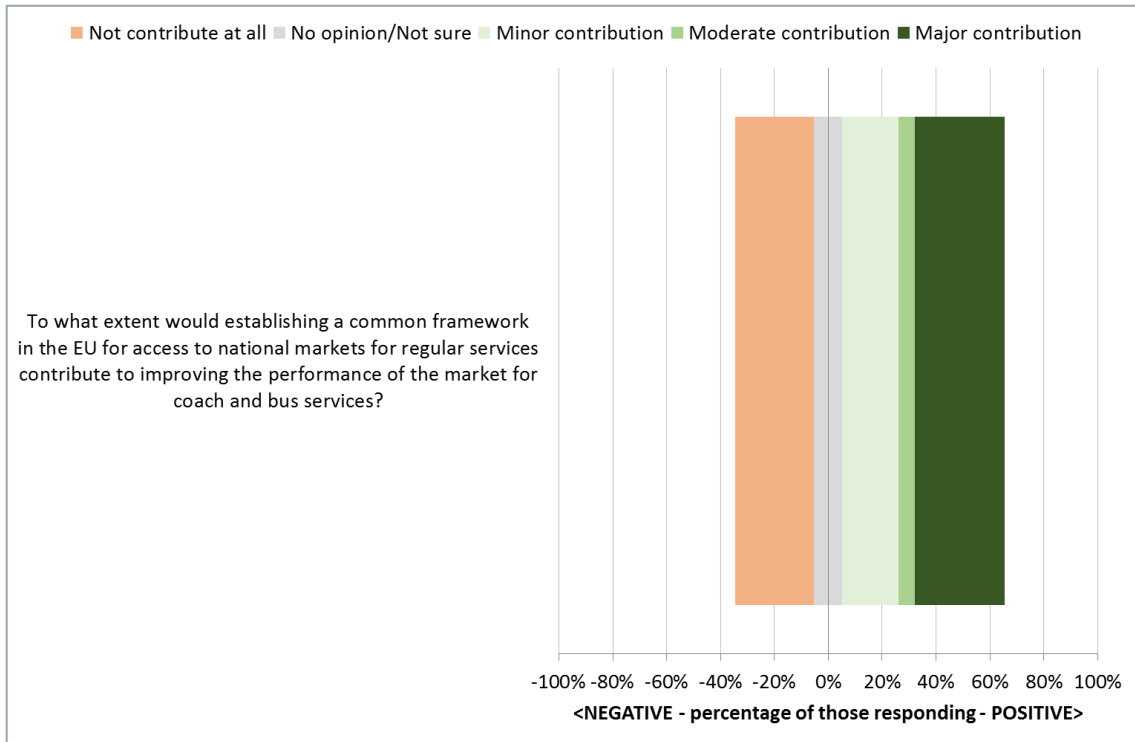
Improve competitiveness

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	19%	0%	54%	14%	67%	6%	0%	0%	16%
Percentage positive	57%	100%	39%	71%	33%	53%	0%	100%	36%

Access to terminals

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	16%	33%	54%	14%	67%	6%	0%	0%	4%
Percentage positive	71%	67%	36%	71%	33%	76%	0%	100%	76%

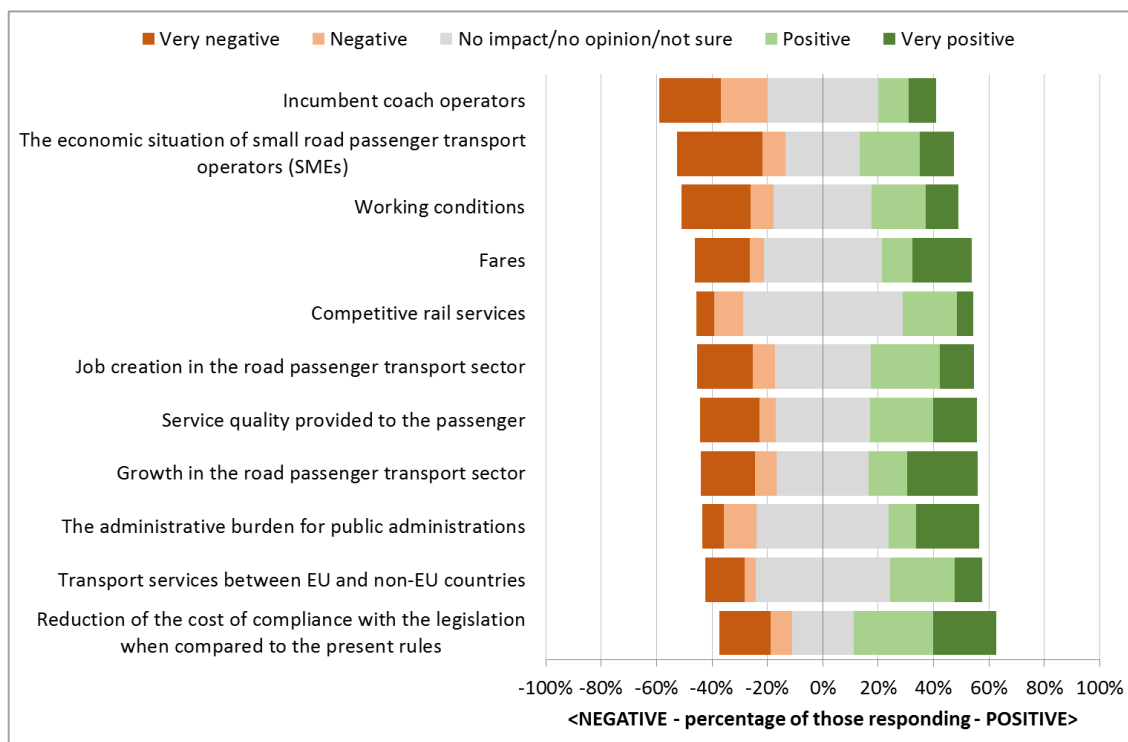
Q22. To what extent would establishing a common framework in the EU for access to national markets for regular services contribute to improving the performance of the market for coach and bus services?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	25%	67%	54%	43%	0%	24%	0%	0%	16%
Percentage positive	65%	33%	39%	57%	100%	65%	100%	100%	64%

Q23. In your view which effect would establishing a common framework in the EU for access to national markets for regular services have on:



Breakdown of responses

The economic situation of small road passenger transport operators (SMEs)

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	32%	67%	61%	29%	100%	35%	0%	100%	28%
Percentage positive	46%	0%	32%	29%	0%	41%	0%	0%	12%

Working conditions

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	33%	57%	14%	100%	24%	0%	0%	28%
Percentage positive	43%	0%	29%	14%	0%	29%	100%	100%	12%

Incumbent coach operators

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	32%	67%	68%	29%	0%	41%	0%	100%	28%
Percentage positive	29%	33%	11%	29%	0%	18%	100%	0%	8%

Service quality provided to the passenger

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	24%	33%	57%	14%	33%	18%	0%	0%	16%
Percentage positive	49%	0%	32%	43%	0%	47%	100%	100%	16%

Job creation in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	24%	67%	46%	14%	100%	12%	0%	0%	24%
Percentage positive	44%	0%	36%	43%	0%	47%	100%	100%	16%

Growth in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	26%	67%	50%	14%	0%	18%	0%	0%	16%
Percentage positive	49%	0%	36%	43%	100%	29%	100%	100%	16%

Fares

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	22%	67%	50%	0%	0%	24%	0%	0%	12%
Percentage positive	43%	33%	32%	29%	0%	29%	0%	100%	12%

Reduction of the cost of compliance with the legislation when compared to the present rules

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	29%	33%	43%	14%	0%	24%	0%	0%	8%
Percentage positive	59%	33%	32%	14%	100%	53%	100%	100%	56%

Transport services between EU and non-EU countries

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	16%	0%	46%	0%	0%	12%	0%	0%	8%
Percentage positive	47%	0%	32%	29%	0%	24%	0%	100%	12%

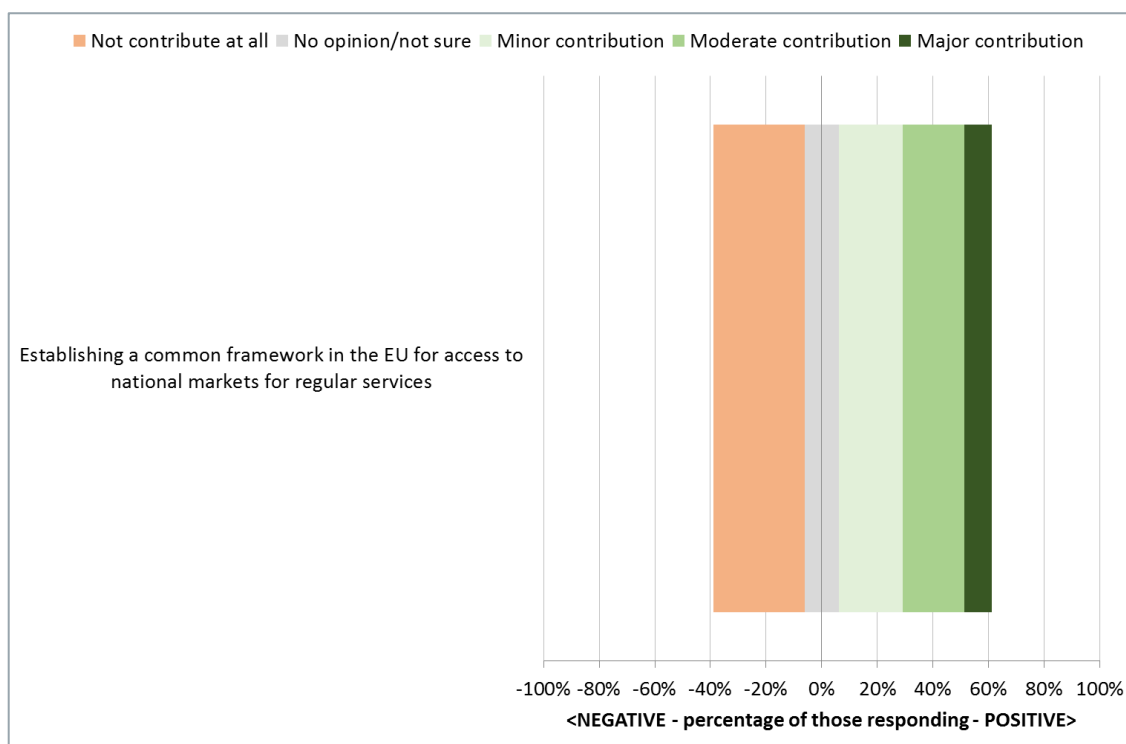
The administrative burden for public administrations

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	22%	33%	18%	29%	0%	12%	100%	0%	16%
Percentage positive	38%	33%	14%	14%	0%	29%	0%	100%	48%

Competitive rail services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	10%	67%	18%	29%	67%	12%	0%	100%	20%
Percentage positive	29%	0%	7%	0%	0%	24%	100%	0%	48%

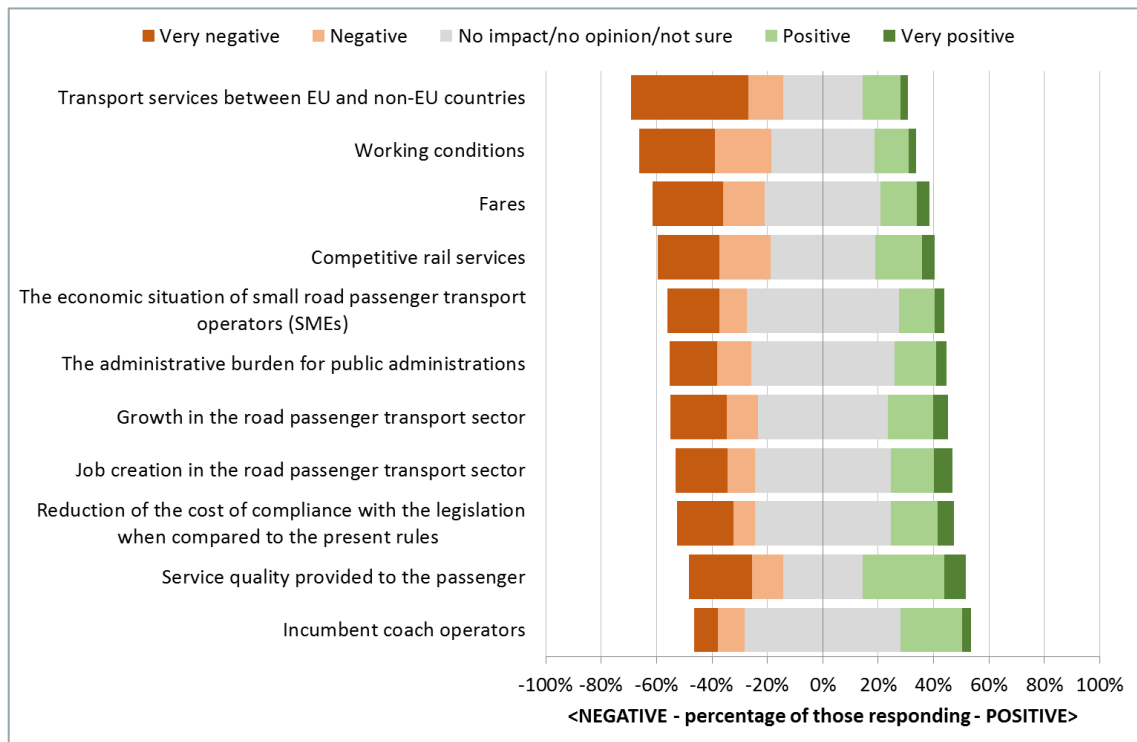
Q25 To what extent would facilitating carriers who are resident in other Member States entry into national markets for regular services contribute to improving the performance of the market for coach and bus services?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	33%	54%	43%	33%	24%	0%	0%	28%
Percentage positive	56%	67%	36%	29%	67%	65%	100%	100%	68%

Q26. In your view which effect would facilitating carriers who are resident in other Member States entry into national markets for regular services have on:



Breakdown of responses

Service quality provided to the passenger

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	29%	33%	54%	29%	33%	35%	0%	0%	28%
Percentage positive	44%	0%	14%	29%	0%	41%	100%	100%	48%

Competitive rail services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	12%	67%	18%	43%	67%	6%	0%	100%	24%
Percentage positive	26%	0%	7%	0%	0%	29%	100%	0%	52%

Job creation in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	40%	33%	61%	14%	100%	35%	0%	0%	28%
Percentage positive	26%	0%	14%	29%	0%	24%	100%	100%	12%

Fares

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	26%	33%	50%	14%	0%	24%	0%	0%	20%
Percentage positive	29%	33%	14%	29%	0%	12%	100%	100%	16%

Reduction of the cost of compliance with the legislation

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	31%	33%	46%	29%	0%	35%	0%	0%	20%
Percentage positive	29%	0%	11%	0%	100%	18%	100%	100%	8%

Growth in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	29%	0%	50%	29%	0%	24%	0%	0%	16%
Percentage positive	28%	0%	11%	29%	67%	18%	100%	100%	12%

Transport services between EU and non-EU countries

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	29%	0%	54%	14%	0%	29%	0%	0%	16%
Percentage positive	29%	0%	11%	0%	33%	6%	100%	100%	8%

The economic situation of small road passenger transport operators (SMEs)

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	49%	67%	75%	57%	100%	53%	0%	100%	44%
Percentage positive	26%	0%	4%	0%	0%	18%	100%	0%	8%

The administrative burden for public administration

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	32%	33%	43%	14%	33%	18%	0%	0%	16%
Percentage positive	22%	33%	7%	14%	0%	12%	100%	100%	8%

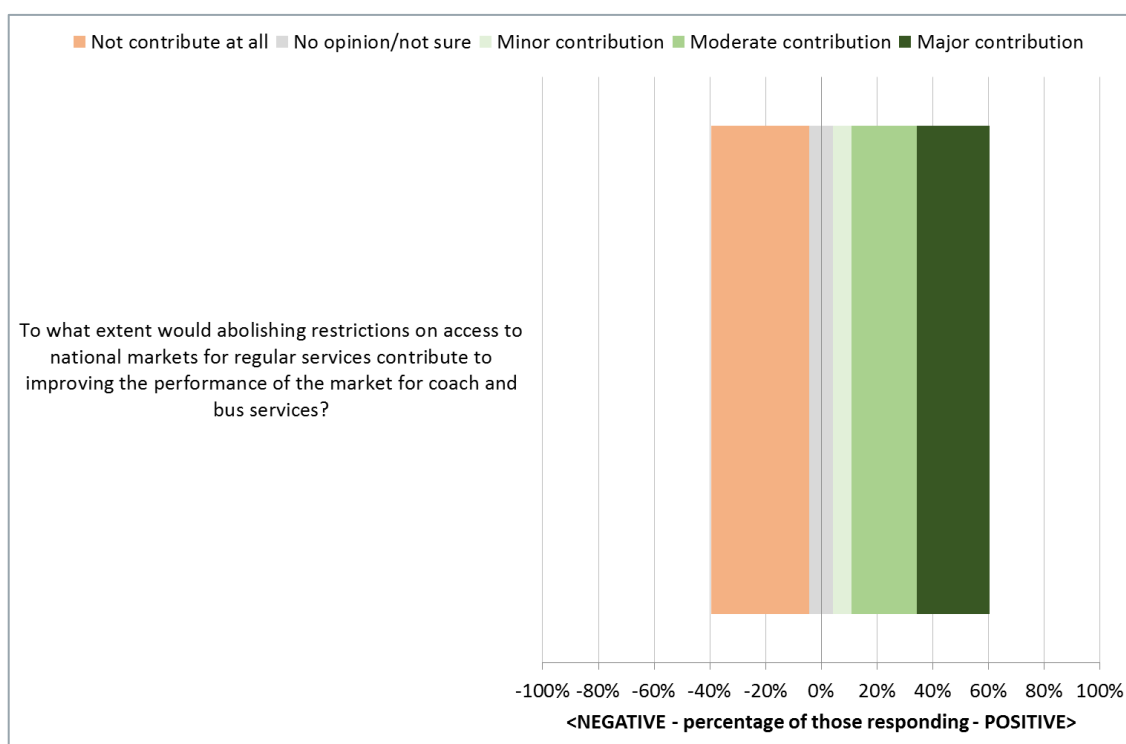
Working conditions

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	34%	33%	64%	14%	100%	35%	0%	100%	36%
Percentage positive	25%	0%	11%	14%	0%	18%	100%	0%	8%

Incumbent coach operators

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	43%	33%	71%	71%	0%	41%	0%	100%	40%
Percentage positive	24%	33%	4%	0%	0%	12%	100%	0%	8%

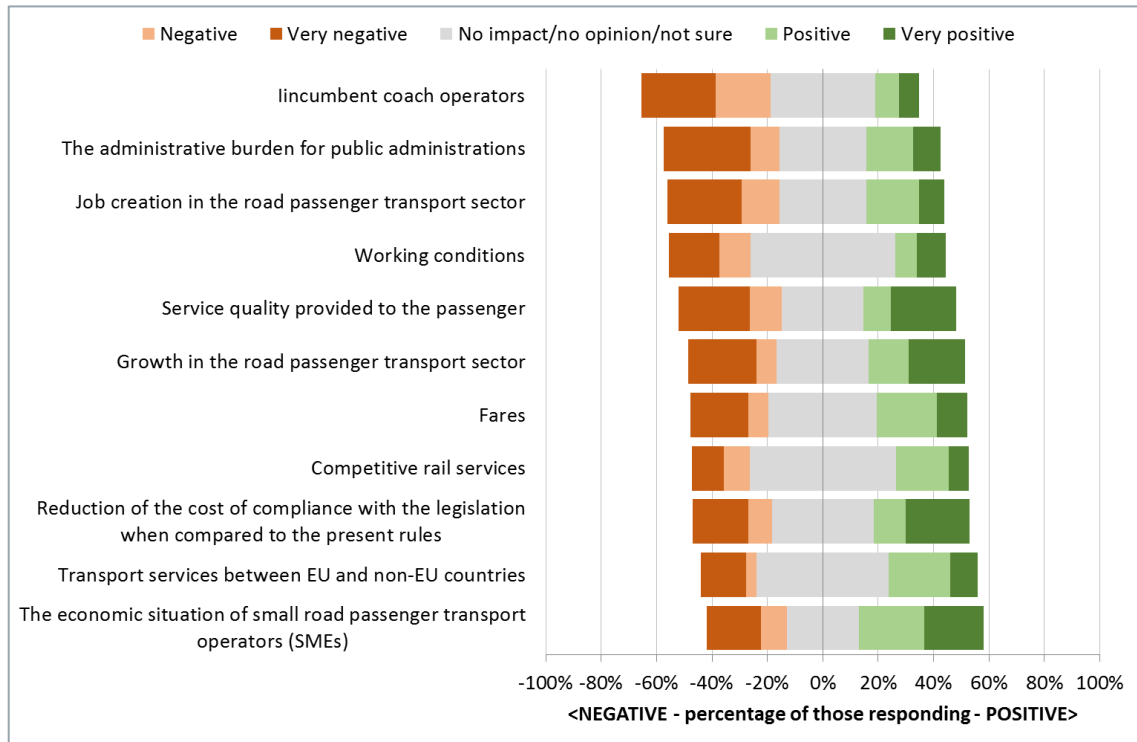
Q28. To what extent would abolishing restrictions on access to national markets for regular services contribute to improving the performance of the market for coach and bus services?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	67%	61%	43%	67%	29%	0%	0%	24%
Percentage positive	62%	33%	32%	57%	33%	59%	100%	100%	68%

Q29 In your view which effect would abolishing restrictions on access to national markets for regular services have on:



Breakdown of responses

Service quality provided to the passenger

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	34%	33%	61%	29%	100%	24%	0%	0%	28%
Percentage positive	41%	0%	32%	43%	0%	35%	0%	100%	16%

Competitive rail services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	16%	67%	18%	29%	67%	12%	0%	100%	28%
Percentage positive	31%	0%	7%	0%	0%	29%	0%	0%	48%

Job creation in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	29%	33%	54%	14%	100%	18%	0%	0%	24%
Percentage positive	43%	0%	32%	43%	0%	41%	0%	100%	16%

Fares

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	33%	50%	0%	0%	24%	0%	0%	20%
Percentage positive	38%	33%	32%	43%	0%	29%	0%	100%	20%

Reduction of the cost of compliance with the legislation

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	29%	33%	43%	29%	0%	24%	0%	0%	20%
Percentage positive	49%	0%	36%	14%	100%	53%	0%	100%	48%

Growth in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	33%	50%	29%	0%	24%	0%	0%	16%
Percentage positive	43%	0%	32%	43%	67%	29%	0%	100%	16%

Transport services between EU and non-EU countries

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	21%	0%	43%	14%	0%	12%	0%	0%	8%
Percentage positive	41%	0%	32%	29%	33%	24%	100%	100%	12%

The economic situation of small road passenger transport operators (SMEs)

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	35%	67%	61%	29%	100%	35%	100%	0%	36%
Percentage positive	35%	0%	25%	14%	0%	29%	0%	100%	12%

The administrative burden for public administration

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	31%	33%	46%	14%	33%	18%	100%	0%	16%
Percentage positive	26%	33%	14%	14%	0%	6%	0%	100%	8%

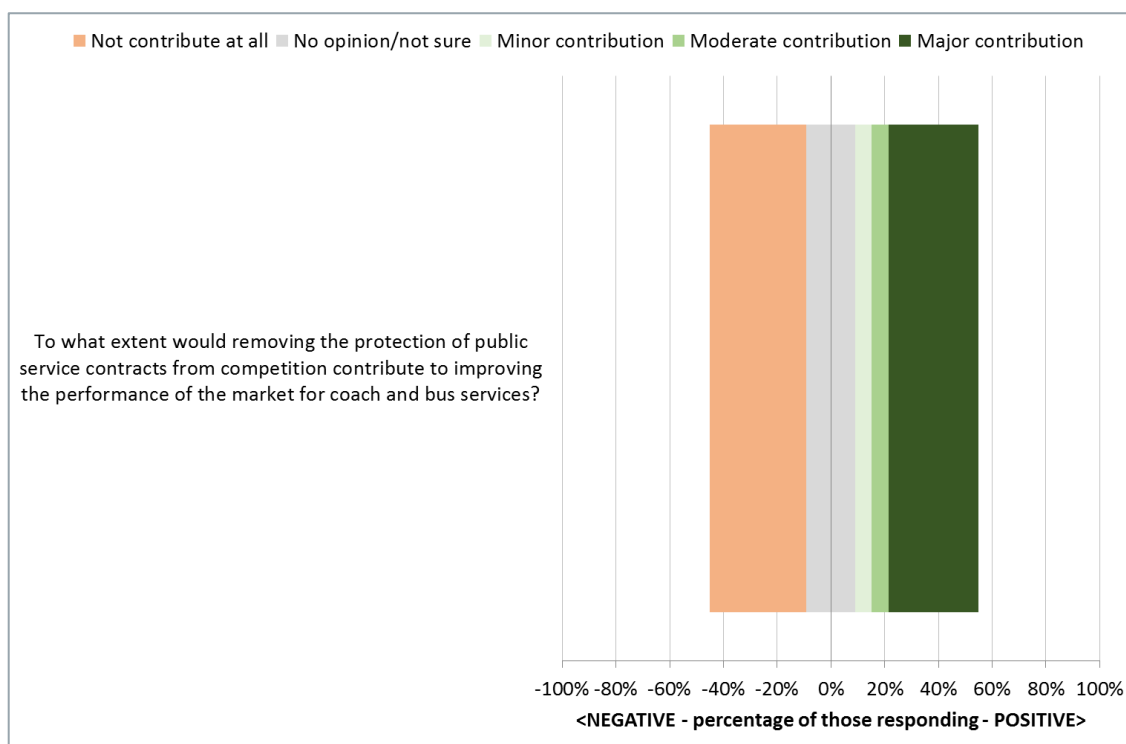
Working conditions

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	37%	33%	61%	14%	100%	35%	0%	0%	36%
Percentage positive	35%	0%	29%	29%	0%	35%	0%	0%	12%

Incumbent coach operators

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	40%	33%	75%	43%	0%	41%	0%	100%	44%
Percentage positive	24%	33%	7%	29%	0%	6%	0%	0%	8%

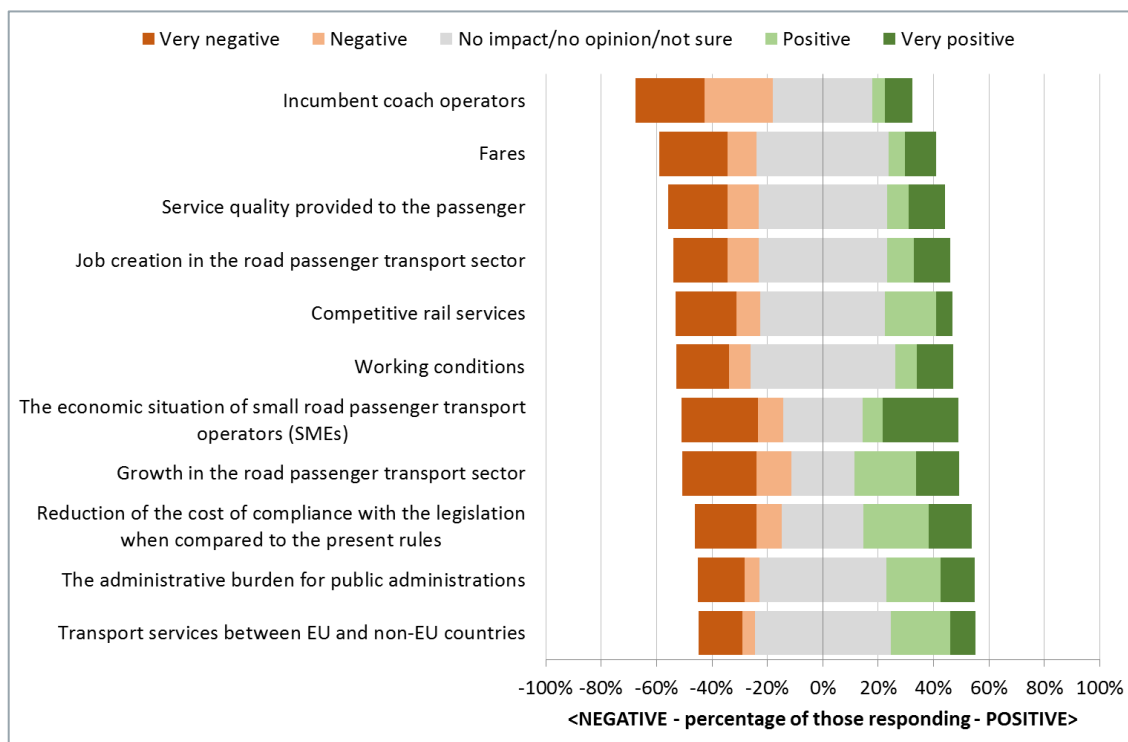
Q31 To what extent would removing the protection of public service contracts from competition contribute to improving the performance of the market for coach and bus services?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	67%	54%	57%	100%	24%	0%	0%	32%
Percentage positive	53%	33%	21%	29%	0%	47%	100%	100%	60%

Q32 In your view which effect would removing the protection of public service contracts from competition have on:



Breakdown of responses

Service quality provided to the passenger

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	34%	67%	61%	43%	100%	18%	0%	0%	36%
Percentage positive	46%	33%	18%	0%	0%	35%	100%	100%	52%

Competitive rail services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	22%	33%	61%	29%	0%	18%	100%	100%	28%
Percentage positive	26%	33%	4%	0%	0%	24%	0%	0%	52%

Job creation in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	67%	61%	29%	100%	12%	0%	0%	20%
Percentage positive	31%	0%	14%	0%	0%	18%	100%	100%	8%

Fares

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	24%	67%	57%	29%	33%	24%	0%	0%	24%
Percentage positive	32%	33%	18%	0%	0%	12%	100%	100%	12%

Reduction of the cost of compliance with the legislation

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	22%	0%	43%	14%	0%	18%	0%	0%	12%
Percentage positive	37%	67%	18%	0%	0%	24%	0%	100%	48%

Growth in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	67%	50%	29%	67%	18%	0%	0%	24%
Percentage positive	46%	33%	14%	14%	0%	47%	100%	100%	52%

Transport services between EU and non-EU countries

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	22%	0%	43%	0%	0%	12%	0%	0%	8%
Percentage positive	37%	0%	21%	0%	0%	24%	100%	0%	44%

The economic situation of small road passenger transport operators (SMEs)

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	28%	67%	54%	43%	100%	18%	100%	100%	36%
Percentage positive	41%	0%	14%	0%	0%	47%	0%	0%	52%

The administrative burden for public administration

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	26%	0%	50%	14%	33%	18%	0%	0%	16%
Percentage positive	28%	67%	21%	14%	0%	0%	0%	100%	12%

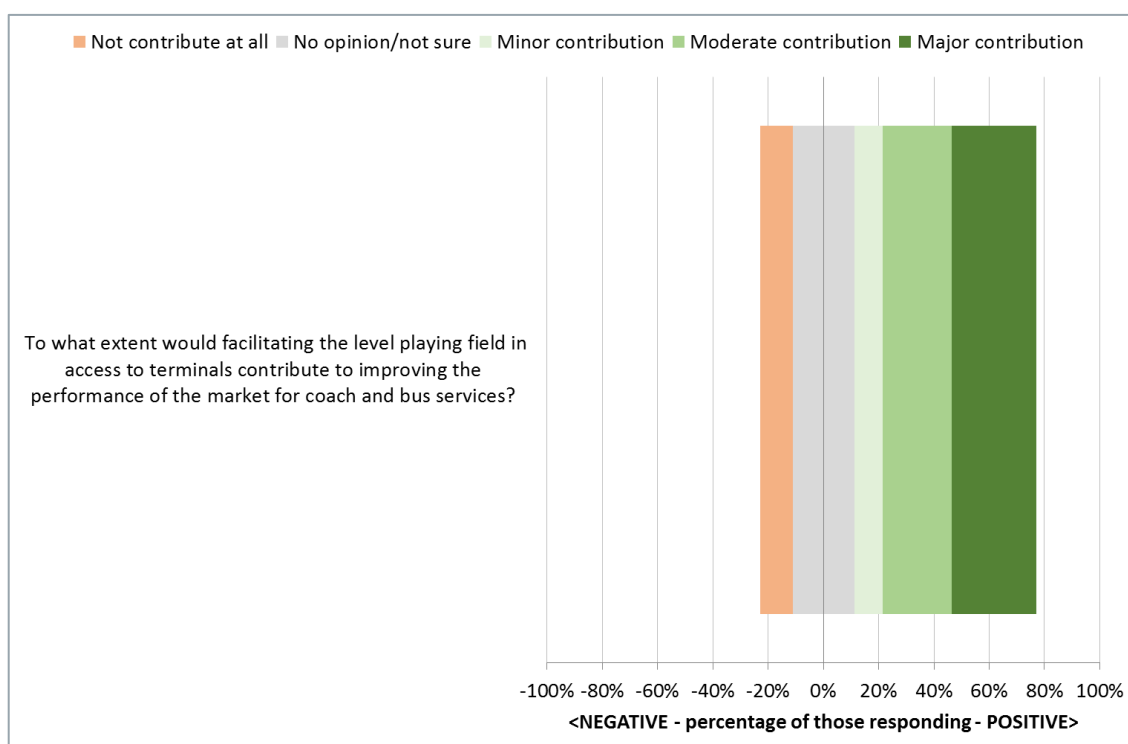
Working conditions

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	35%	33%	57%	29%	67%	24%	0%	0%	20%
Percentage positive	28%	0%	14%	0%	0%	6%	0%	0%	8%

Incumbent coach operators

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	38%	67%	54%	43%	100%	41%	0%	100%	76%
Percentage positive	24%	33%	7%	0%	0%	6%	0%	0%	8%

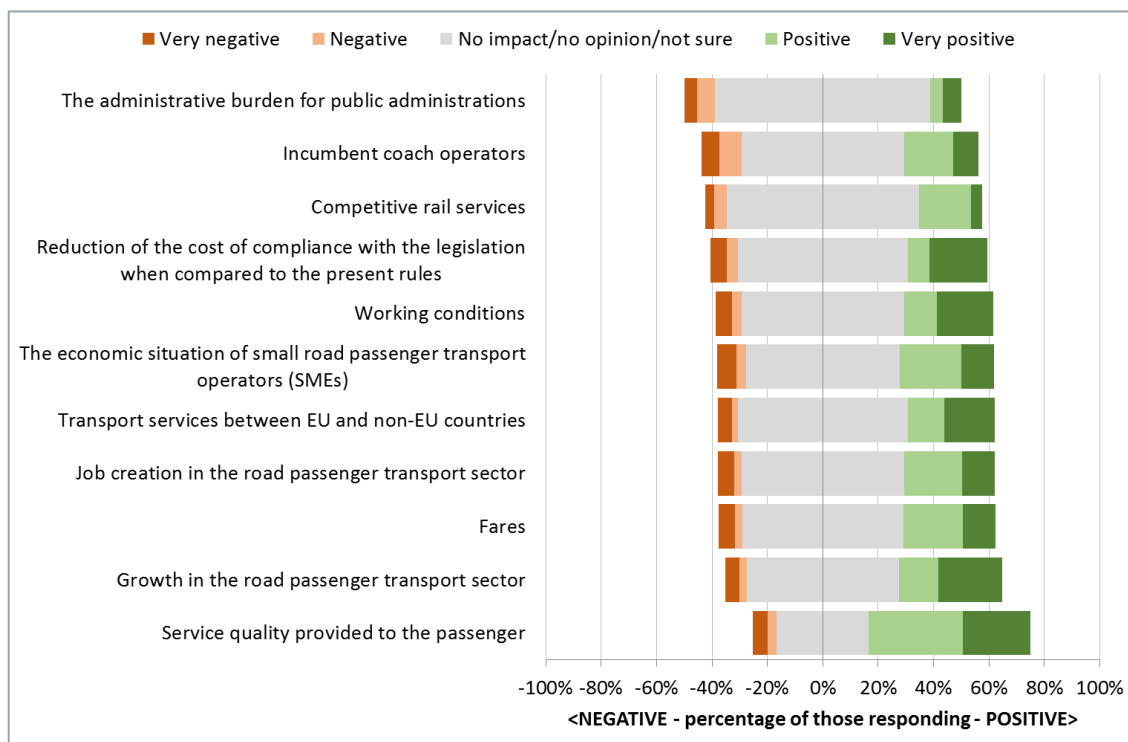
Q34 To what extent would facilitating the level playing field in access to terminals contribute to improving the performance of the market for coach and bus services?



Breakdown of responses

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	10%	33%	18%	14%	67%	6%	0%	100%	0%
Percentage positive	68%	67%	54%	71%	33%	65%	100%	0%	80%

Q35 In your view which effect would facilitating the level playing field in access to terminals have on:



Breakdown of responses

Service quality provided to the passenger

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	10%	0%	14%	0%	67%	0%	0%	0%	0%
Percentage positive	60%	33%	43%	57%	33%	59%	100%	0%	76%

Competitive rail services

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	7%	0%	18%	0%	0%	0%	0%	0%	8%
Percentage positive	21%	33%	4%	0%	33%	24%	100%	0%	52%

Job creation in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	12%	0%	18%	0%	0%	0%	0%	0%	0%
Percentage positive	40%	0%	39%	43%	0%	24%	100%	0%	16%

Fares

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	10%	0%	14%	0%	33%	0%	0%	0%	4%
Percentage positive	43%	0%	36%	43%	0%	24%	0%	0%	20%

Reduction of the cost of compliance with the legislation

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	12%	0%	21%	0%	0%	0%	0%	0%	4%
Percentage positive	40%	33%	21%	14%	0%	18%	100%	0%	20%

Growth in the road passenger transport sector

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	12%	0%	14%	0%	0%	0%	0%	0%	0%
Percentage positive	50%	0%	32%	43%	33%	24%	100%	0%	20%

Transport services between EU and non-EU countries

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	9%	0%	14%	0%	0%	0%	0%	0%	4%
Percentage positive	43%	33%	29%	43%	0%	18%	100%	0%	12%

The economic situation of small road passenger transport operators (SMEs)

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	15%	0%	18%	0%	0%	0%	0%	0%	4%
Percentage positive	43%	33%	32%	29%	0%	35%	0%	0%	20%

The administrative burden for public administration

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	12%	0%	25%	0%	33%	0%	0%	0%	4%
Percentage positive	21%	0%	4%	0%	0%	0%	100%	0%	4%

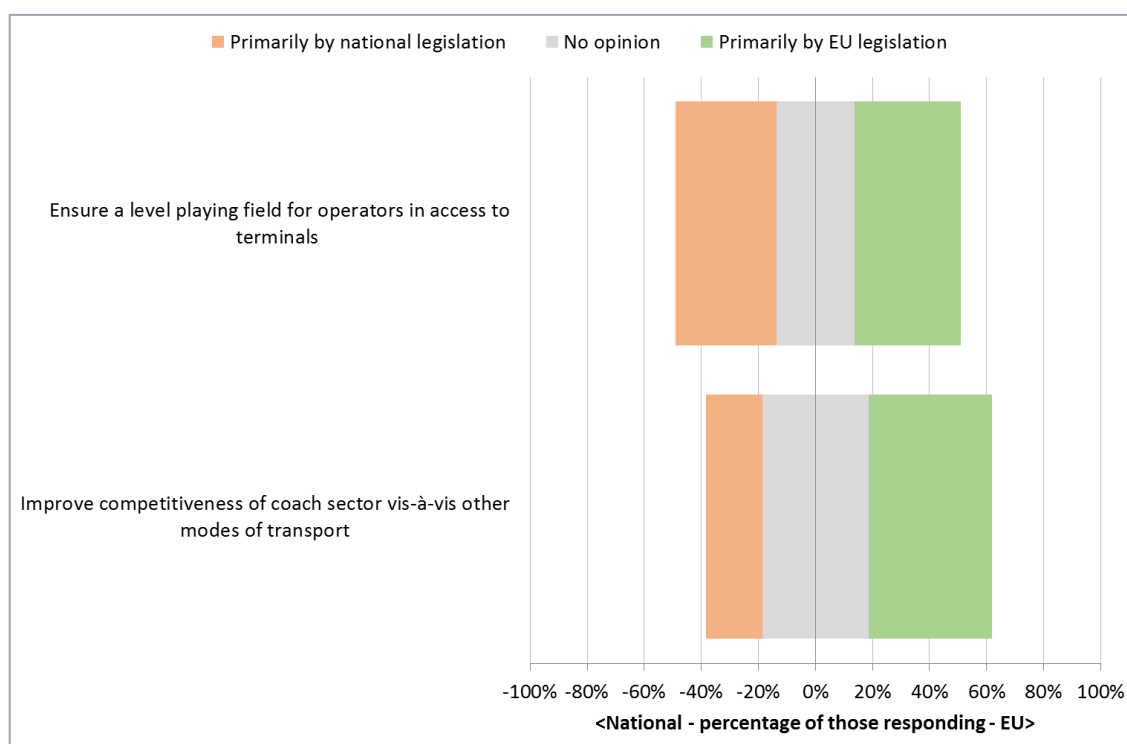
Working conditions

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	12%	0%	18%	0%	0%	0%	0%	0%	4%
Percentage positive	40%	33%	32%	14%	0%	35%	100%	0%	16%

Incumbent coach operators

	Company engaged in transport chain	EU Governmental authority	A non-governmental authority (e.g. NGO)	Regulatory authority	Enforcement authority	A road passenger transport worker	A citizen/consumer	An academic	Other
Number of responses	68	3	28	7	3	17	1	1	25
Percentage negative	13%	0%	29%	14%	33%	0%	0%	0%	12%
Percentage positive	40%	33%	18%	29%	0%	18%	0%	0%	12%

Q38. How can the following objectives be most effectively achieved in the EU road passenger transport sector?



Summary of comments

Question	Comment
Q9 If you wish, you may supplement your reply with explanations, examples, facts and figures, etc.	<ul style="list-style-type: none"> In Austria, there is free market -access, as long as companies from other Member States have a domestic office/ subsidiary in Austria, prior to the start of the operation. However, companies are able to participate in tenders and receive a concession from abroad. In the past, companies have already been awarded national concessions. Moreover, the access to the market for non-commercial and commercial scheduled services is not restricted. (Company) The operating business of the bus sector (mainly in the tourist sector) is typically medium-sized, at least in Germany. The margins are small, so that only in exceptional cases are branches in other Member States struggling. I hardly know any cases of an international expansion strategy of an operating bus company. Customer loyalty/customer retention is a major factor in a bus trip. (Company) National transport should continue to be subject to regional/local regulations. (NGO)

Question	Comment
<p>Q9.2 Please specify what is the 'other' issue you have indicated is impacted.</p>	<ul style="list-style-type: none"> • The number of rules that each region has in Spain makes competition even between companies from different communities limited, an equal law for all of Europe would simplify many procedures and would generate more competition. (Company) • This is the impact on the protection of public services. The limitations have a very positive impact on the protection of the public services agreed upon and have not prevented the rapid development of the services by coach. (Company) • Market restrictions also produce bureaucratic costs. The expenditure in Hungary or Switzerland, for example, is also significant for authorities, since all applications have to be examined. (NGO)
<p>Q10 If you wish, you may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • Due to the obligation to establish a branch, bureaucratic hurdles are created for small and medium-sized enterprises. (Enforcement Authority) • The requirement of establishment is justifiable because it is the only way to ensure the supervision of undertakings in the Member State concerned. This applies both to breaches of the Law on the Promotion of Persons Transport and to other legal areas. (Enforcement Authority) • Under Article L. 3111-17 of the Transport Code, undertakings carrying out commercial services liberalized in France are obliged to be established in the national territory: "Road transport undertakings of persons established in the national territory may provide scheduled intercity services." This requirement ensures compliance with national legislation by all undertakings operating on national territory. The obligation of establishment on the national territory of an undertaking is first and foremost a guarantee against social dumping. Indeed, the liberalization of the bus market must not undermine the existing social protections of the workers. The establishment obligation also protects SMEs from unfair competition on the part of an undertaking located in another Member State, which is not subject to the same social protection obligations in particular. The UTP therefore considers the obligation of establishment to be an essential prerequisite for the performance of suburban road services in France. The obligation of establishment does not in any way appear to be a barrier or a limitation, but on the contrary constitutes the assurance of compliance with rules to which the French operators are attached. (Company)
<p>Q10.2 Please specify what is the 'other' issue you have indicated is impacted.</p>	<ul style="list-style-type: none"> • No comments were received.
<p>Q11 If you wish, you may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • The BDO supports the development of a common EU framework for non-discriminatory access to markets in EU Member States that already have their markets liberalised or are planning to do so. (Company) • It is important that the Member States have the authority to make regulations and a framework that is allowing for national differences. This is non-discriminatory, in the sense that the rules of establishment are the same for national and international companies. (Enforcement Authority) • KNV supports the provision of a common EU framework for the non-discriminatory access to markets in EU Member States that have liberalised their domestic markets or intend to do so. The EU framework should establish that EU Member States may impose on coach operators authorised to provide domestic services to be registered with the relevant authorities, in accordance with national law. (NGO)
<p>Q11.2 Please specify what is the 'other' issue you have indicated is impacted.</p>	<ul style="list-style-type: none"> • The regular concession market is closed through unifications, combinations, modifications and extensions, and the discretionary and regular special market is affected by the lack of control of public service concession compensations. (Company) • This is the impact on the protection of the public service, as well as on the social protection of workers and the safety of passengers. (Company)

Question	Comment
<p>Q12 If you wish, you may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • Establishing offices abroad is always difficult and expensive for medium-sized companies. There is also no need for 98 percent of the cases. (Company) • Deregulation in the bus industry has had a negative impact not just on passengers who have experienced a reduction in service/routes and higher fares but transport workers too. Unite’s bus worker members have suffered an attack on their terms and conditions, work life balance and general health. Deregulation has led to the deskilling of bus workers, managerial, planning and supervisory grades. The ability to hit arbitrary "targets" in "profit centres" and the need to provide a stream of "positive information" to maintain earnings per share has the same skill set requirements as it does for building and running a complex human logistics network. However bus workers and managers receive lower pay and conditions compared to people with similar responsibilities in other private and public sector industries. According to the Labour Force Survey, a minimum of 25% of bus and coach drivers work over 48 hours a week. (Citizen/consumer) • In principle, remote commuters are not sufficiently involved in door-to-door mobility chains. This is made clear by the fact that long-distance buses in many cities are not located in the immediate vicinity of the station or public transport nodes. On the one hand, there is a lack of harmonized rules which do not have equal access to existing terminals without discrimination. Access to the stops is often only allowed to public transport - to the detriment of national and international long-distance bus lines. (Citizen/consumer)
<p>Q12.2 Please specify what is the 'other' issue you have indicated is impacted.</p>	<ul style="list-style-type: none"> • This is the impact on the protection of public services. Nevertheless, the UTP remains in favour of equal access by operators to infrastructures by setting up a clear and transparent framework. (NGO) • People with disabilities, the elderly or families with children are particularly affected by discrimination at stations. Additional changes at stops edge positions or entrance/exit at difficult stops outside the bus stations increase the barriers to travel. (NGO) • Local governments that only allow bus stops at remote, unattractive locations hurt vulnerable passenger groups like disabled or older people and families with children. (Company)
<p>Q13 If you wish, you may supplement your reply with explanations, examples, facts and figures.</p>	<ul style="list-style-type: none"> • The journey form is no longer appropriate, unpractical and bureaucratic in the context of a cross-border, unauthorized traffic. The Community license, which has to be carried by every company operating in cross-border traffic free of license, is not required to be used in any other way. The ticket is a bureaucratic obstacle for tourist bus travel. For bus companies, the green EU travel book is unfortunately a symbol for unnecessary EU bureaucracy, whose overdue abolition of the abolitionist Has so far been successfully prevented. (Company) • It is very costly to run and is useless, since the travel routes are anyway liberalised and every bus in Europe may travel with guests from his home country. It would be enough to carry something for cabotage. The form only serves to punish the bus drivers, if they have not filled something completely correctly. (Company) • The Authority considers that replacing the current paper-based journey form system be with an online system would be very beneficial. This data would allow the Authority to provide, for the first time, statistical information regarding journey details, travel patterns, and road usage for such services. These statistics could then inform future planning and infrastructure development within the state and also to inform compliance operations as this would enable speedy detection of regular services, which should be Authorised, operating under a journey form. (Regulatory Authority)
<p>Q14.1 Please specify which precise aspects of the rules are insufficiently clear. You may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • It is necessary to make a distinction between cabotage and roundtrips with passengers from the Member States who return to their hometown. Otherwise, it is jeopardizing tourism. The regulations are worse for tourism than the previous borders between the EU countries. (Company) • Transport within the EU should be considered as domestic transport. (Transport worker) • They are written too complicated. The normal average person cannot understand the rules. (Transport worker)

Question	Comment
<p>Q15.1 Please specify which precise aspects of the rules are insufficiently clear. You may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • The meaning of special regular services could be explained in more detail. (NGO) • The definition should not mean that there cannot be any stops in between the start and the finish; but it needs to be clear that the stops cannot be so regular that long-distance coach services compete with (mostly regional) PSO services. This can be solved either by having minimum distances between stops (e.g. 100 kilometres) or by an economic equilibrium test. (Citizen/consumer) • It is not clear whether commercially viable on-demand bus services, managed through an App or through digital platforms, that allow to book on-demand routes should be considered either regular services (in which cases?) or discretionary (in which cases?). For instance, a newly booked on-demand route may start as an on-demand route (with certain variability on its schedule and destinations) but it may soon become fixed (or with little variability in either its destinations and/or schedules) due to the fidelity of its users. We believe that technology and new business models will soon make current legislation and legal definitions obsolete, as new and innovative transport services will not be able to fit any of the current definitions (regular vs discretionary). (Company)
<p>Q16.1 Please specify which precise aspects of the rules are insufficiently clear. You may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • It's not clear but the greater problem is cabotage is not enforced sufficiently. (Citizen/consumer) • In the context of the implementation of the movement of work, a Community license should not be required, since the undertakings concerned are not a passenger transport operator. (EU Governmental Authority) • Needs to be specified in a more accurate way (Citizen/consumer)
<p>Q17.1 Please specify which precise aspects of the rules are insufficiently clear. You may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • The wording is not clear enough that cabotage is not included in the licence and that an extra permission for the provision of cabotage services is needed. (Company) • Article 2 subparagraph 7 - national road passenger services carried out on a temporary basis - the wording "temporary basis" should be clearer. How long is temporary? (Regulatory Authority) • The definition as what constitutes a cabotage operation by another Member State operator should be made clearer. (Company)
<p>Q17.3 Please specify what is the 'other' issue you have indicated is impacted.</p>	<ul style="list-style-type: none"> • The salary and working conditions for drivers. Unfair competition between local and foreign operators because of different salary levels. (Citizen/consumer) • Possibilities to offer cabotage on international routes is impacted by national governments imposing additional rules and alternative legal frameworks on cabotage, since they see this as a form of domestic operations. (Company) • Different regulations generate different opportunities which is discrimination. (Company)
<p>Q18 If you consider that there are specific issues of significant importance related to the Regulation which are not listed above please explain what these issues are and why they are important. If you wish, you may supplement your reply with explanations, examples, facts and figures, etc.</p>	<ul style="list-style-type: none"> • The VAT should be paid only in the country where the carrier is established - even if he travels within Europe. It's a nonsense when a carrier has to pay the VAT in each EU - Country he passes while executing an international Transport. (NGO) • It is not clear what social rights apply to the drivers of international carriage. Some of these drivers can be employed in one member state, but permanently drive between two or more other member states. It can be almost impossible to know or control which countries legislation should apply. We need some practical guidelines and registration systems that can make sure that international drivers get the rights that they are entitled to. It should also be made clear that the worker's directive applies to these drivers. (NGO) • There is still a fundamental lack of clarity and divergent interpretations concerning the procedures for authorising international traffic and cabotage within international lines. A simplification and clarification of the approval procedures should be carried out in the framework of a revision of Regulation (EC) 1073/2009. (Transport worker)

Question	Comment
<p>Q19 In the absence of any EU intervention, how do you think that these issues will evolve? Will the identified problems tend to increase or diminish?</p>	<ul style="list-style-type: none"> • If national regulations won't change, things will remain the same. (NGO) • BDO expects that without the intervention of the EU, local and regional authorities will use Article 8 (d) and Article 15 (c) of the Regulation to prevent state railways and local or regional suppliers from unfair competition with their own economy. (Transport worker) • The social problems related to cabotage operations and international carriage are increasing. It is a strong pressure on the wages and conditions of drivers in Europe. It is a downwards spiral. The drivers are the weak part and can often not take the costs of demanding their right in the host countries. They are in danger of losing their job if they say no or demand better conditions. (NGO)
<p>Q21 Please feel free to propose alternative objectives of a revision of the current EU legislation.</p>	<ul style="list-style-type: none"> • To ensure better conditions and social security for drivers in coach and bus services. (NGO) • The market access regulations from Regulation 1073/2009 are clearly defined. There is no need to open the national markets for scheduled services. (NGO) • In 2011 in its White Paper on Transport, the Commission recognised the significant socioeconomic benefits and positive externalities of collective road passenger transport and set the objective of greater modal share for buses and coaches. As the Commission prepares the revision of Regulation (EC) No 1073/2009, all intermediary objectives (improved competitiveness vis-à-vis other modes, non-discriminatory access to terminals, reduced administrative burden, lifted barriers to private commercial initiative) should be at the service of the overarching objective of increasing the use of bus and coach transport by the European people. (Transport worker)
<p>Q24 In your view would establishing a common framework in the EU for access to national markets for regular services have any other impact?</p>	<ul style="list-style-type: none"> • Negative impact on modal split (NGO) • In many cases, it would have a very negative effect on existing PSO services. (Citizen/consumer) • A common framework for access to national markets would also mean that combining international and domestic operations (i.e. as cabotage) would be easier, where in the current situation national requirements and legal framework mean an obstacle for integrated domestic and cross-border networks. (Company)
<p>Q27 In your view would facilitating carriers who are resident in other Member States entry into national markets for regular services have any other impact?</p>	<ul style="list-style-type: none"> • It may help the development of international coach services as a coach operator exploiting a domestic market may choose to extend its offer to neighbouring countries. On the other hand, it is not sure that facilitating carriers who are resident in other Member States entry to national markets for regular services will help the economic situation of small road passenger transport operators (SMEs) as liberalization has shown that in open markets there is a great tendency of market concentration. It may lead to the emergence of a dominant operator as it has been the case in Germany and seems to be happening in France. Finally, facilitating entry to national markets to carriers who are residents in other Member States may have a negative impact on viability of rail services considered as substitutes to transport coach services. (Company) • KNV supports the possibility for EU Member States to require that bus and coach operators are established locally to supply domestic services. (NGO) • It may restrict the entry of new national operators, as well as crush small operators. (Citizen/consumer)
<p>Q30 In your view would abolishing restrictions on access to national markets for regular services have any other impact?</p>	<ul style="list-style-type: none"> • EU Member States must retain the right to protect public service contracts, including those for rail services, with the option for Member States to grant exclusive rights to operators. Full liberalisation of coach and bus markets, i.e. abolishing all access restrictions, therefore should not be mandated by the EU, but remain a national decision. (Company) • There is another monopolisation at the bus market (FlixBus). Shifting from rail to bus creates environmental and urban problems. (Citizen) • The attractiveness of regular transport, whether train or bus would increase. The attractiveness of private transport on longer routes would be reduced. The car traffic would be reduced. As a result, climate change would be easier for the transport sector. Because bus and train have much better environmental balances. (NGO)

Question	Comment
<p>Q33 In your view would removing the protection of public service contracts from competition have any other impact?</p>	<ul style="list-style-type: none"> • Removing the protection of public service contracts from competition could make many of those contracts economically unviable, undermining the public policy objective of providing such services in the general interest. EU Member States must therefore retain the right to protect public service contracts, as stated in CER's response to Q30. Rules that protect public-service contracts (see art. 8(4) of Regulation 1073/2009) must not be watered down and they should be applied to cover any transport PSCs. (Company) • There is a risk of a monopolisation of the transport market with a negative impact both on the supply of services and on working conditions and social standards. In public transport, only viable routes would be served, which would lead to a worsening of the overall traffic offer. (Enforcement Authority) • PSO lines and certain rail services would vanish. as this is not desired by the public and in the national and international interest of sustainable transport (commuters would be affected the most) these would have to be specially protected. Also, economic development of remote and central regions would be negatively impacted as regular PSO commuter services contribute to the positive economic development of those regions. (NGO)
<p>Q36. In your view would facilitating the level playing field in access to terminals have any other impact?</p>	<ul style="list-style-type: none"> • Depending on how this principle of equal access is established, it may affect cities or local public authorities, who organise transport in their territory. Some cities may want to connect coaches to the railway station, but others may want to limit traffic in the city centre and therefore want such bus/coach terminals to be established in the outskirts (however, connected to the public transport network). The freedom of cities to organise urban mobility needs to be respected. (Citizen/consumer) • Facilitating the level playing field in access to terminal may contribute to efficient scheduling slots and more generally promote the interconnectivity of national networks. (Company) • An open, competitive and transparent neutral terminal will benefit the traveller. (NGO)
<p>Q37 Which other objectives or measures do you consider should drive the review process?</p>	<ul style="list-style-type: none"> • Safety is an important objective when it comes to road passenger transport. It is important that the different states can put in place measures to ensure the safety and security of the passengers. In Norway, the drivers from other Member States are overrepresented in the accident statistics. This shows how the conditions for the driver can play an important part in safety of the passenger. (NGO) • The first objective on which the process of revision of Regulation No 1073/2009 must be based is the protection of the public service. While the UTP supports the liberalisation of motor coach transport in the EU, it must be part of a regulated framework combining both the development of medium and long distance road services and the maintenance of agreed public transport services. (Company) • Modal shift - including assessment of impact on congestion, air quality, carbon production etc. And improved personal mobility which should yield economic and societal benefits. (Company)
<p>Q38 If you wish, you may expand on your replies to the previous question.</p>	<ul style="list-style-type: none"> • In Spain with the lobbying power of large passenger road transport companies it would be virtually impossible or too slow to implement these reforms. (NGO) • Any new requirements for rail infrastructure managers as operators of coach/bus terminals must be reasonable. In line with the subsidiarity principle, the EU should leave the regulation of access to terminals to Member States, as these are best placed to set rules for a level playing field in this area of mostly local and regional concern. (Company) • The Authority considers that the regulation of domestic regular services should be a matter for each individual Member State in accordance with the EU principle of subsidiarity. (Regulatory Authority)

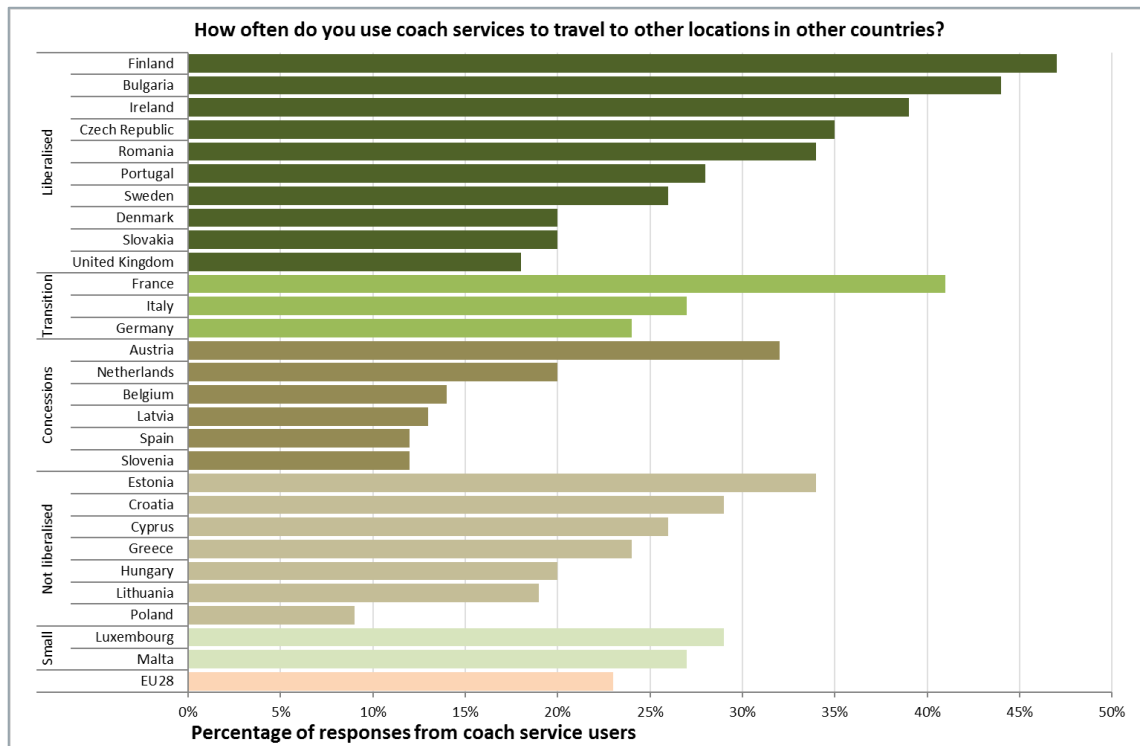
Question	Comment
<p>Q39. Please provide details of any other issues with the operation of the current Regulation to which you would like to draw the attention of the Commission or which you consider should be addressed.</p>	<ul style="list-style-type: none"> • The term temporarily is very indefinite and should be specified in terms of days and/or commissions. It makes it impossible to decide whether a foreign company is operating legally or not. (Citizen/consumer) • The process set up in Regulation 1073/2009 on authorisations for the performance of international services is relatively slow. These rules could be reviewed to simplify and streamline the process. (Company) • The biggest flaw in the current Regulation 1073/2009 is that even on international coach services, national governments impose additional requirement or legal frameworks, sometimes even contradicting with the EU-regulations. This is especially the case with cabotage, something that some Member States regard as domestic operations. I.e. France with imposing a geographical threshold of 100 kilometres, and Germany with imposing the mandatory wheelchair lift. This undermines the cabotage rules of the EU Regulation, that has strict and limitative procedure (in article 8) on how to decide whether a certain relation can be allowed or not. The reality is that national governments impose additional requirements and alternative decision criteria, based on their national law. There are numerous situations where cabotage on international routes should be allowed according to the criteria of Regulation 1073/2009, but still is denied because of national laws. Article 16 is contributing to this practice, since it makes cabotage subject to national regulations on certain topics, but doesn't clearly state that (or eventually: when) the EU-framework for allowing cabotage must prevail over national frameworks for allowing domestic travel.(Company)

D Eurobarometer results

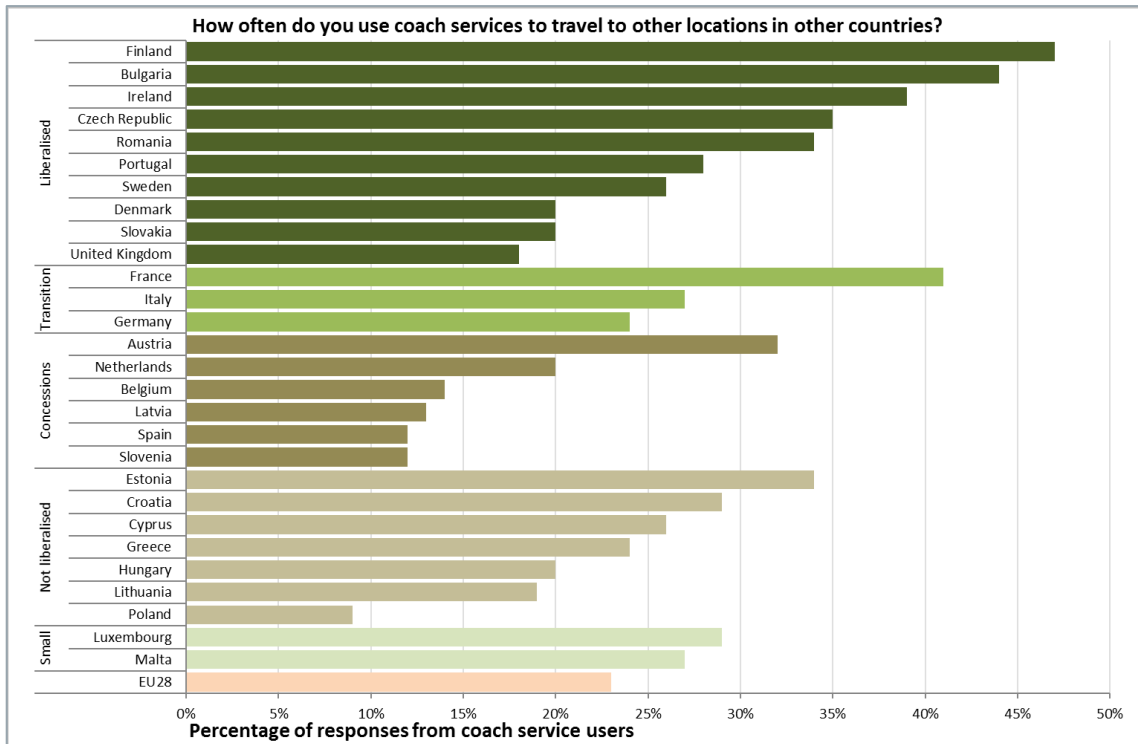
Use of coach services across the EU

D.1 Coach services are used relatively infrequently in most countries.

Frequency of use with country

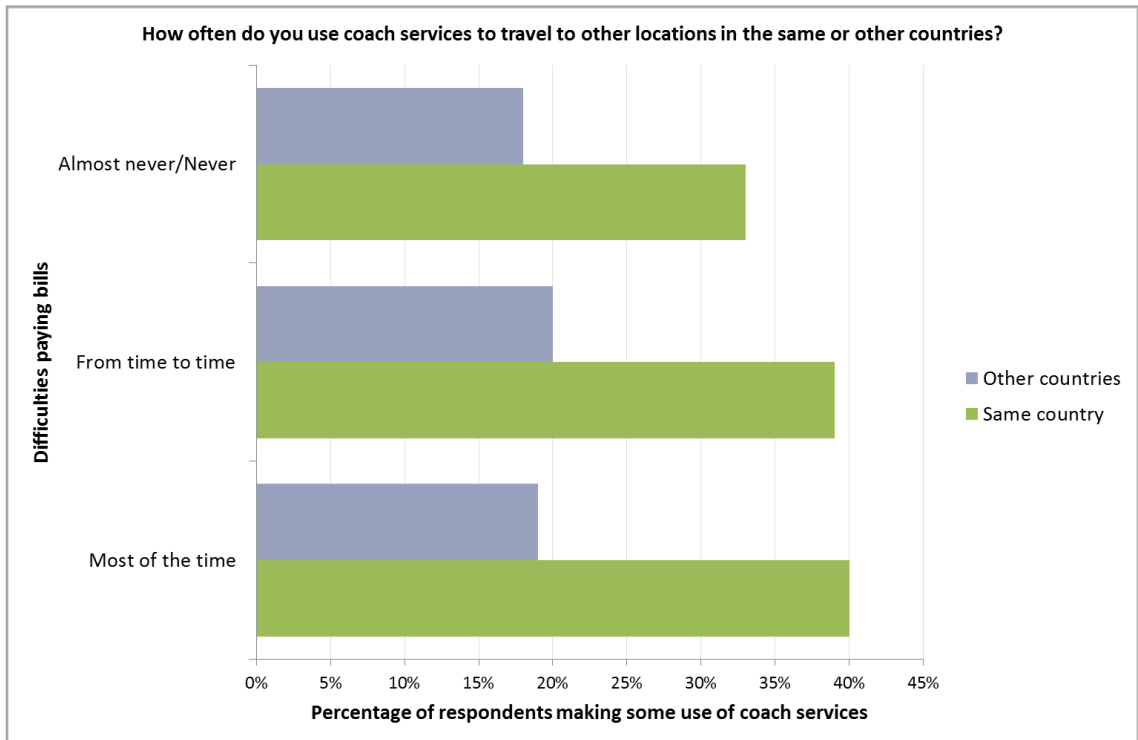


Frequency of use between countries

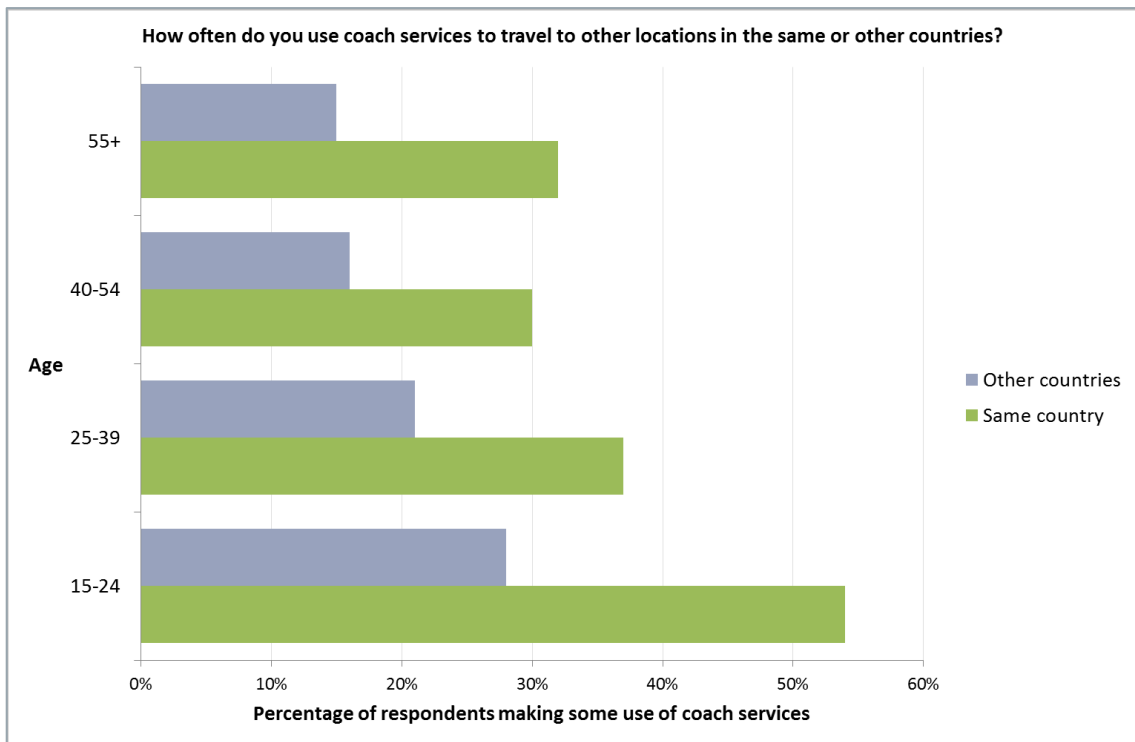


D.2 Economically disadvantaged groups make marginally greater use of coach services. People under 24 make much greater use of them than other age groups.

Frequency of use among economically disadvantaged groups



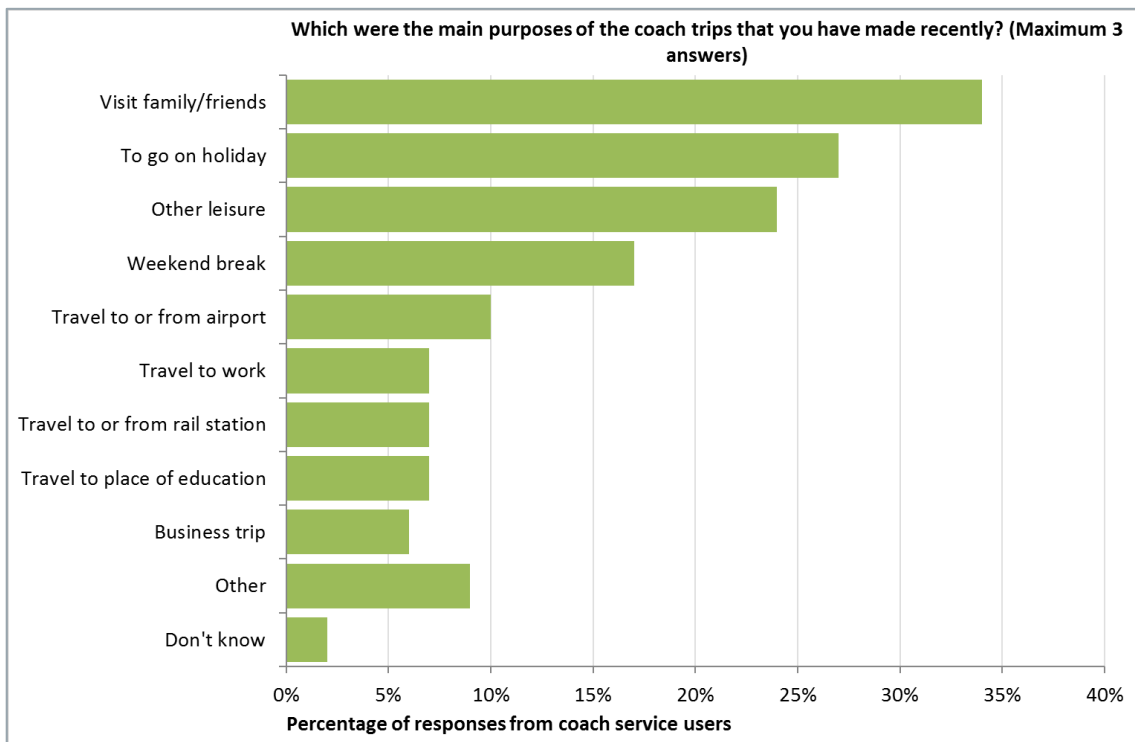
Frequency of use among different age groups



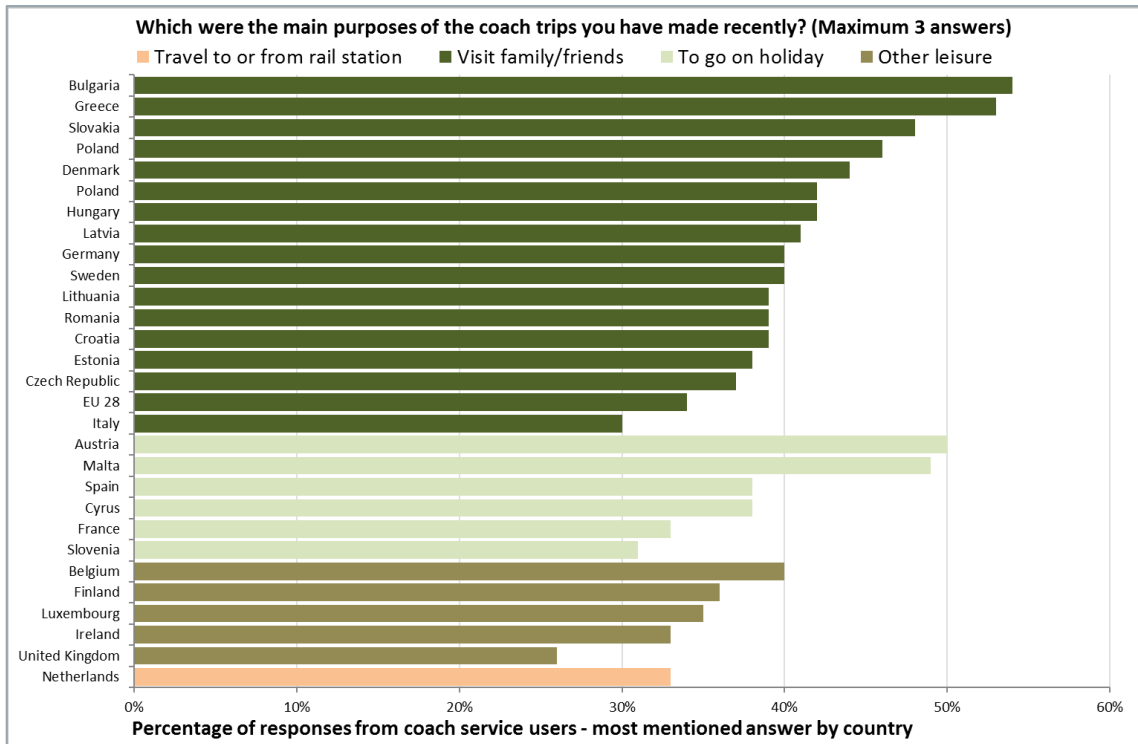
Purpose of travel by coach

D.3 Most trips by coach are made for leisure purposes, although coach services do support some work-related travel. Among economically disadvantaged groups, coach services are an important means of visiting family and friends.

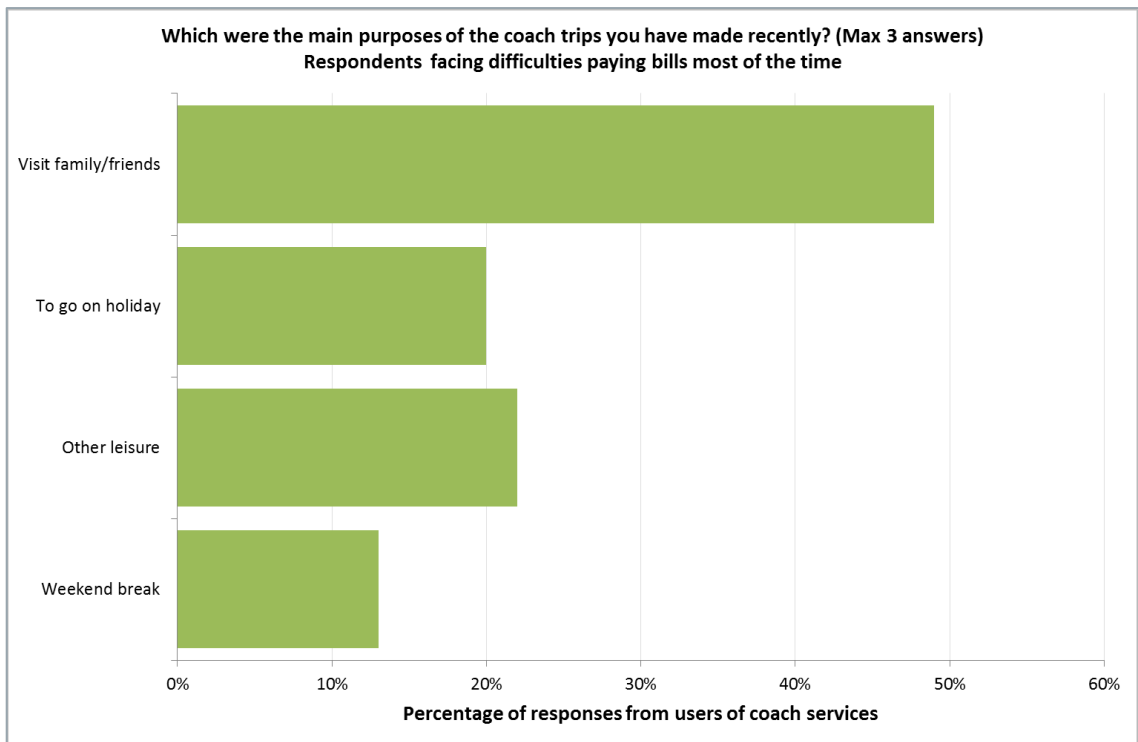
Purpose of travel – whole EU



Purpose of travel – by country



Purpose of travel among economically disadvantaged groups



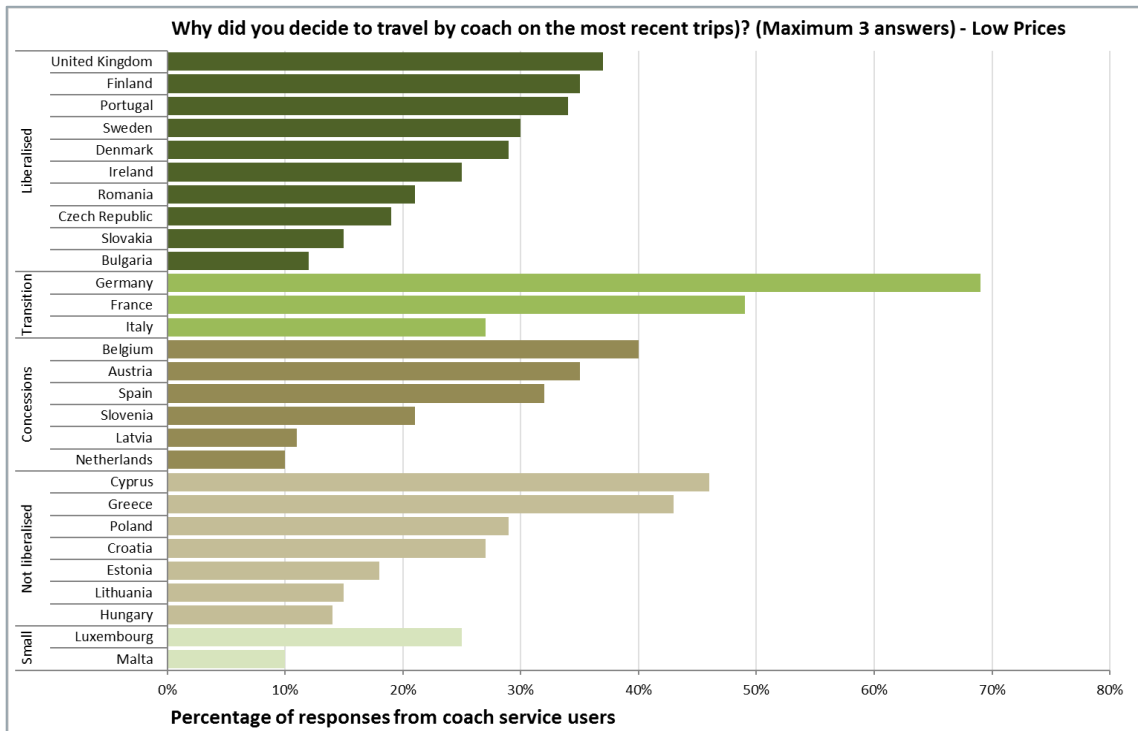
Reasons for choosing coach services

Reasons among existing users

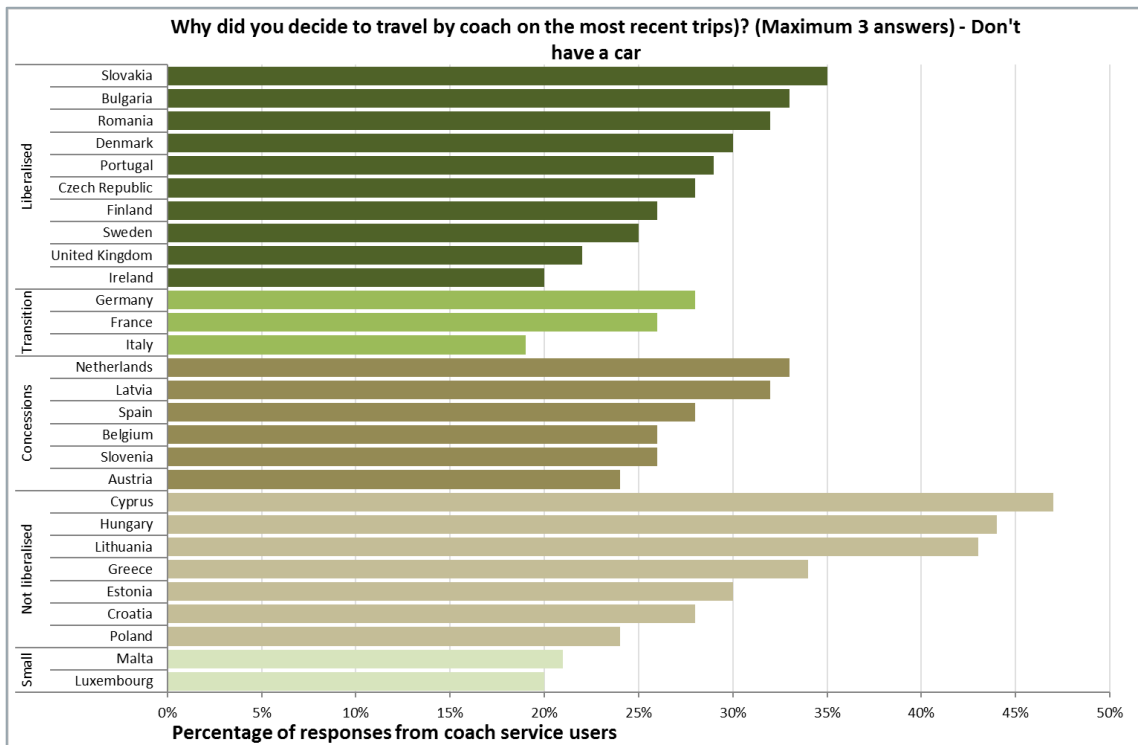
D.4 Among existing users, the primary reasons for choosing coach services are lack of access to a car and the low prices available from coach operators. There is some evidence that users are

particularly sensitive to pricing in the newly liberalised countries: this may reflect the temporary reduction in coach fares in the first few years after liberalisation which was observed in the United Kingdom (see Appendix Figure F.17).

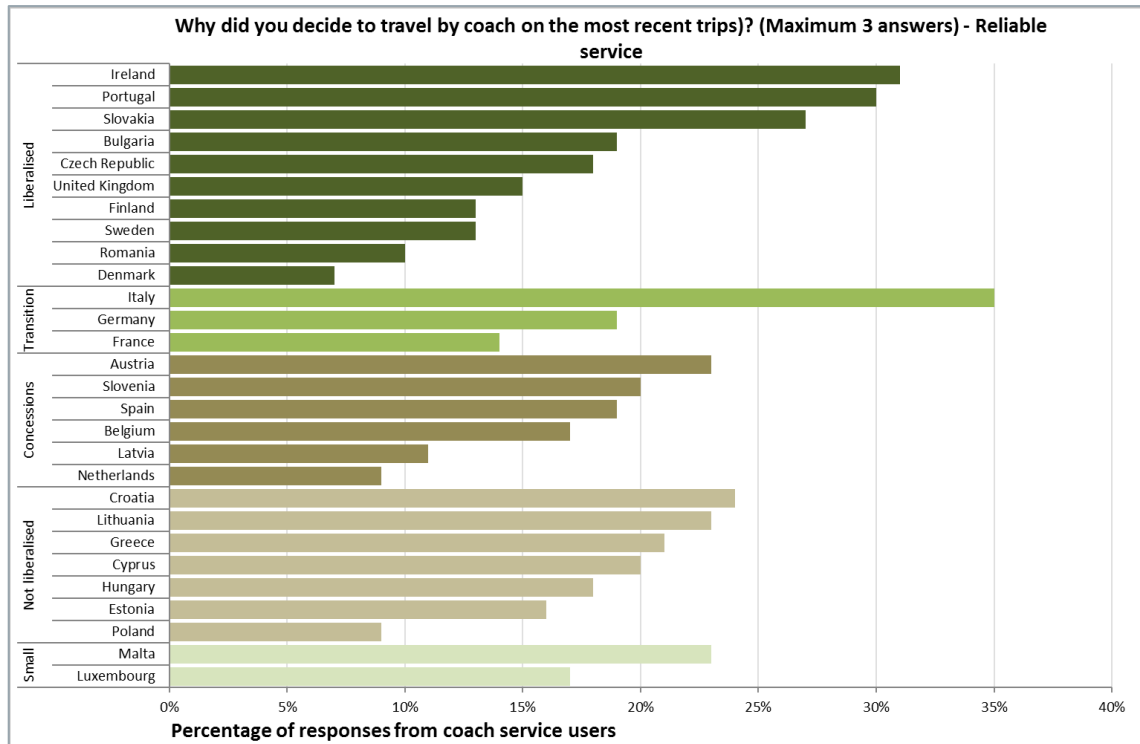
Low prices



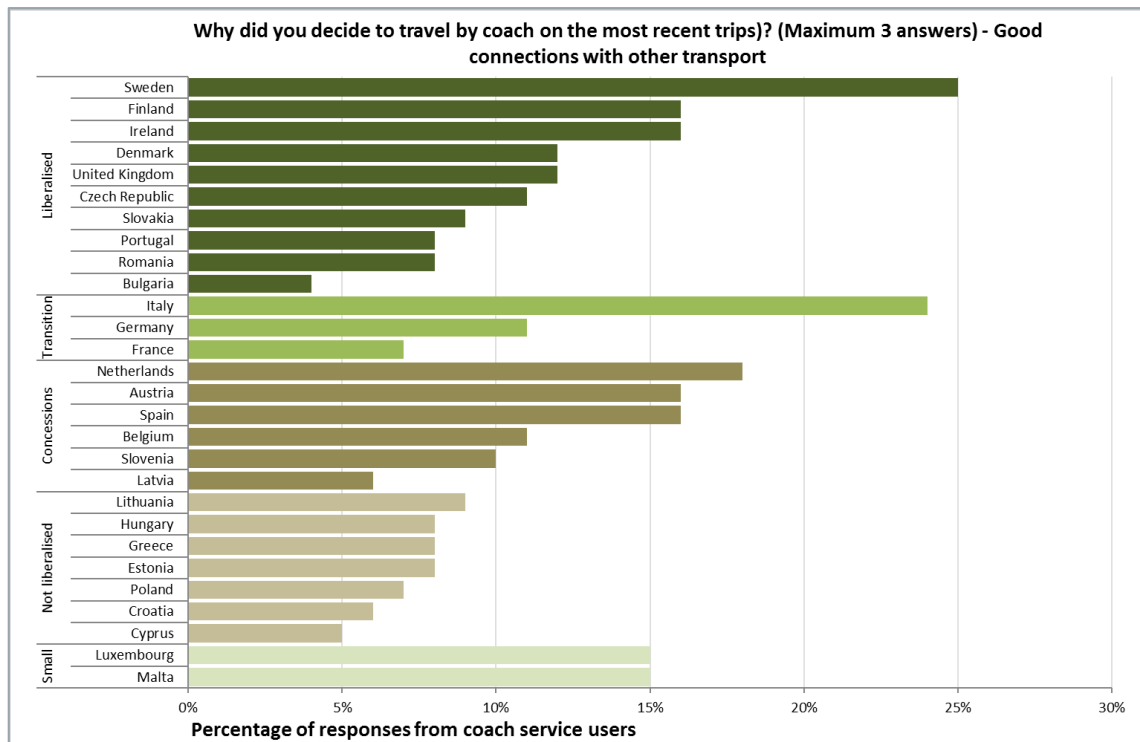
Lack of access to car



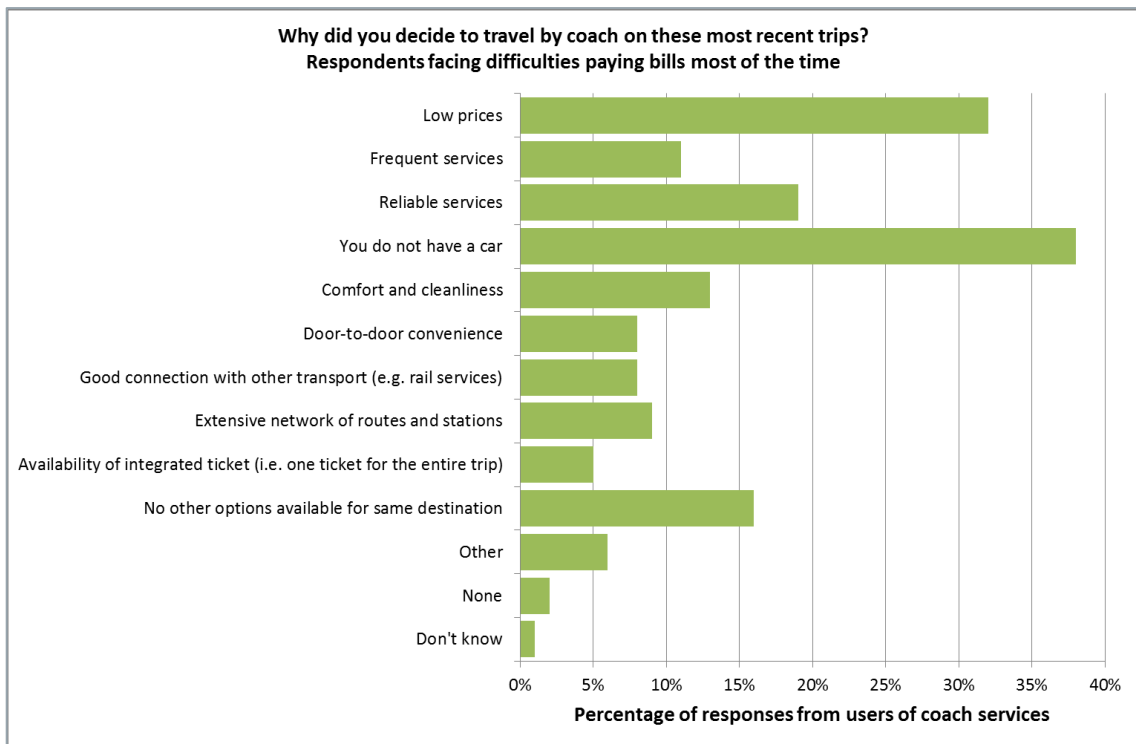
Reliable service



Good connections with other transport



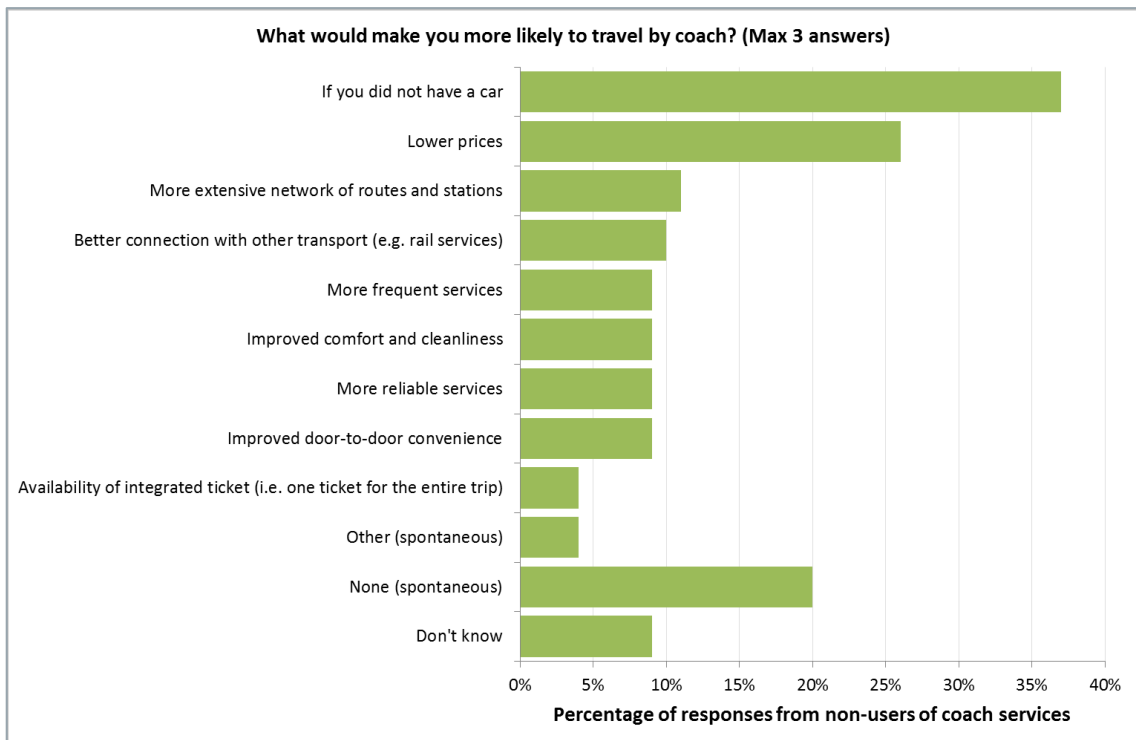
Reasons to make use of coach services among economically disadvantaged groups



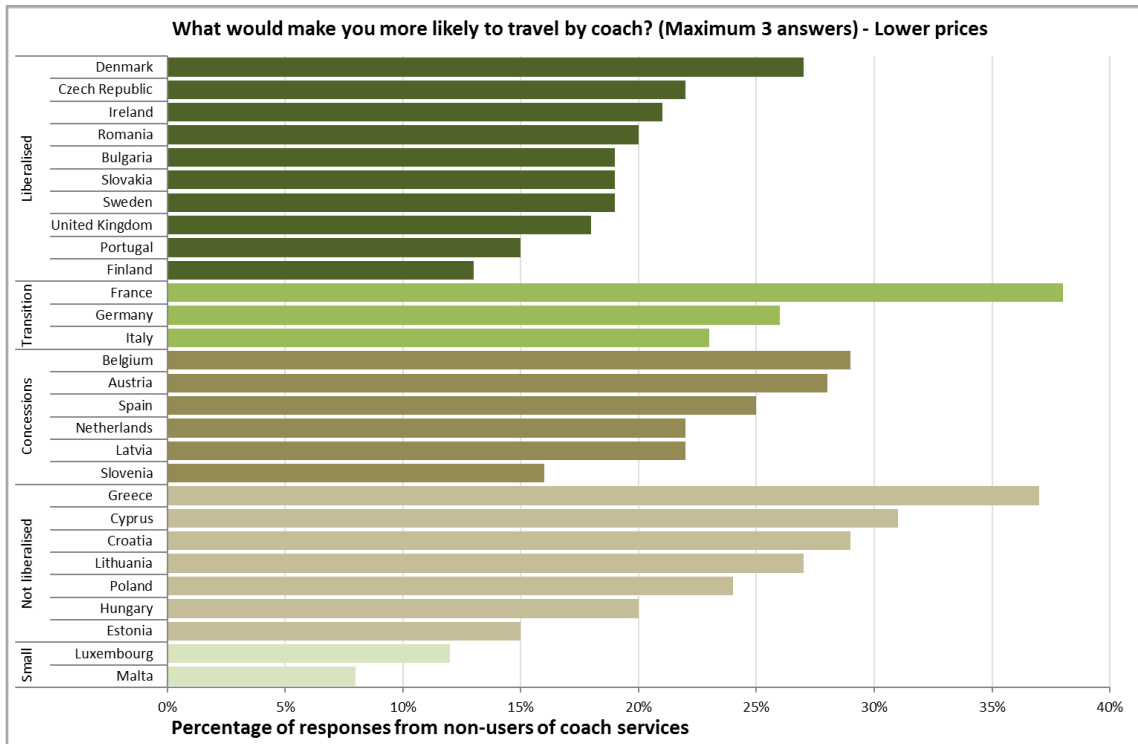
Reasons among non-users

D.5 Non-users are also influenced by car availability and pricing.

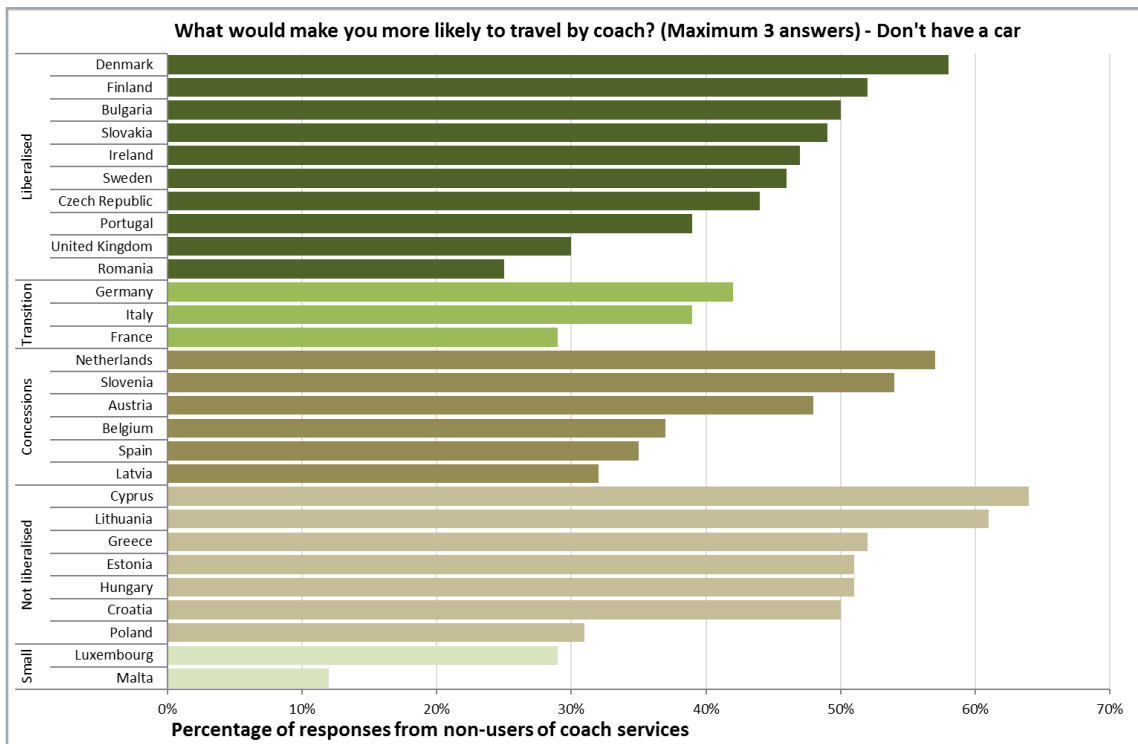
Reasons to make use of coach services – whole EU



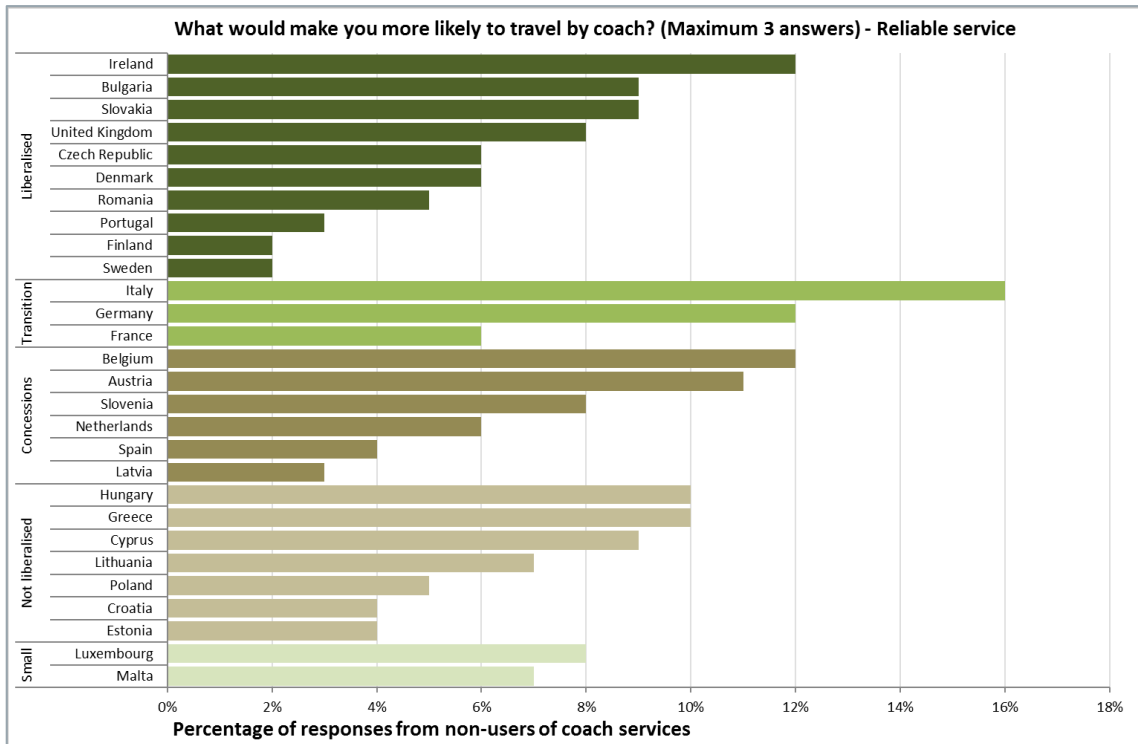
Lower prices



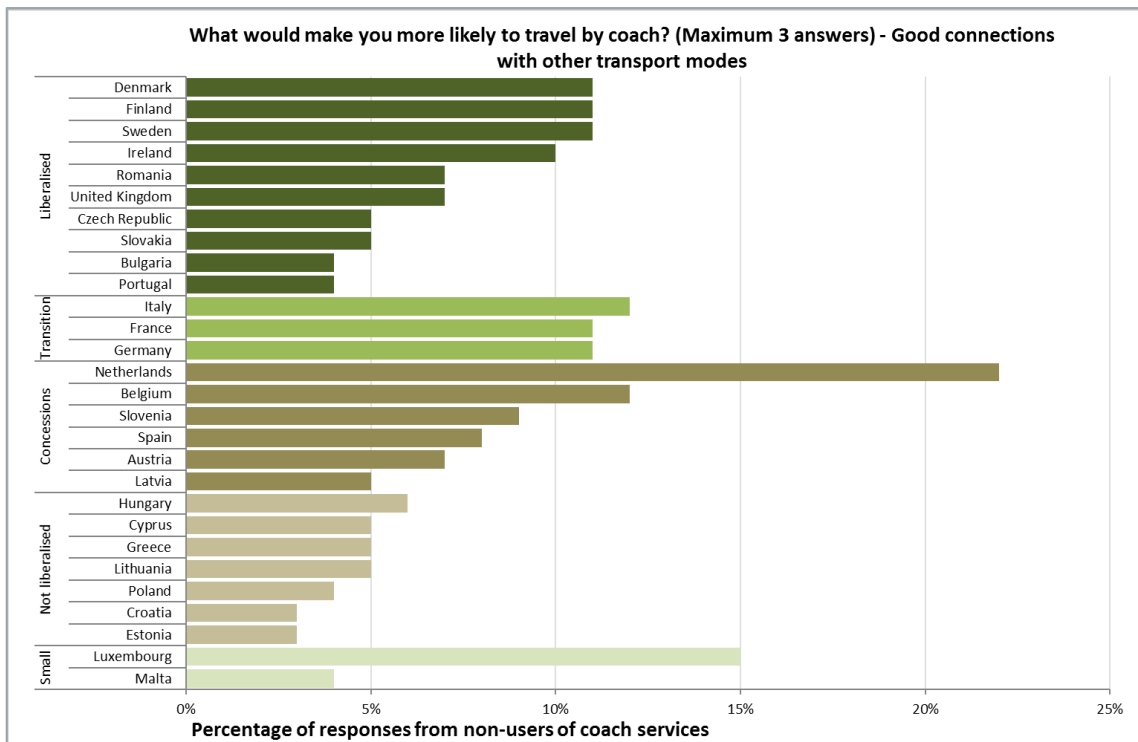
Lack of access to car



Reliable service



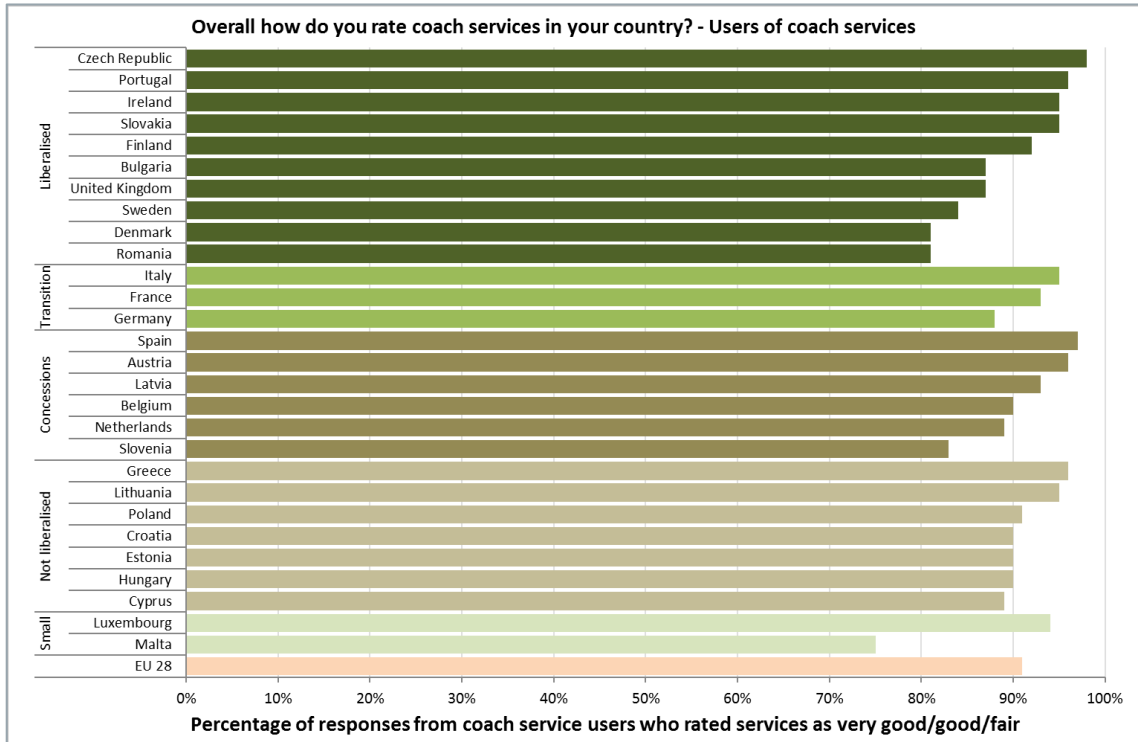
Good connections with other transport modes



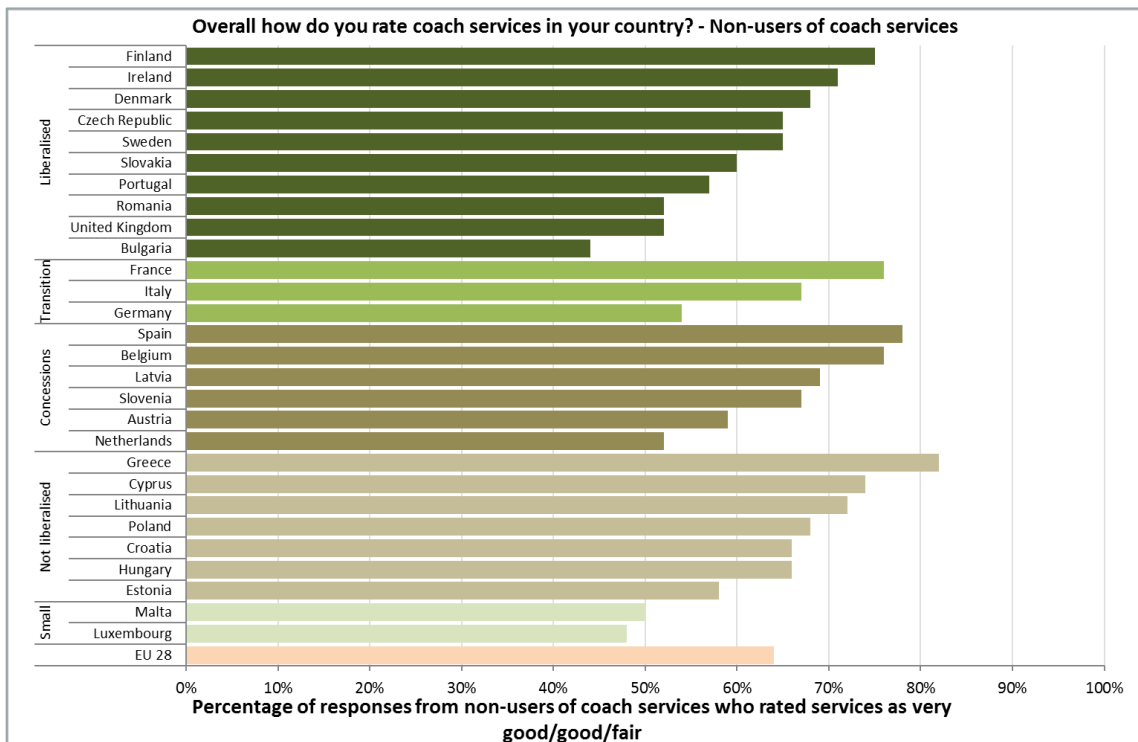
Perceptions of service quality

D.6 There is no evidence that perceptions of service quality differ materially according to the degree of market liberalisation.

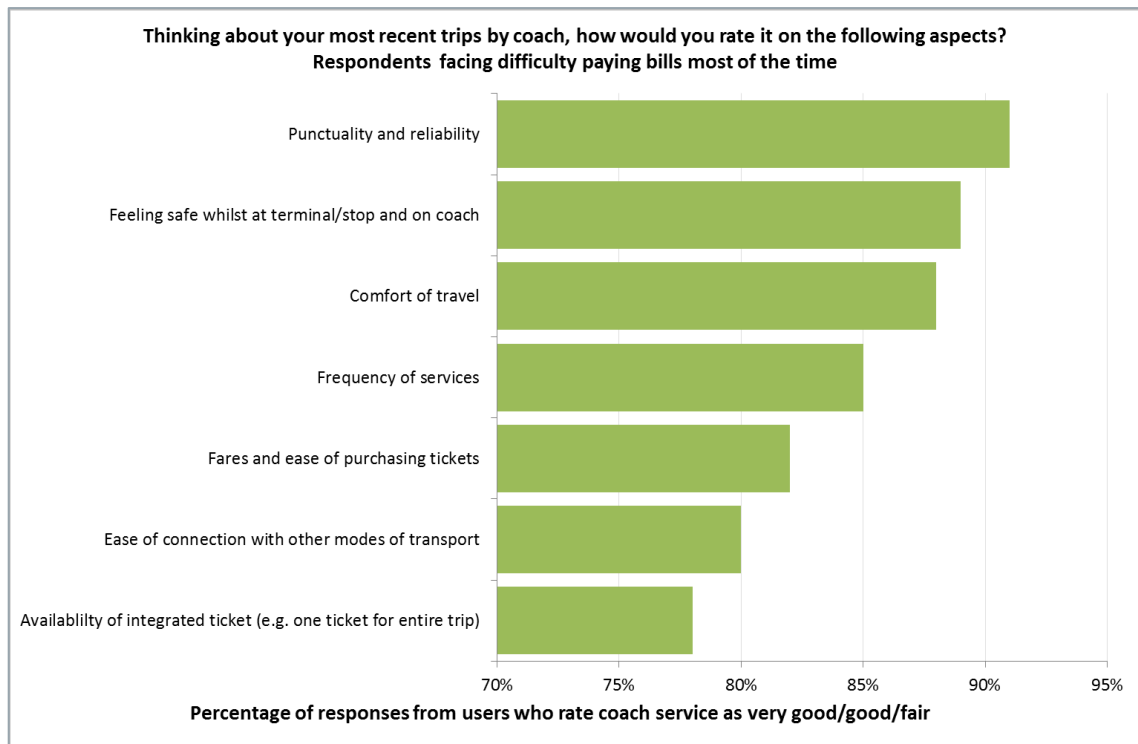
Perceptions of overall service quality among users



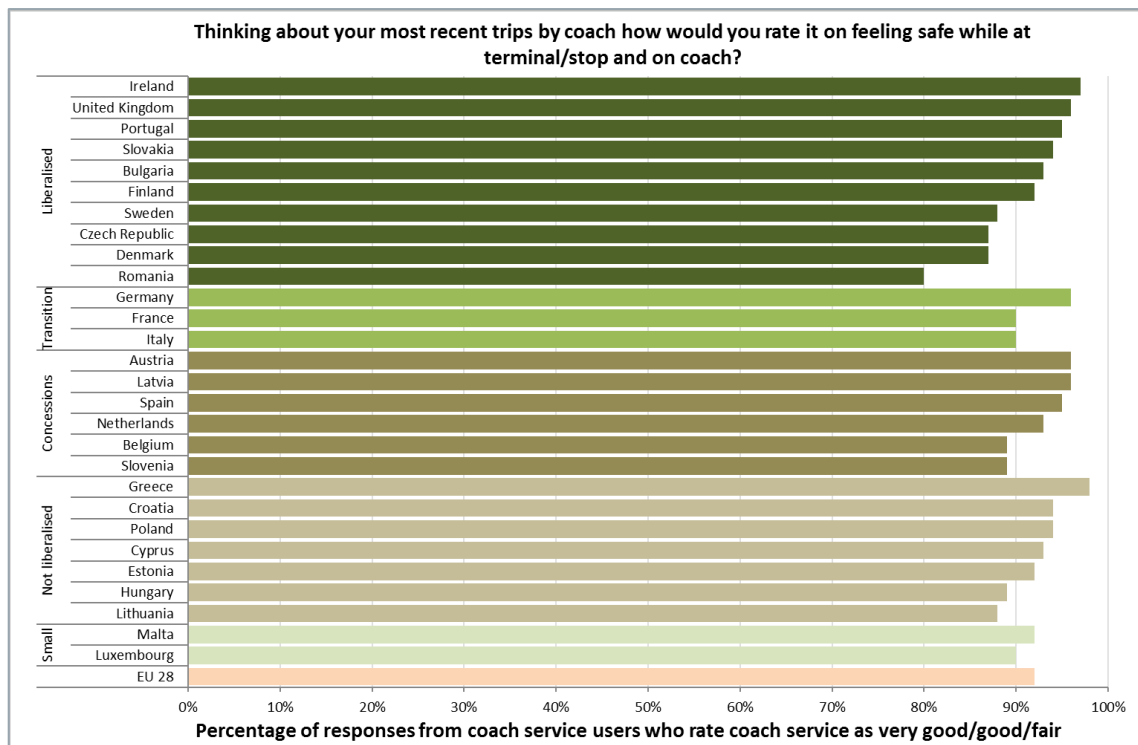
Perceptions of overall service quality among non-users



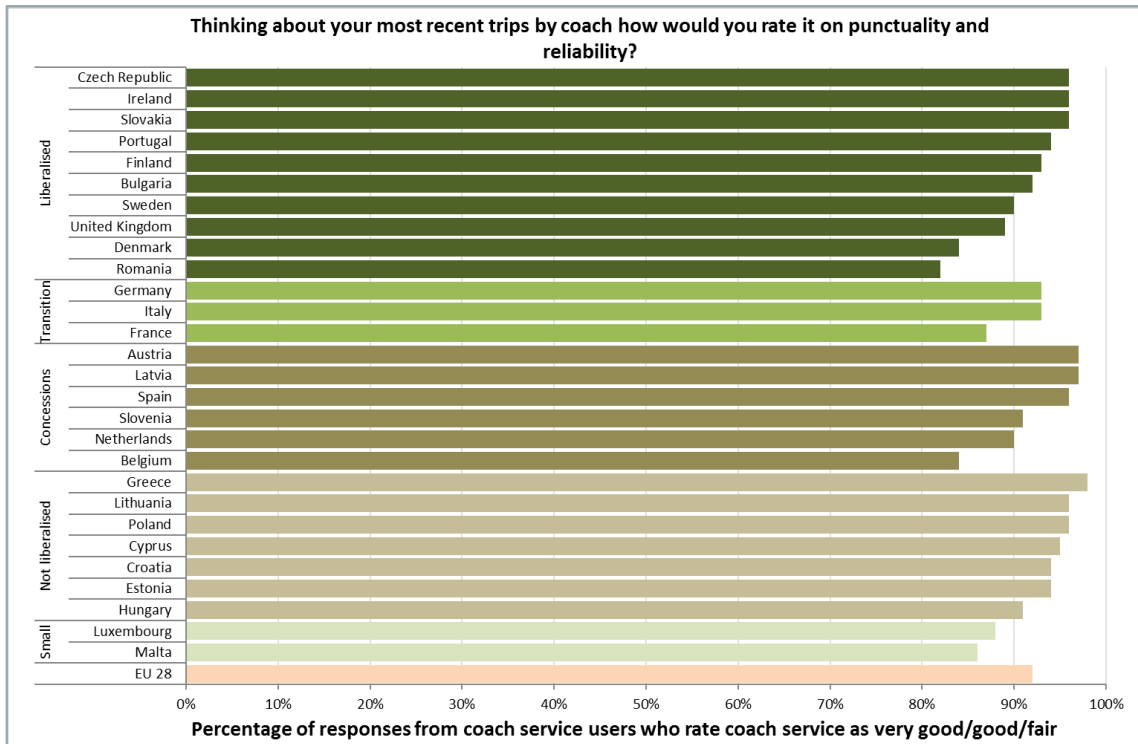
Perceptions of specific aspects of service quality among economically disadvantaged groups



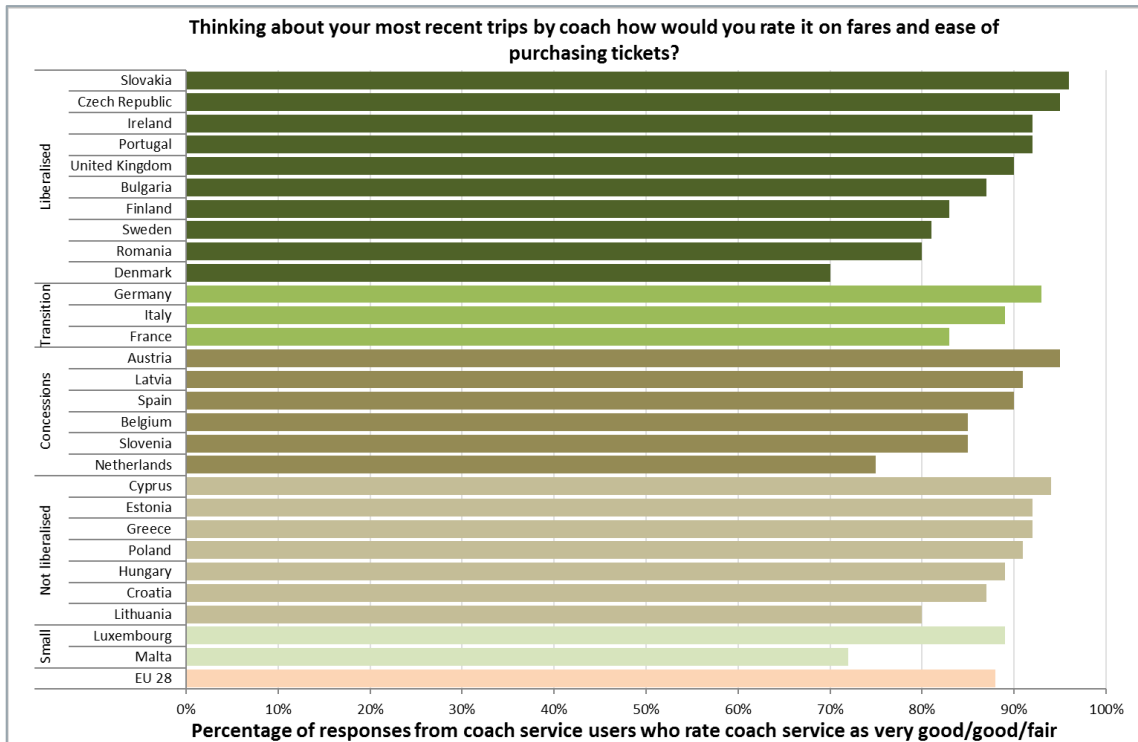
Perceptions of safety at terminals/stops and on coach by country



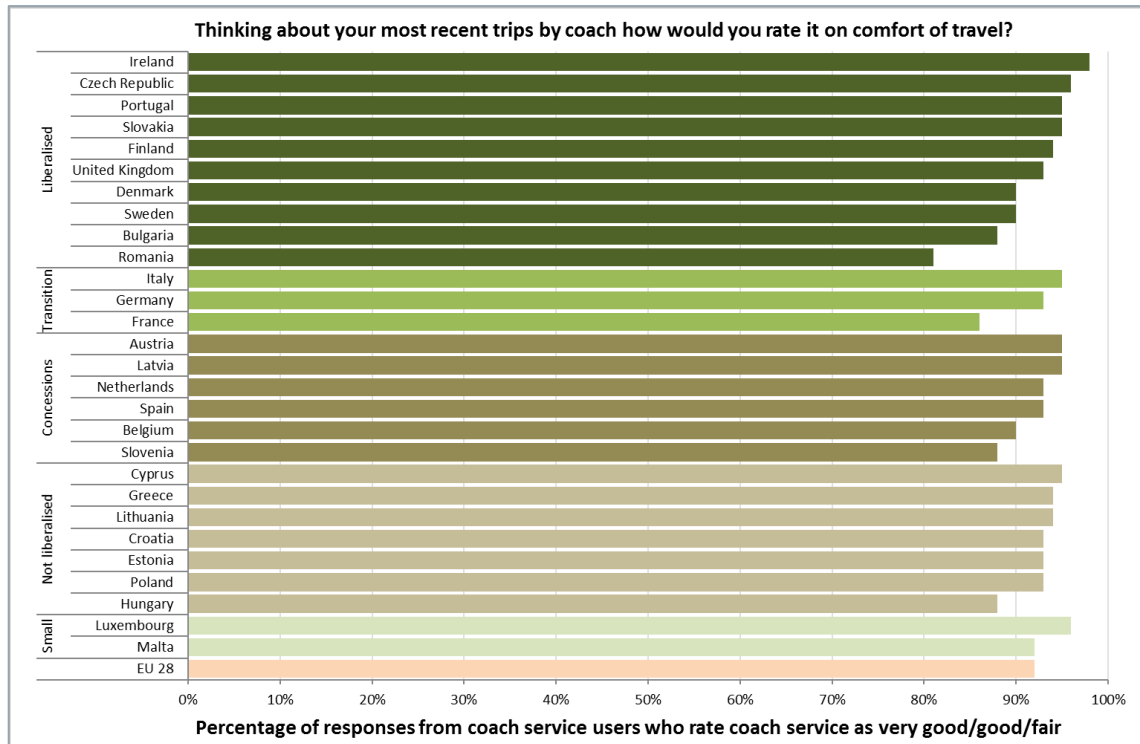
Perceptions of punctuality and reliability by country



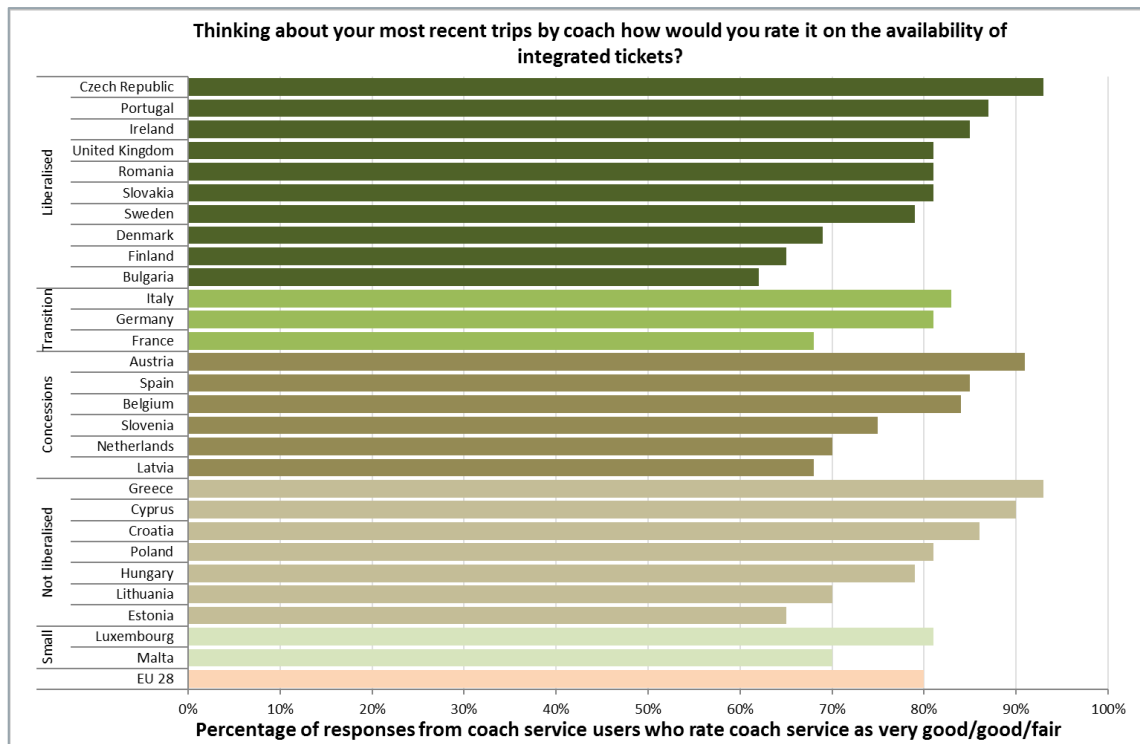
Perceptions of fares and ease of purchasing tickets by country



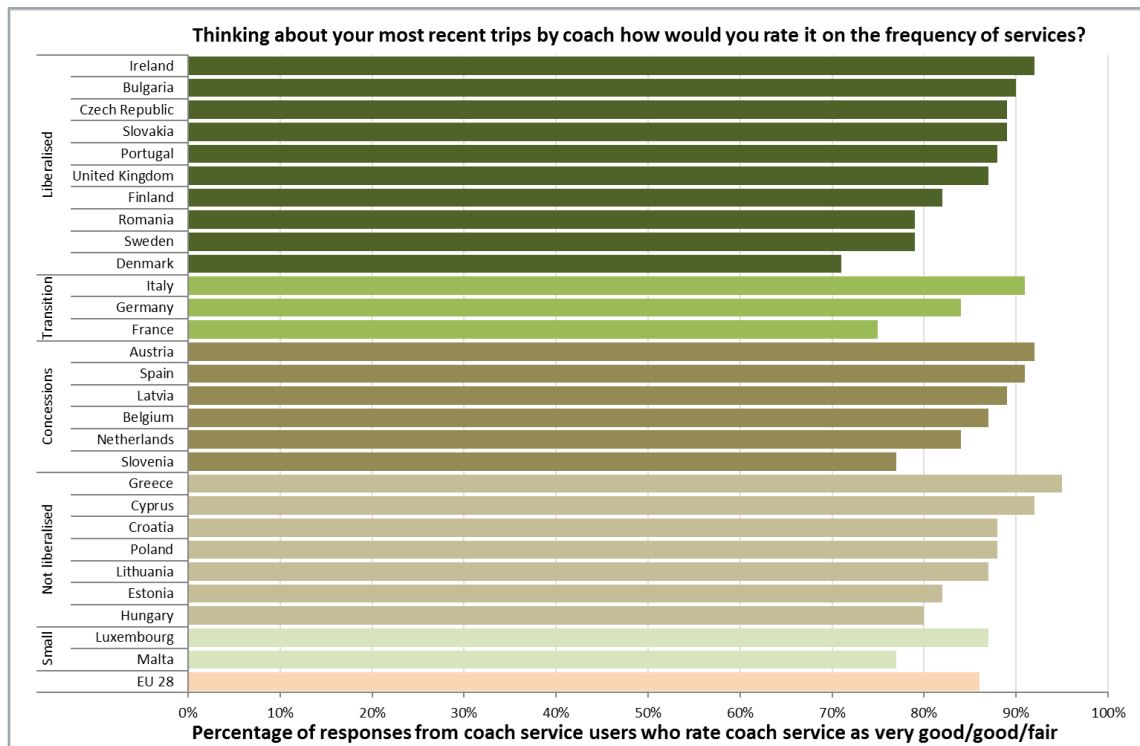
Perceptions of comfort of travel by country



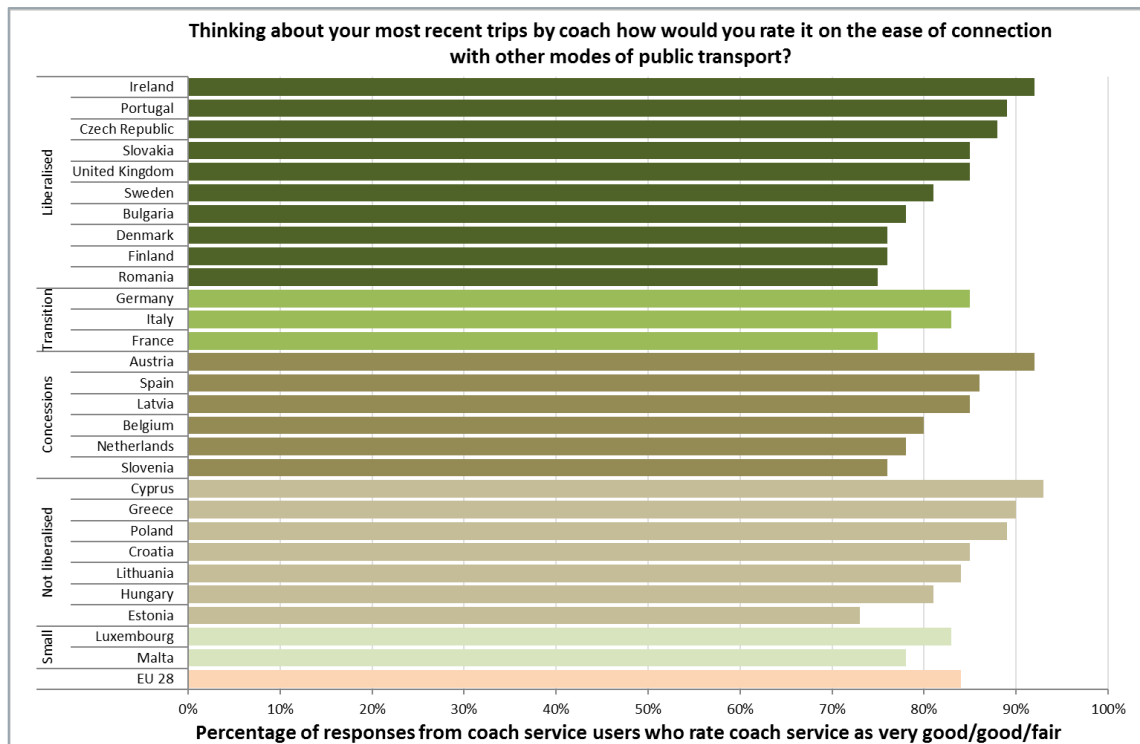
Perceptions of availability of integrated tickets



Perceptions of frequency of service



Perceptions of ease of connection with other modes



E Stakeholder opinions on options

E.1 Note that the options in the stakeholder consultation, referred to below, are not necessarily the same as the options subjected to impact assessment.

Figure E.1: clarifying certain definitions and provisions within the Regulation, in particular the definitions of 'international carriage' and 'regular services'

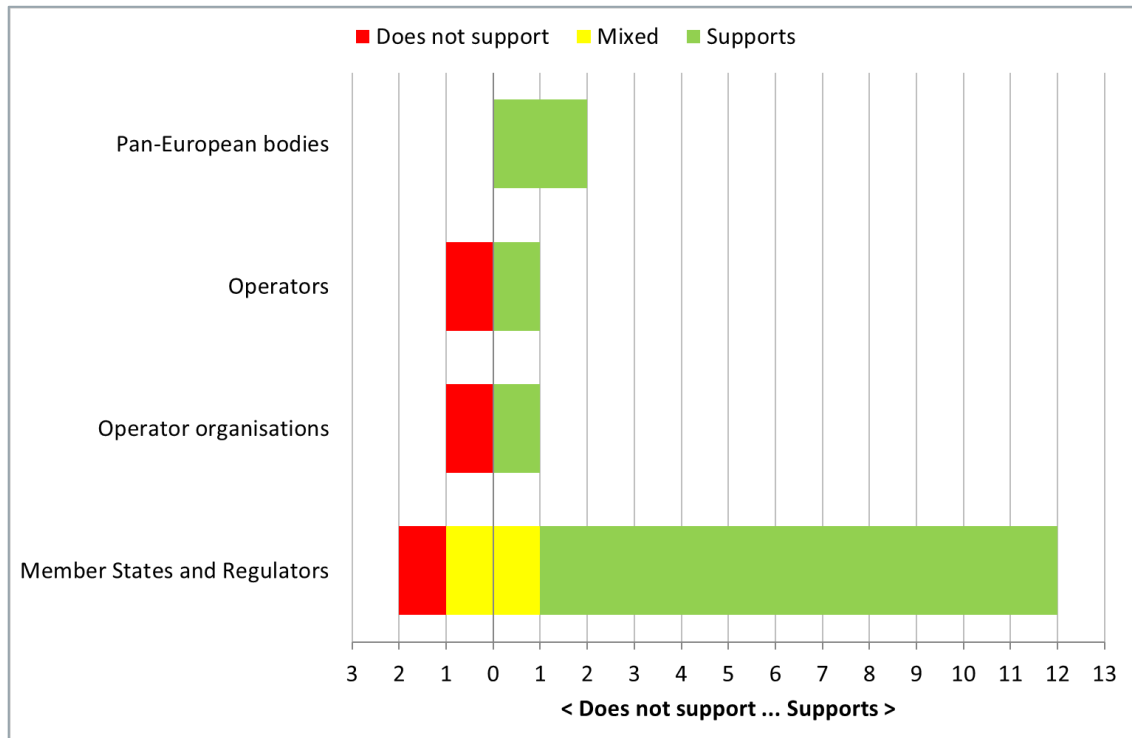


Figure E.2: abolishing the requirement for occasional services to require a journey form

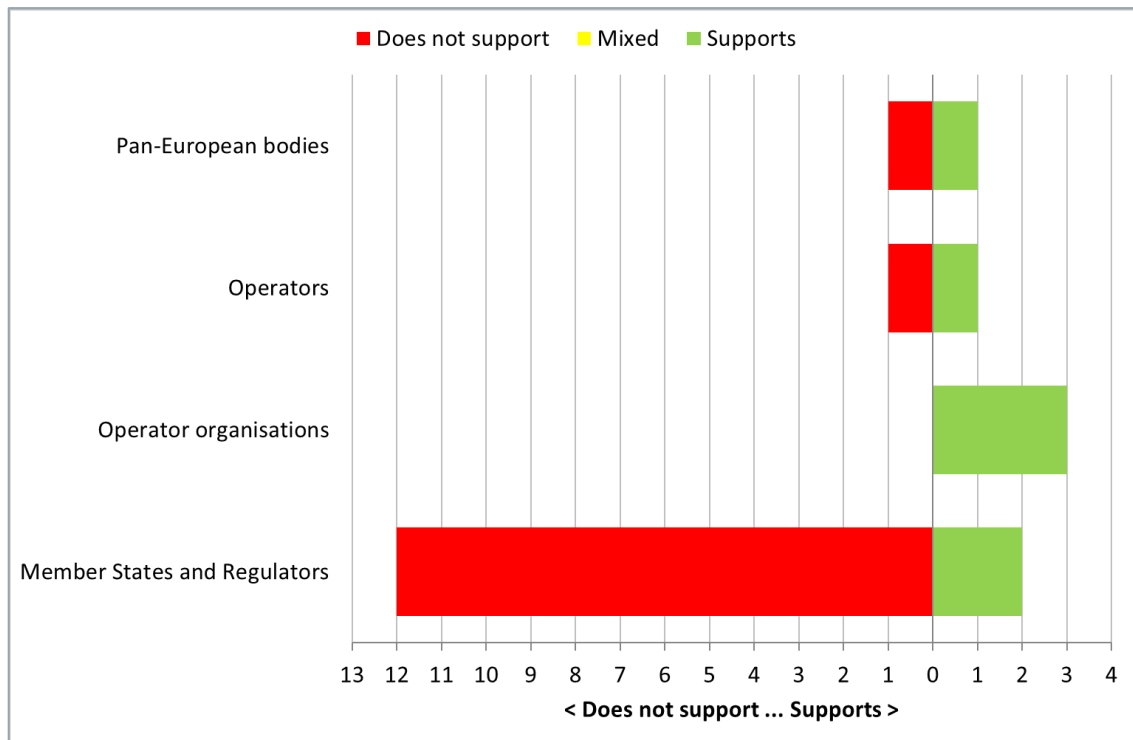


Figure E.3: extending the scope of the Regulation to include all regular services

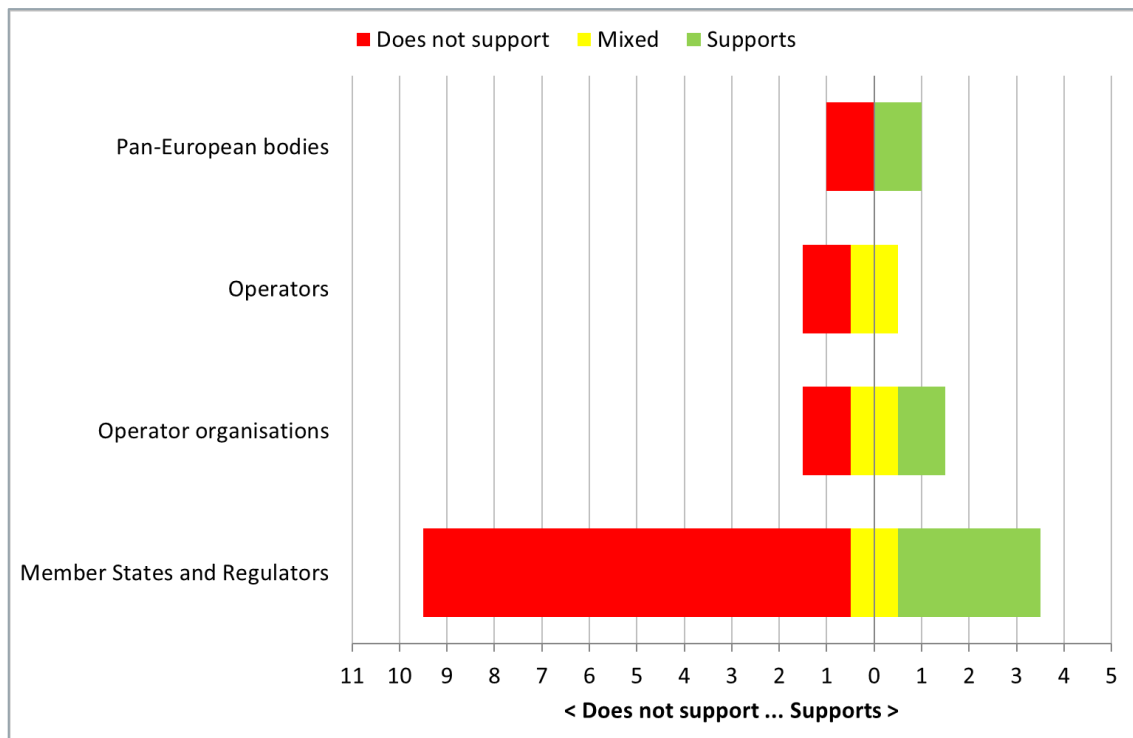


Figure E.4: requiring that carriers from all Member States be guaranteed access to national regular services markets without discrimination

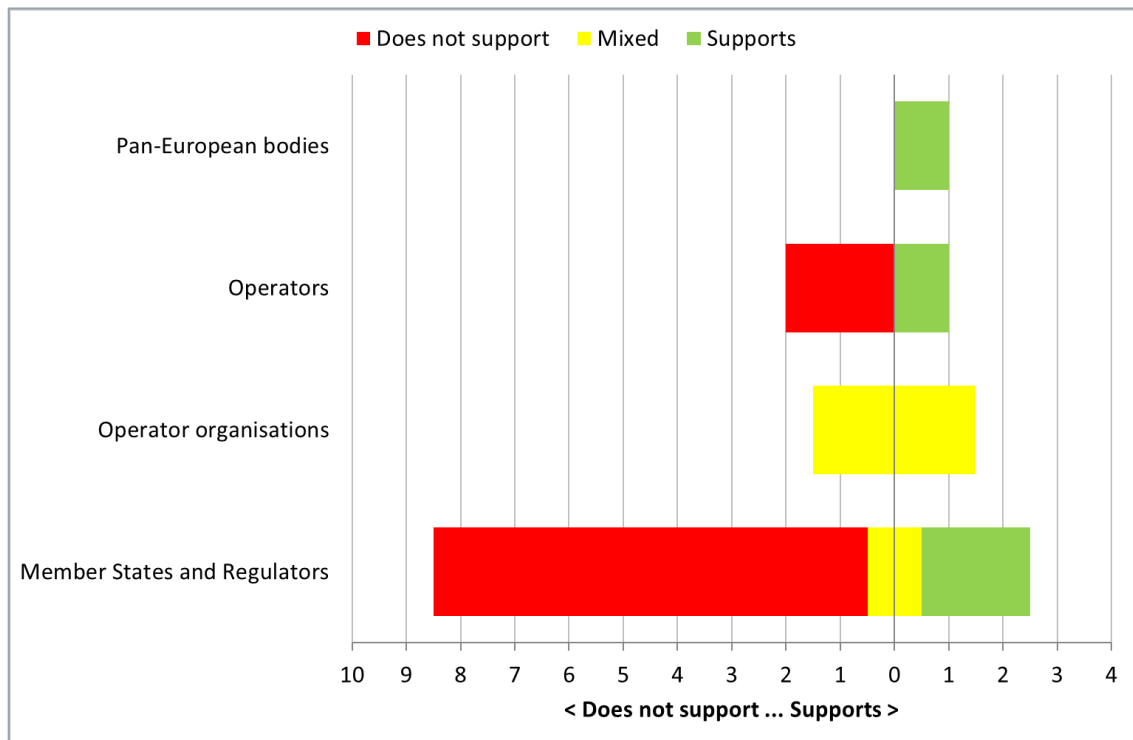


Figure E.5: setting common requirements for the protection of public service contracts

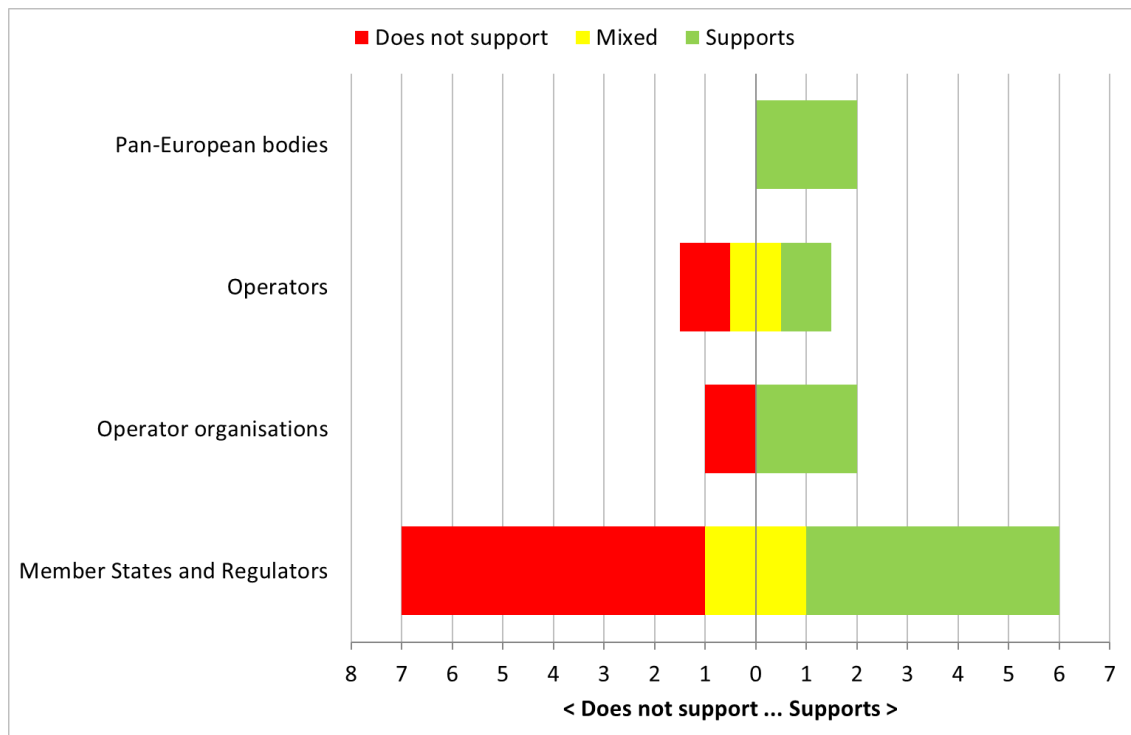


Figure E.6: abolishing the authorisation procedure

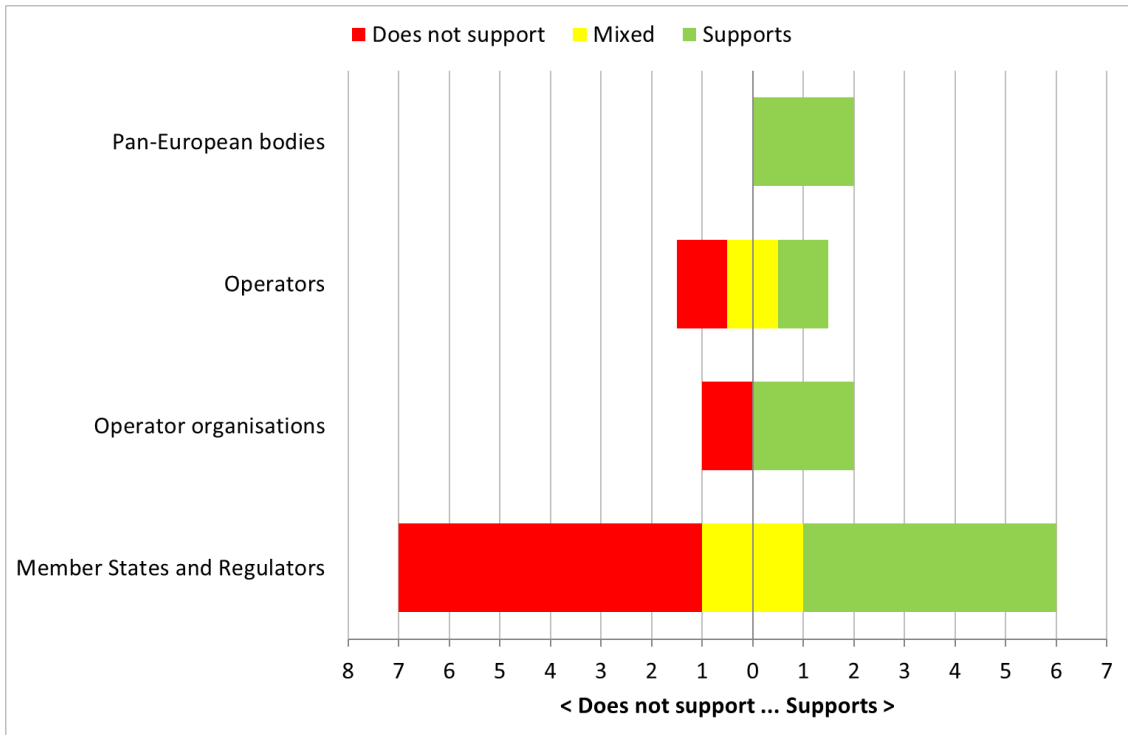
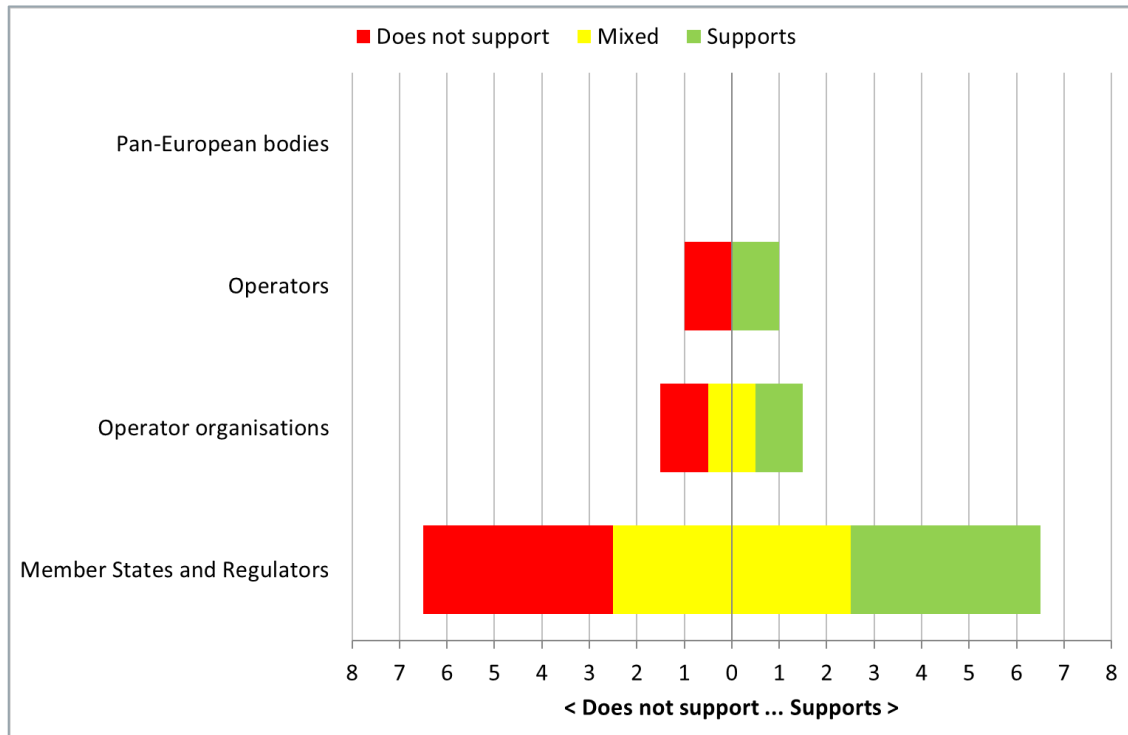


Figure E.7: defining a terminal for the purposes of the legislation as well as procedures for declaring terminals to be congested and for planning and implementing capacity requirements



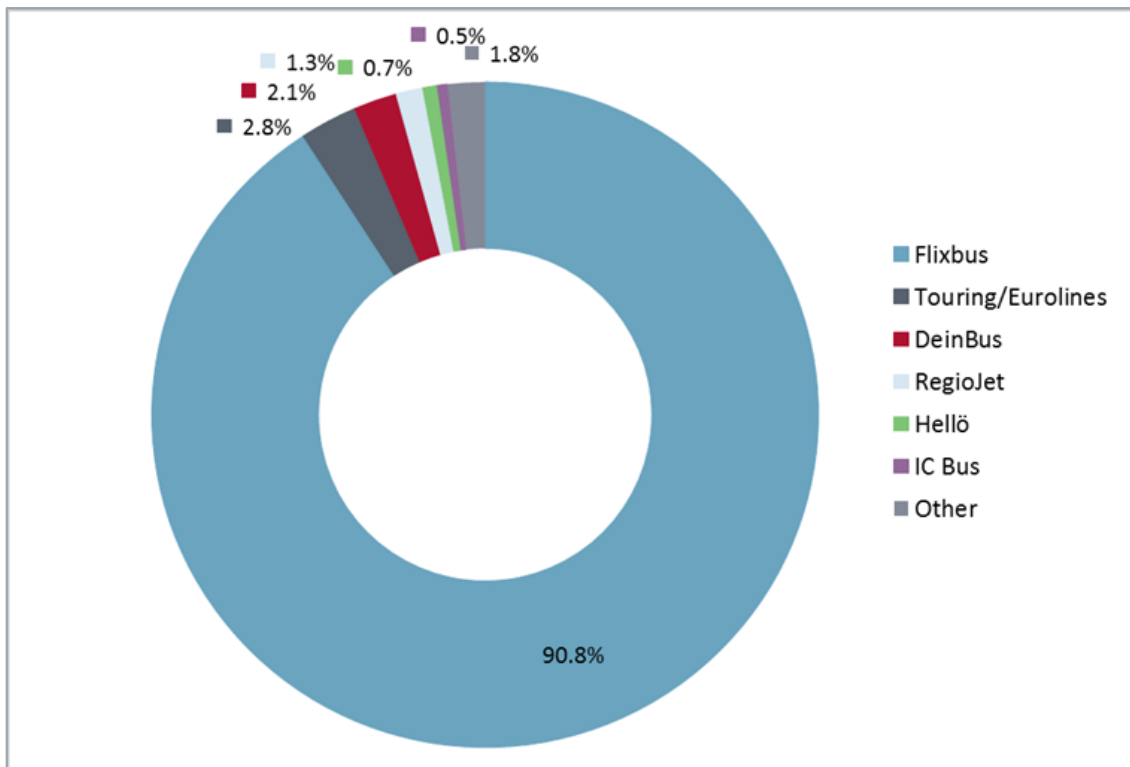
F Case studies

Germany

Introduction

- F.1 Following a history of strict regulation, the German market for long-distance regular coach services was liberalised under the current legal framework in 1 January 2013. Previous regulation granted the German incumbent rail operator, Deutsche Bahn (DB AG) protection from intermodal competition from coach services through a series of discretionary criteria for allowing access to the market.
- F.2 Since liberalisation, the market has seen substantial growth. While the period immediately following liberalisation was focused primarily on the creation of a dense nationwide coach network, trends suggest that growth of the domestic network will level out in the near future. Current growth in the market is driven by the expansion of the international offer, the entry into other liberalised coach markets abroad and the expansion of night- and express routes.
- F.3 From 2015 onwards, the market has consolidated significantly through mergers and acquisitions of existing operators and as a result of operators leaving the market due to intensive intermodal competition. At the beginning of 2017, the market share of FlixBus had reached over 90%.

Figure F.1: market shares for German coach market (January 2017)



Source: IGES, 2017.

F.4 Even though full effects of the liberalisation on other modes have not been fully determined and vary widely between sources, the general consensus suggests liberalisation of the coach market has had the greatest effect on the rail market. Strike action on the railway network has also been observed to have had significant impacts, at least temporarily, on modal shift from rail to coach.

F.5 Issues relating to access, congestion and discrimination at terminals exist, partly as a result of the speed of market growth since 2013 as compared with the speed of the planning process.

The liberalisation process

History of coach services in Germany

F.6 The current legal framework for the German coach market has been in place since 1 January 2013 and has followed a history of strict regulation of long-distance regular coach services, dating back to the late nineteenth century.

F.7 Coach services in Germany are regulated by the Passenger Transportation Act (Personenbeförderungsgesetz (PBefG)), the first one of which came in force into 1934. Under the PBefG, bus and coach operators needed to fulfil objective criteria, including safety and capability requirements, as well as discretionary criteria which were applied by the competent authority. These discretionary criteria were justified on the basis that the “transport interests of the public” had to be upheld. Authorisation was not granted where:

- the service in question could be provided with the existing transport supply; or
- the service in question would not significantly improve services already offered by existing operators or railways; or

- existing services were incompetent, but existing operators were willing to improve services within a time limit set by the competent authority

F.8 The amendment of the PBefG in 1961 retained those restrictions, but shifted the rationale for restrictions from the protection of rail services from intermodal competition to a responsibility of the state to provide rail services as part of its public service obligation. As a result of the discretionary criteria, the German incumbent rail operator, Deutsche Bahn (DB AG) had guaranteed protection from intermodal competition from coach services for decades.

F.9 Exceptions to the registrations were granted for regular coach services between West Berlin and Western Germany, as they provided a transport service that was independent of rail services of the former German Democratic Republic (GDR). Following German reunification, these services were retained on the basis of protection of acquired rights of the bus operator and have significantly shaped later developments of the coach network.

F.10 Despite changes to the railway reform in 1994, which removed DB AG's obligation to provide long-distance services, the PBefG was not significantly amended and the restrictions for long-distance regular coach services were retained.

Market liberalisation 2009-2013

F.11 Full market liberalisation did not come into force until January 2013, but the market for long-distance regular coach service started to gradually move towards liberalisation from 2009, following a series of legal and political decisions. An amendment of the PBefG was agreed in 2009 by the Government coalition, which included the opening of the domestic market for long-distance regular coach services.

F.12 In 2010 the Federal Administrative Court agreed on the benefits that a significantly less costly service would have for a significant improvement of the transport offer. The Court decided that an existing rail service may no longer be the exclusive basis of the route authorisation decision-making process. In 2010 another court ruling established that responsibility for deciding whether a service is regular or "charter" (occasional) lies with the competent authorities of the Federal States. From 4 December 2011, Germany became subject to the liberalisation of international services, including cabotage, specified in Regulation 1073/2009.

F.13 As a consequence of the number of political and legal decisions since 2009, the Federal Government brought forward an amendment of the PBefG to open the market for long-distance regular coach services in Germany. The amended law was approved by the Parliament on 27 September 2012, agreed by the Bundesrat on 2 November of the same year, and came into force on 1 January 2013.

The liberalised market

F.14 Four years after the liberalisation came into force, the supply of long-distance regular coach services has increased substantially. Operators are now only required to meet minimum standards related to safety and professional capability of the company and staff, as well as to have their legal offices in Germany. Any coach operator who meets those standards can apply to operate a specific long-distance regular service to the competent authority at the service's starting point. The authorisation process usually takes up to three months and authorisation is granted for a maximum of 10 years. Neither timetables nor fares require authorisation, although the former must be communicated to the competent authority.

- F.15 Although the PBefG was amended to remove the protection of rail services from regular coach services, it still contains two clauses to protect publicly subsidised regional rail services and public transport from competition from coaches. Authorisations for regular coach services may therefore only be granted where:
- the distance between two stops is greater than 50 kilometres; and
 - no regional rail service exists with a journey time of less than one hour to connect these stops.
- F.16 Exceptions may be granted in cases where the local transport offer is insufficient and the ridership of existing services is affected insignificantly. However, this definition has raised questions about what is considered a relevant coach stop to determine the distance of 50 kilometres, and how that distance should be measured.
- F.17 Stakeholders such as the Bundesverband Deutscher Omnibusunternehmer (German Bus and Coach Operators Association (BDO)) have generally confirmed the success of the liberalisation process in Germany, and are supportive of creating a common set of rules for liberalising markets to reduce the administrative burden caused by different national regulations and to facilitate market entry.

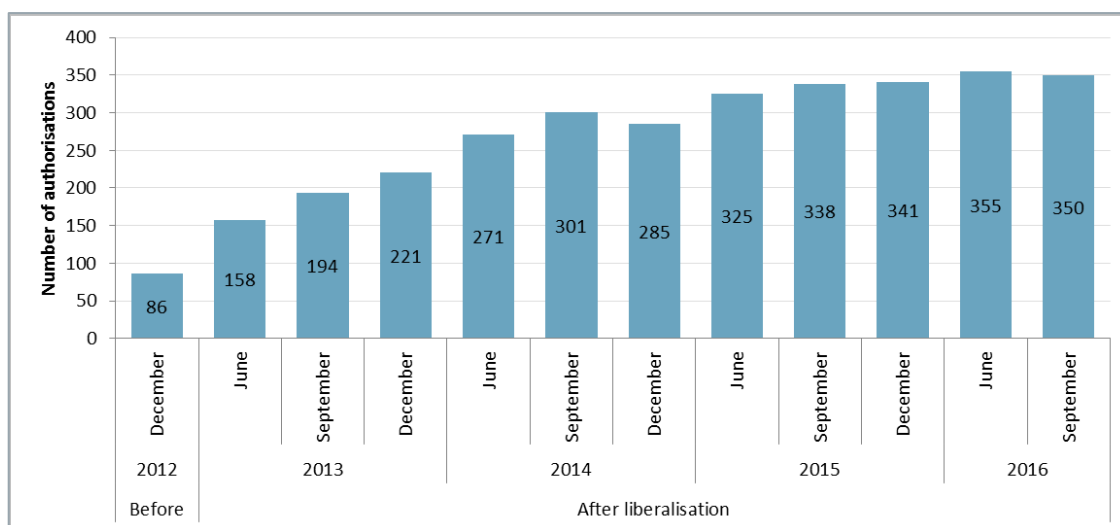
Effects on the provision of coach services

General trends

- F.18 The market for long-distance regular coach services has seen a steady growth since its liberalisation in 2013. Data from the Ministry of Transport and Digital Infrastructure (BMVI)⁴⁶ shows that the number of authorised services has grown from 86 just before liberalisation in December 2012 to 350 in September 2016, excluding three applications requests that were in the review stage of the authorisation process.
- F.19 Stakeholder responses regarding the authorisation process have been varied. Some stakeholders such as BDO are supportive of abolishing the authorisation procedure altogether, whereas others such as the Lower Saxony Ministry for Economic Affairs, Work and Transport would welcome more clarification, for example on the definition of regular services (“Linienverkehr”), as this is interpreted differently by different licensing authorities.

⁴⁶ BMVI (2016).

Figure F.2: authorised long-distance regular coach services in Germany



Source: Bundesministerium für Verkehr und digitale Infrastruktur (BMVI, 2016).

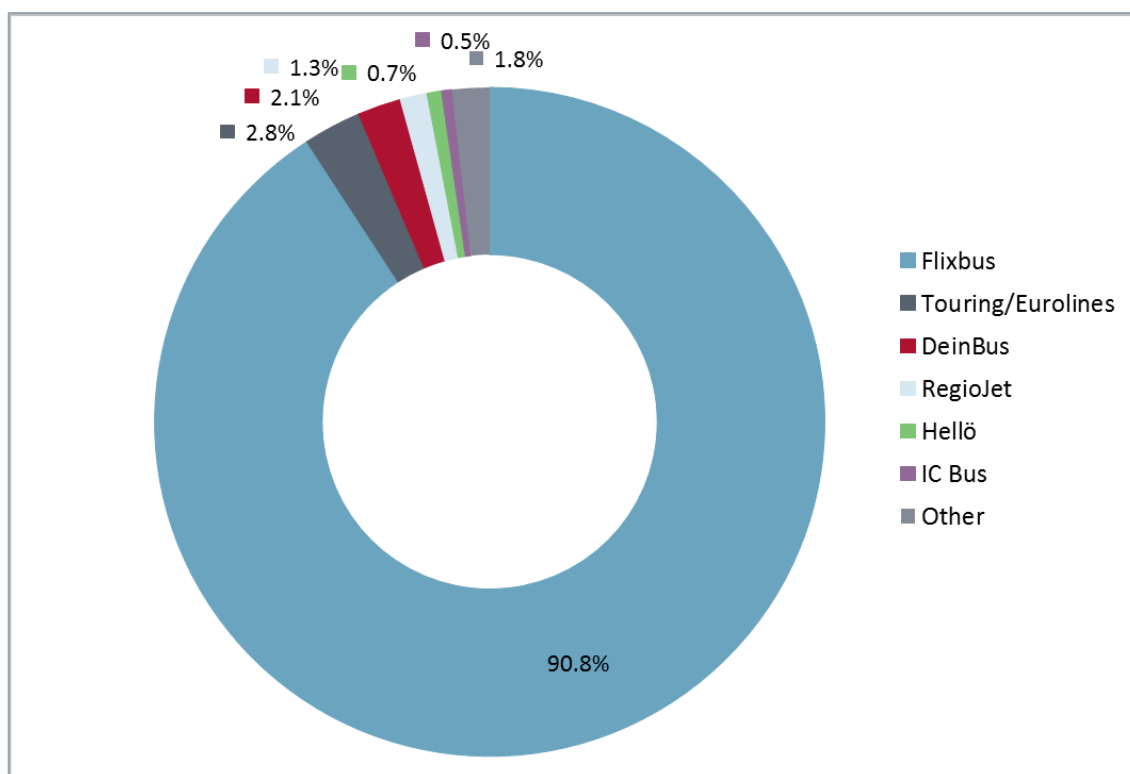
F.20 By August 2015, the total supply of long-distance regular coach services comprised around 9,500 weekly services on 308 routes, 35% more than the previous year. The number of total passenger journeys increased by 44% over the same time period. However, while the market continues to grow, the increase in connections to and from medium-sized and large cities appears to have levelled off, with 90% of all German cities with over 100,000 residents and over 50% of all cities with 50,000 to 100,000 residents being served by coach services at the beginning of 2016. The expansion of services since 2015 has been driven by an increase international routes and the entry into other liberalised long-distance coach markets abroad (BDO suggested that around one third of passengers are international).

Consolidation of the market

F.21 Since the initial phase immediately following liberalisation, which saw many new operators entering the long-distance coach market, the transport offer has consolidated significantly and is now concentrated around a few large operators. The merging of MeinFernbus GmbH and FlixBus GmbH and of Berliner Linien Bus and IC Bus (the long-distance regular coach service offer of the Deutsche Bahn) in 2015 had a major impact on market concentration.

F.22 In August 2016 it was further announced that MeinFernbus/FlixBus was acquiring the Postbus, increasing their market share to over 80%, and by the beginning of 2017 its share was estimated to be 91%.

Figure F.3: market shares for German coach market (January 2017)



Source: IGES, 2017.

F.23 No other operator currently holds a market share of more than 3%. However, the competition authorities have not taken action on recent mergers and acquisitions in the coach market; the combined revenue of the merging parties has not exceeded the 500 million euro threshold required to trigger action at the European level and the German authorities appear to have taken a wider view of the market.

F.24 In 2014, the British operator Megabus entered the German coach market offering international routes to and from Germany, as well as serving domestic routes within Germany. Megabus connections in mainland Europe, including Germany, have since become part of the FlixBus route network. Several smaller operators serving predominantly city-to-city connections and/or tourism regions also exist. BDO mentioned other foreign operators that have entered the German market, including CSA (Czech Student Agency), and PolskiBus. Hellö (Austria) is also operating in Germany, and Ouibus (France) is considering entering the German market. The dominant business model, which is operated by the market lead MeinFernbus/FlixBus for instance, involves subcontracting transportation services to existing local bus companies while remaining in charge of network planning, pricing and marketing.

Effects on other modes

F.25 The assessment of modal shift from other modes to coach is not clear, because the reported numbers of passengers shifting from rail and air to coach, as well as induced trips, range widely between sources. However, there is general consensus that the effects of the liberalisation of the coach market have been greatest in the rail sector. In a 2016 study by the Federal Office for Goods Transport (Bundesamt für Güterverkehr (BAG)) which assessed the

performance of the German long-distance coach market in 2015⁴⁷, the percentage of coach passengers who had previously used rail is estimated to be 30-44% in 2014. A Verkehrsclub Deutschland (VCD) study suggests that 55.5% of long-distance coach passengers indicated that their preferred alternative travel mode was rail. DB AG has reacted with an increase in the frequency of existing connections, as well as the creation of new and re-opening of previously closed routes.

- F.26 In addition, strike action on the railway network has also had a significant impact on modal shift from rail to coach. GoEuro, a travel platform, observed an increase in the number of long-distance coach travel bookings of over 200% during the strike action of the train driver's union (GDL) in 2015. It is unclear however, how many of those passengers have permanently changed their travel mode from rail to coach following the strike.
- F.27 The 2016 BAG study suggested that the proportion of transfer passengers from private motorised vehicles to coach to be between 30% and 41% in 2014. These numbers include the passengers who were previously using ride-sharing, which account for 19% to 28%. The BAG study also indicated that transfer from air to rail in 2014 was significantly lower, at around 4%, apparently because of the wide differences in travel times.
- F.28 Assumptions for induced travel from the liberalisation of the coach market vary widely. The BAG study assumes that induced trips accounted for 10% to 30% of all trips in 2014.

Terminals

- F.29 In general, it should be noted that there are several existing definitions for "terminals". Most terminals are local bus stations or stops, with a few dedicated long-distance coach terminals such as the ones in Hamburg, Berlin, Stuttgart or Munich being the exception. Most terminals in the common definition of the term provide a mixture of both local and long-distance services. BDO furthermore pointed to the lack of data on the number of stops or terminals or their ownership and suggests that any framework for the re-evaluation of EU regulations for coach services should differentiate between different forms of infrastructure by defining a number of infrastructure classes, from terminal to footpath.

Passenger facilities at terminals

- F.30 As part of the BAG 2016 market study, operators were asked about the importance of a range of criteria at terminals and coach stops. The result shows that passenger information, including signage, timetables and passenger information boards for arrivals and departures was ranked as the most important criteria. It was also noted that passenger information is specifically crucial at the start and end terminals of the journey.
- F.31 BDO noted that information is somewhat problematic as terminals have grown up independently, with their own IT systems, but the growth of long-distance coaches creates a need for consistency. Operators send half-hourly estimates of time of arrival to help support slot management, although this is of little benefit for passengers as it provides limited reliability of arrival and departure times. All terminals have their own technology, but there is a research project by the major terminals and operators to harmonise IT for real time information.

⁴⁷ BAG (2016) Marktbeobachtung Güterverkehr – Markanalyse des Fernbuslinienverkehrs 2015.

- F.32 Waiting facilities, such as shelters and seats, were considered equally important from the operators' perspective. The consensus was that the existing waiting facilities at the start and end terminals of long-distance journeys was broadly adequate, but the situation at smaller coach stops was found to be less satisfactory.

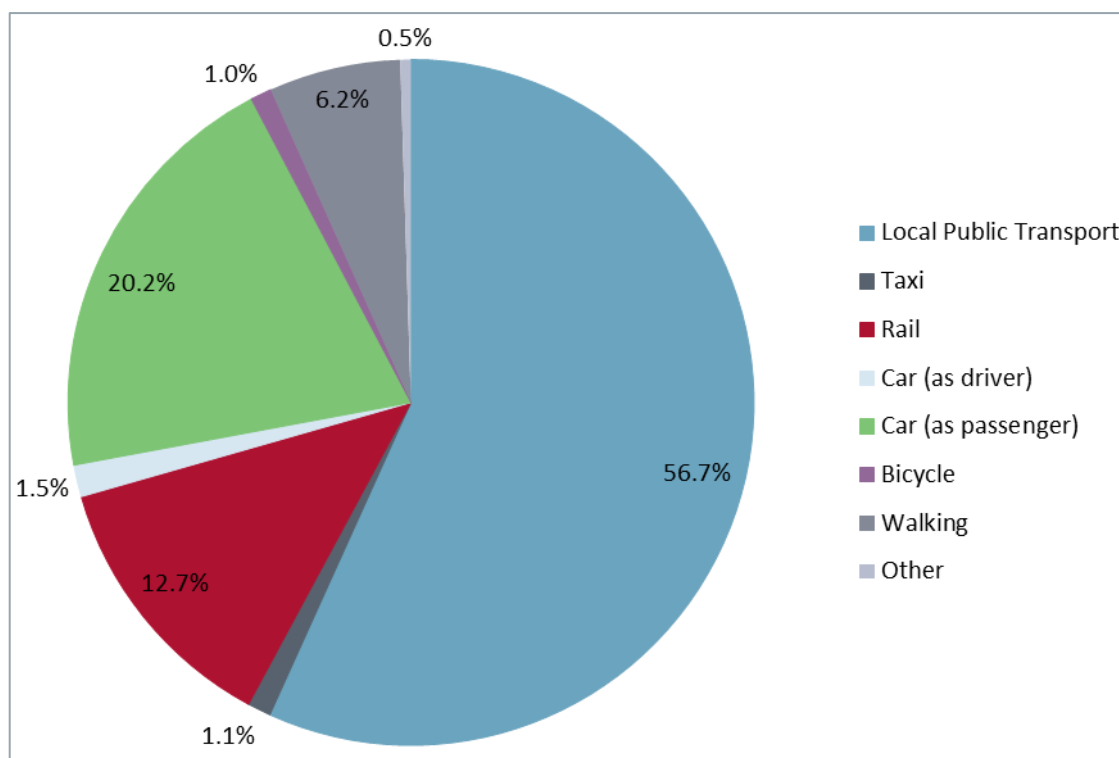
Terminal access

- F.33 BDO said that operators apply for terminal access at the "start" of the route, which can be at either end. The authority then passes on the request to other relevant authorities for approval. The stops and route may be rejected, in which case the entire route may need to be reworked.
- F.34 Operators pay per stop but the payment mechanisms vary, with some being all-electronic and others relying on paying charges at a local machine. Some cities allow the use of local public transport terminals at no charge. The Bundesverkehrsfinanzierungsgesetz, an old set of state laws used to finance local infrastructure, introduces further complication. In theory this requires that investment is used to improve local public transport, and therefore it is not clear that assets can be used by long-distance coaches. The lack of common requirements and clarity can result in situations where long distance coaches are banned from accessing bus and coach terminals or where – in contrast to services operates under a public service contract – they have to pay access charges. BDO noted a lack of clear regulation on this issue and suggested a common framework to set standards for charging fees and allow for greater transparency.
- F.35 One legal dispute concerning terminal access was highlighted by BDO. This is pending in Nuremberg, and concerns a coach terminal operator that has allegedly set "unreasonable" – based on comparison with other terminals – prices for access to the terminal.

Connectivity to terminals

- F.36 Operators and passengers agreed on the importance of providing good connectivity to the public and private transport network. An independent study from FlixBus in 2014 highlighted that around 70% of coach passengers use public transport to get to and from the coach stops. Figure F.4 highlights that over 20% of passengers arrive or depart from coach stations as car passengers, and around 6% walk.

Figure F.4: transport mode use share for arrival and departures from coach stops (2014)



BAG (2016) on the basis of data from an independent FlixBus survey in 2014.

F.37 BDO suggested that some prejudice exists against coaches as a result of the perceived associated levels of emissions (reinforced by the fact that many coaches use diesel fuel). These concerns, together with space constraints in the city centres, create tensions between improving the urban environment on the one hand and ensuring good connectivity on the other. BDO cited the example of Dresden, where a new terminal is being considered but there is considerable uncertainty over its location and funding (with some stakeholders arguing that the coach operators should pay for the development of the terminal). While coach stops are an important consideration in municipal planning, BDO noted that the planning system has not yet caught up with market growth since 2013.

Congestion and safety

F.38 Concerns about congestion and safety have become central point of the discussion around coach terminals and stops. As a result of the liberalisation of the coach market, city authorities are faced with logistical problems of accommodating new stops and the required facilities. Stops located along busy and congested roads have been identified as a risk to passenger safety during loading and unloading of passengers and baggage loading.

F.39 Congested terminals and coach bays pose further safety risks. The limited availability of time periods for embarking and disembarking at existing coach stops, especially at peak times in larger cities makes it increasingly difficult for operators to introduce new routes.

F.40 A 2016 study by ADAC (Süddeutsche Zeitung, 2017), a motoring organisation, found large gaps in the provision of facilities and services. ADAC concluded that the market for long-distance regular coach travel has developed much faster than the required infrastructure. Newly-built coach terminals outside city centres performed better; however, operators have voiced

concerns that especially those coach terminals are located further away from where the demand lies.

Service quality

Customer complaints

- F.41 Since July 2013, coach passengers wishing to complain can either submit their complaint to the Federal Railway Authority (Eisenbahn Bundesamt (EBA)) or turn to the Conciliation Board for Public Passenger Transport (Schlichtungsstelle für den öffentlichen Personenverkehr e.V. (SÖP)). The EBA has noted a sharp increase in complaints. It received only 58 up to the middle of 2014, but 484 in the 12 months from September 2014 to August 2015. Most complaints concern passenger rights following journey cancellations or delays.
- F.42 SÖP said that there has been a steady increase in the number of settlements for coach travel, with 71 on 2014. As for other modes, these settlements relate mainly to delays or cancellations. Other claims include refusal of transportation due to lack of clarity over the location of bus stops, problems with luggage or the cancellation of tickets.

Accessibility of services

- F.43 On March 2013, coinciding with the opening of the market for coach travel in Germany, Regulation 181/2011 came into force. The Regulation concerns the rights of passengers in bus and coach transport and thus completed the set of passengers' rights in the European Union.
- F.44 The European Disability Forum (EDF) has not observed any cases where assistance by a transport provider has been categorically refused, but instances where drivers have refused assistance due to liability concerns have been reported. EDF highlights the importance of adequate staff training to address this issue.
- F.45 In a 2015 report, the EDF assessed the state of implementation of the Regulation in different Member States. It found that whereas Disabled Persons' Organisations (DPOs) have generally not been consulted consistently in Member States, a DPO has proactively addressed the authorities and transport providers in Germany. The DPO serves as a link between passengers, public authorities, transport undertakings and vehicle manufacturers.
- F.46 The DPO Bundesverband Selbsthilfe Körperbehinderter (BSK) furthermore set up a report centre for accessible bus and coach travel to collect feedback and help to inform passengers about their rights. It also published a booklet with accessibility specifications for buses and coaches. Alongside inadequate training, the report noted the lack of adequate vehicles for the transport of wheelchairs.
- F.47 The 2013 amendment of the PBefG, which came into force on 1 January 2016, introduced new accessibility rights for long-distance regular coach services. From January 2016 (in the case of all new vehicles with more than eight seats in addition to the driver's seat) and from December 2019 (in the case of all existing motorbuses), vehicles are required to have at least two designated places for wheelchair users. BAG (2017) concluded that for the transition of vehicles operators are expecting to invest between 8,000 and 70,000 Euros and a loss of eight seats per vehicle. Additionally, increased operating costs are expected as a result of longer boarding and alighting processes. Furthermore, there is no comparable requirement for coach terminals. The 2016 BAG study found that satisfaction with the existing accessibility measures at terminals varied widely, but most operators considered the measures in place to be inadequate.

Employment and social issues

Driver demand and employment circumstances

- F.48 The demand for drivers for long-distance coach travel is reported to be high, a result of the recent substantial expansion of national and international routes. Seasonal variability and the introduction of new routes, which require a short-term increase in drivers, pose additional challenges. In 2016, BAG reported a high number of fluctuations in the number of employed drivers following customer complaints and contract terminations in 2014, but the number has stabilised more recently. Reported reasons for the stabilisation include a clearer understanding of customer expectations and the demands of the job.
- F.49 The gap in supply of long-distance coach drivers makes it difficult for operators to maintain high standards in recruitment and retention. Measures to retain and improve high-quality employment conditions have been put in place by many operators. These include making shift rotas available up to four weeks in advance to ensure health standards and achieve a good work-life balance for the drivers. Further measures include the allocation of additional resources at coach stops and the provision of suitable overnight accommodation, as well as integrating the drivers' priorities in the development of shift rotas.
- F.50 A 2015 BAG study of conditions identified earning opportunities as the main factor influencing recruitment, in particular the opportunity to earn holiday and other bonuses. It also noted that larger operators have increased the number of employees working on a full-time permanent contract compared to the previous year. These full-time employees form the core of the operation and are supplemented by temporary drivers, managing clerks and people in management roles.
- F.51 All drivers, subcontractors and full-time staff must complete training and certification and become registered for the relevant operator's system. Most drivers are employees with a previous background in the field, either as a driver in public transport or the tourism industry. However, the number of employees who have entered the industry from a previously different field of work or unemployment is estimated to be 25% of employed drivers.

Workload and stress factors

- F.52 Work in the long-distance coach market has been found to be more challenging for drivers compared to the wider public transport or tourism sector. The 2016 BAG study highlights that most drivers operate at the upper limit of the permissible driving and working times, specifically when working for operators who are not able to meet their required target number of drivers.
- F.53 The operation of night routes involves additional requirements, such as the availability of two drivers on board to allow for regular rotation. Drivers who oppose working night shifts cite safety and health concerns. In total, 60 breaches of regulation of driving time and rest periods have been noted in 2014. The proportion of complaints has increased further since then, with a recorded 53 complaints about non-compliance for driving times and rest periods in the first half of 2015. Furthermore, the number of breaches for proof of working hours (246) was already considerably higher in the first half of 2015 than the total figure for 2014. From the operator's perspective, physical separation between the driver and passengers has become increasingly important. Drivers are often the first point of contact for complaints about delays or issues relating to the journey. The lack of privacy and resting space, particularly on longer routes and coach stops along the route, has been noted as a concern.

F.54 The introduction of apps for drivers, which have become common for larger operators, have helped to simplify work tasks. These apps allow the automatic check-in of passengers and the issuing of mobile tickets and they provide guidance for frequently asked questions to smooth the handling of passengers. In addition, the apps help to streamline the work process by providing checklists and hence minimise driver error or non-compliance.

Driver compensation

F.55 Collective agreements for wages are generally agreed between the federal state association (Länderverband), the Bundesverband Deutscher Omnibusunternehmen (BDO) and the individual parties. The 2016 BAG study reports that the standard wage is higher in the southern and western federal states, ranging between €11.49 and €13.25 per hour. Premiums are usually paid for night shifts and weekend and bank holiday shifts and shift work. BAG furthermore reports regional wage increases of up to 2.8% between 2014 and 2015. However, in some regions the level of wages has remained unchanged since liberalisation.

Summary

F.56 The German long-distance regular coach market has been liberalised fully since 2013, following a history of strict regulation which granted the German incumbent rail operator, DB AG, protection from intermodal competition from coach services through a series of discretionary criteria for market access. The current PBefG which regulates passenger transport still contains two clauses to protect publicly subsidised regional rail services and public transport by determining that authorisations for regular coach services may only be granted where:

- the distance between two stops is greater than 50 kilometres; and
- no regional rail service exists with a journey time of less than one hour to connect these stops.

F.57 The supply of long-distance regular coach services has increased substantially over the last four years, including a growth in the number of authorisations 86 in December 2012 to 350 in September 2016. The total supply of long-distance regular coach services comprised around 9,500 weekly services on 308 routes by August 2015 while the number of passenger journeys increased by 44% over the same period.

F.58 Recent trends indicate a plateauing of the number of connections to and from medium-sized and large cities. Instead, expansion of services since 2015 has been driven by an increase in international routes and entry into other markets.

F.59 Following a phase of consolidation since the initial phase immediately following liberalisation which saw many players enter the market, the transport offer has consolidated significantly. FlixBus, following its merger with MeinFernbus and the acquisition of other operators, such as Megabus' continental routes and the Postbus now holds nearly 91% of the market share.

F.60 There is still a lack of clarity on the effects that the coach liberalisation has had on other modes. However, there is consensus that the effects of the liberalisation of the coach market have been greatest in the rail sector, with the percentage of coach passengers who had previously used rail is estimated to be 30-44%. Furthermore, the proportion of transfer passengers from private motorised vehicles to coach was assumed to be between 30% and 41% in 2014.

F.61 The quality and availability of terminal facilities varies widely between cities due to the speed at which the long-distance coach service offer has developed and which has made it difficult for infrastructure requirements to keep pace.

F.62 Future challenges will be the integration of new accessibility and environmental standards, as well as the provision of the necessary infrastructure in the form of coach terminals with good access links to other public transport services.

Stakeholder comments

F.63 Three German stakeholders responded to the questionnaire and we also interviewed the BDO.

F.64 There were several concerns regarding changes to the scope of the regulation 1073/2009, including:

- It was suggested that, as public transport has grown diversely in the different European countries, it is organised according to the demographic structure of the country as well as heterogeneously interlinked with the rail passenger transport. A homogeneous European structure is believed to interfere with existing public transport structure.
- Furthermore, the expansion of the legislation to national transport services which would affect demand responsible transport services as they would no longer require authorisations. This is not viewed as sensible, due to the significant volume of traffic, commuter and otherwise, which would no longer be subject to control.

F.65 Stakeholders were against abolishing the authorisation procedure, on the following grounds:

- the possibility of cabotage and the associated protective provisions of the local passenger service;
- the inability to verify the reliability, performance and professional competence of operators;
- the creation of a situation in where bus stops and infrastructure that are substantially funded by municipalities, authorities, the federal government and the federal states would be blocked by players of regional regular services which had no financial share in their development; and
- an expected increase in competition for short-distance public transport.

F.66 The BDO, however, suggested that abolishing the authorisation procedure which differs between the different municipalities would increase transparency and facilitate operations. Furthermore, they noted that the speed with which new lines and services could be offered would be increased thus allowing a better reaction to market demands. Authorities could also no longer refuse permits on a pretext, which the BDO suggested is the case now sometimes.

F.67 The BDO also viewed the journey form as unnecessary, and supported abolishing the requirement to carry journey forms, which would significantly reduce the bureaucratic burden.

F.68 In contrast, the journey form was viewed by all other stakeholders as useful to reconcile the data with social legislation, including driving and rest periods. Another stakeholder commented that under a competition viewpoint the journey form makes it possible for the controlling agency to differentiate between those regular services that are subject to approval and those that are not.

F.69 One stakeholder suggested that at the national level, the access to terminals and the national passenger transport and protection of public service contracts should be addressed, whereas exclusively cross-border services should be addressed at the EU level. In contrast, another

stakeholder commented that the creation of terminal infrastructure is the responsibility of municipalities, whereas the national level can offer targeted taxation and solutions.

- F.70 A framework to govern the allocation of terminal capacity and how terminal charges are set was generally opposed to by the different stakeholders. Conflicts with public transport and negative effects for capacity of public transport bus stops are expected. One stakeholder voiced the concern that a uniform regulation on charges could lead to the closure of terminals which would no longer be commercially viable. Furthermore, two stakeholders agreed that a framework could interfere in the self-administration of the municipalities.
- F.71 One stakeholder called for a clarification and more narrow definition of the term regular services, to ensure clarity and transparency.

Spain

Introduction

- F.72 Confebus (Confederación Española de Transportes en Autobús, an operator organisation) referred us to data from the Ministerio de Fomento stating that, in Spain:
- Overall, bus and coach travel account for 1.75 billion passenger journeys a year, representing two of every three public transport journeys.
 - In 2015, bus and coach had a 9.6% market share of passenger transport in Spain, with 78.2% by car and motorcycle, 6.2% by rail and 5.8% by aviation.
 - In 2016, in the long distance interurban segment, 16.1 million passengers used coach, 31 million passengers used rail, and 33.8 million passengers used air.
- F.73 For regulatory and reporting purposes, Spain’s bus and coach market is divided into public and private services, as show in Table F.1.

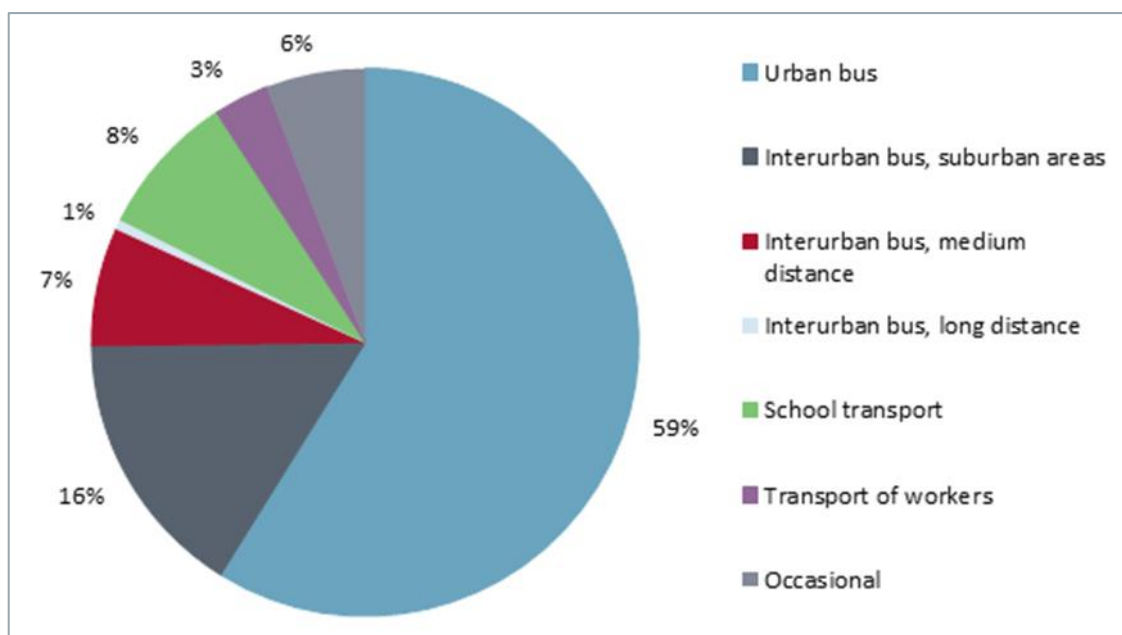
Table F.1: bus and coach market segments

Service	Definition	Subdivisions			
Public	Regular “Viajeros Regular” (VR)	Urban	Operations entirely within one municipality (see note).		
		Interurban	Operations between different municipalities	Cercanías	0-50 kilometres in length
				Media distancia	50-300 kilometres in length
				Larga distancia	300+ kilometres in length
Special/discretionary	Irregular special services for homogeneous groups of users, such as students or workers.				
	Occasional “Viajeros Discrecional” (VD).				
Private: carried out by individuals or legal entities on their own account to meet particular needs or to complement the company’s main activities (“Viajeros Privado Complementario” or VPC).					

Note: special cases of urban transport are “metropolitan” services which fall under the scope of the transport cooperation of the main cities of Madrid, Barcelona, Bilbao, Sevilla and Valencia.

- F.74 Figure F.5 shows the share of public passenger journey market segment in 2014.

Figure F.5: passengers by bus and coach market segment (2014)



Source: Instituto Nacional de Estadística (INE).

Note: definitions used may not be consistent with other sources.

The international coach network

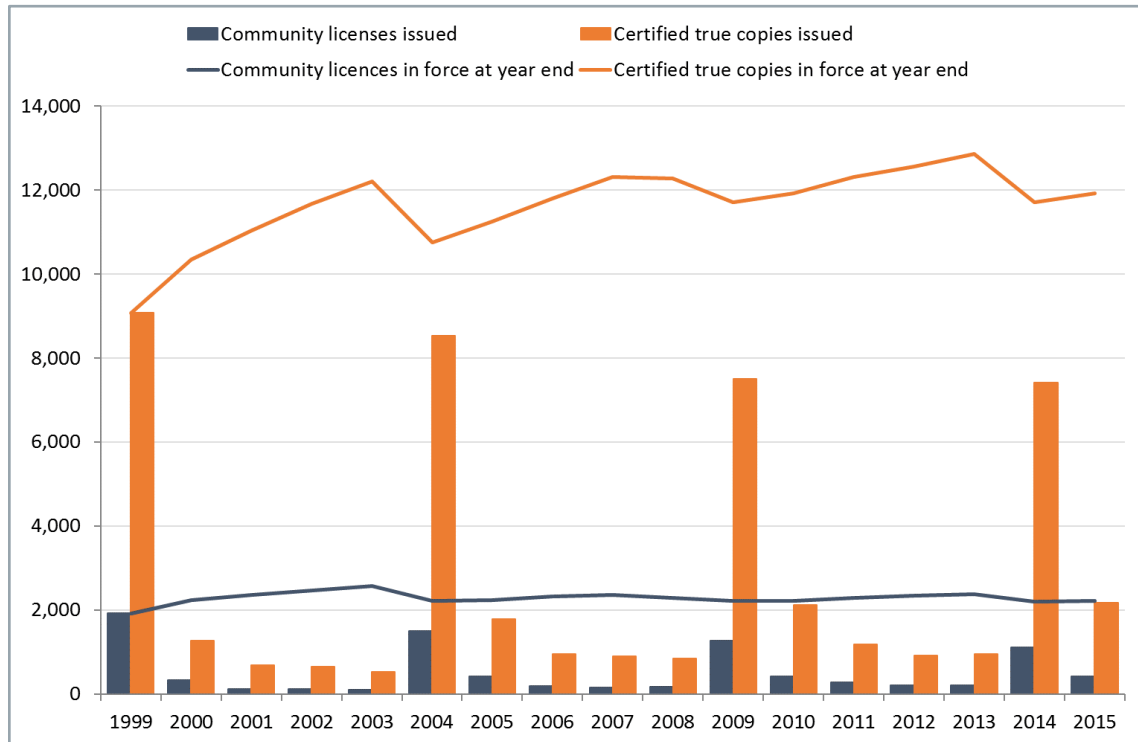
Authorisation process

- F.75 For regular international services, the authorisation process differs between services operating within the EU and services operating to third countries:
- For services within the EU, Regulation 1073/2009 has been transposed into national law and establishes common rules for access to the international transport by road.
 - For services to and from non-EU states, the General Directorate of Land Transport requires specific authorisation for regular services which are subject to the provisions of relevant international treaties.
- F.76 For occasional international services, the regulatory framework also depends on the destination:
- For EU Member States, under Regulation 1073/2007 occasional services are liberalised and only need a journey form.
 - For non-EU states within the Interbus agreement, which involves journeys between a EU Member state and Albania, Macedonia, Bosnia and Herzegovina, Moldavia, Montenegro and Turkey, services are subject to the issue of a specific authorisation.
 - For non-Interbus states, services are subject to a specific authorisation issued by the Direction of General of Land Transport subject to the relevant international treaties.
 - International services to and from Morocco are regulated by a specific Agreement Protocol on Passenger Transport, which came into force in 2010.
- F.77 The Ministerio de Fomento supervises operators providing international services, but does not hold data on international coach services and passengers. However, we understand that in 2014 it authorised 35,175 occasional coach services within the EU and 688 outside the EU.

Community licences and certified true copies

F.78 Figure F.6 shows trends in Community licences and certified true copies issued and in force. There is a clear five-year cycle in the number of licences and copies issued, although the source document does not explain why this is the case. The overall number of certified true copies in force appears to be growing slowly, which suggests that a larger number of vehicles are being used on international services.

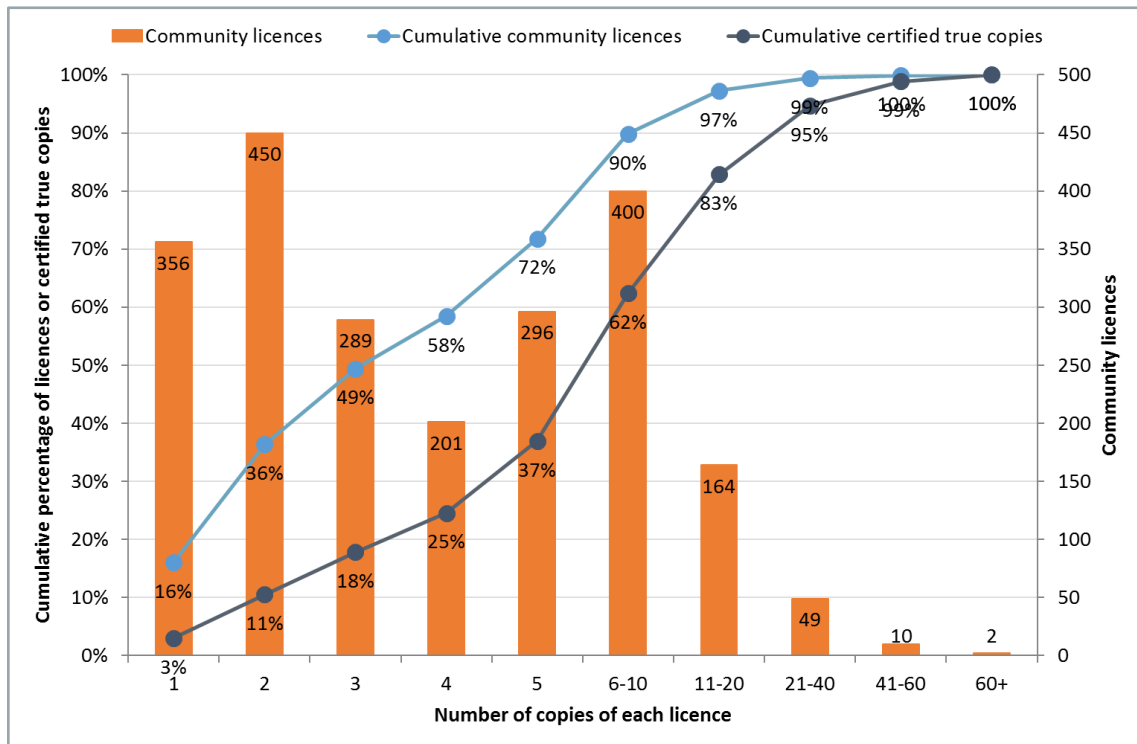
Figure F.6: community licences and certified true copies (1999-2015)



Source: Observatorio del transporte de viajeros por carretera (2016).

F.79 Figure F.7 shows the distribution of the number of community licences and the number of certified true copies held. Operators with a single certified true copy hold 16% of community licences but only 3% of the certified true copies. Most licences have fewer than 10 copies and account for 90% of licences and 62% of true copies. This suggests that, while there is considerable variation in the size of fleets used to operate international services, most operators have fewer than 10 copies of their licence.

Figure F.7: Community licences and certified true copies (2015)



Source: Observatorio del transporte de viajeros por carretera (2016).

The domestic regulatory framework

Authorisation process

F.80 As shown in Figure F.1, the domestic authorisation process differentiates services for public and private coach transport:

- Regular regional and interregional coach services are managed within the concession system, described next.
- Special regular services may be based on a private contract or a public service obligation.
- Occasional services and private services are liberalised, and require only authorisation.

The concession system of public service contracts

F.81 Regular domestic coach services in Spain are managed under public service contracts, referred to as the concession system, which grants a monopoly to manage a service through a government contract. This sets a maximum price (with a guaranteed annual review) and minimum quality and supply level (services, frequency, timing, scheduling, number and age of vehicles, number of stops).

F.82 A key feature of the concession system is that:

- It precludes competition **in the market**, as there is only one service provider.
- It allows competition **for the market**, via public tenders for the award of the concession.

F.83 Confibus pointed out that the relevant public authorities may also elect to provide services themselves or through an internal operator rather than through a competitive tendering process.

F.84 Confibus told us that, in addition to a toilet, reading lights and air conditioning, the concession contracts may require operators to provide facilities such as WiFi, newspapers, catering, real-time information, USB sockets and multichannel entertainment screen. Competition between companies also incentivises companies to innovate and improve their proposals. Confibus said that this process resulted in an average annual investment by the bus and coach industry of €500 million, and an average fleet age of only seven years, one of the youngest in the EU.

The legal framework

F.85 Since 1990, passenger transport in Spain has been regulated by the 1987 Inland Transport Development Act (Ley de Ordenación de Transportes Terrestres, or LOTT).

F.86 The implementation of Regulation 1370/2007 from December 2009 required amendments to the original LOTT (Ley 16/1987), including that:

- A transitional period was established, to allow concessions granted before 2009, when the regulation came into force, to continue within the limits of the new regulation.
- The maximum duration of concessions was reduced to 10 years, extendable by up to half the original term if needed to amortise investments needed to provide the service.

F.87 Since 2009, the most significant changes to LOTT are as follows:

- Ley 25/2009, provision of new rules on open access to the market;
- Ley 2/2011, the Sustainable Economy Law; and
- Ley 9/2013, the new LOTT, updated to acknowledge and regulate the many changes in the market for road passenger transport at the domestic and the EU level.

F.88 In summary, the Spanish concession system has been made compliant with Regulation 1370/2007. However, it remains one in which all services are provided under a contract to a national or regional competent authority. There is no independent commercially-operated network as in Sweden, Great Britain and, more recently, Germany, Italy and France.

Consolidation, renewal and expansion

F.89 Since the 1970s, if not earlier, there has been a continuing process of consolidation of concessions. In the 30 years to 2006, there were 144 concession mergers, 128 involving regional concessions and 16 interregional concessions.

F.90 In 1990, when the LOTT came into force, a number of existing concessions were extended for 20 years without any new bidding process. Most were extended to at least 2013, but some end as late as 2018. Coincidentally, all of them will have ended before 2019, the end of the transition period established by Regulation 1370/2007, so the Regulation will not require any early termination of these extended concessions.

F.91 In addition, public competitions were held for new routes, such as Madrid-Málaga-Algeciras and Badajoz-Murcia, which were not included in the existing concessions, with the aim of increasing competition between operators. The prices for new concessions were 40% lower compared to those that had simply been renewed.

F.92 However, amendments to these new concessions have been common, partly to accommodate the need for modernisation of services and partly to increase the concession duration.

F.93 We asked Confibus about the extent of the administrative burden for companies submitting bids for concessions and they told us that they did not consider this to be excessive. Bidders were required to proof their professional capacity, and the ability to provide a service, and to

provide economic guarantees. While some operators use advisors to support their bidding processes, others prepare their bid in house from their own resources.

F.94 Confibus also pointed out that Spain is legislating to transpose the public procurement Directive⁴⁸. This will introduce a new electronic self-declaration for bidders, paving the way for digitalisation of public procurement and a less bureaucratic and more efficient procurement process.

The interregional coach network

F.95 Figure F.8 shows the 19 Autonomous Communities in Spain and the Provinces within them:

- Concessions within an Autonomous Community are granted by the Autonomous Community.
- Concessions crossing between Autonomous Communities are granted by the national Ministerio de Fomento (Ministry of Public Works and Transport).

Figure F.8: Autonomous Communities and Provinces

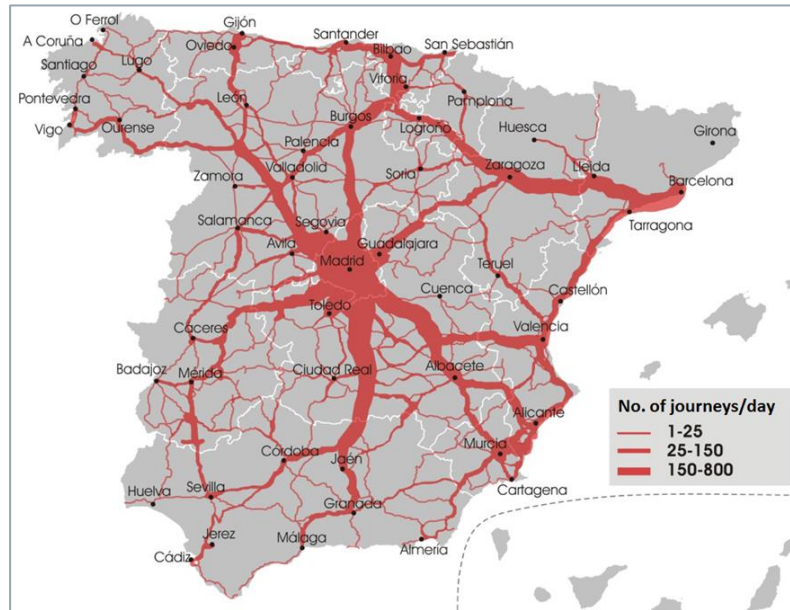


F.96 Some regions, including the Islas Canarias, Cataluña and País Vasco, have created their own legal concession frameworks, but others follow template conditions set by national law.

⁴⁸ Directive 2014/24/EU of 26 February 2014 on public procurement and repealing Directive 2004/18/EC. Transposition should have been completed by 18 April 2016 but this had been delayed by domestic issues in Spain.

F.97 Figure F.9 shows how the 2014 network of interregional concessions, granted by the Ministerio de Fomento, focuses on Madrid and, to a lesser extent, Barcelona and Bilbao.

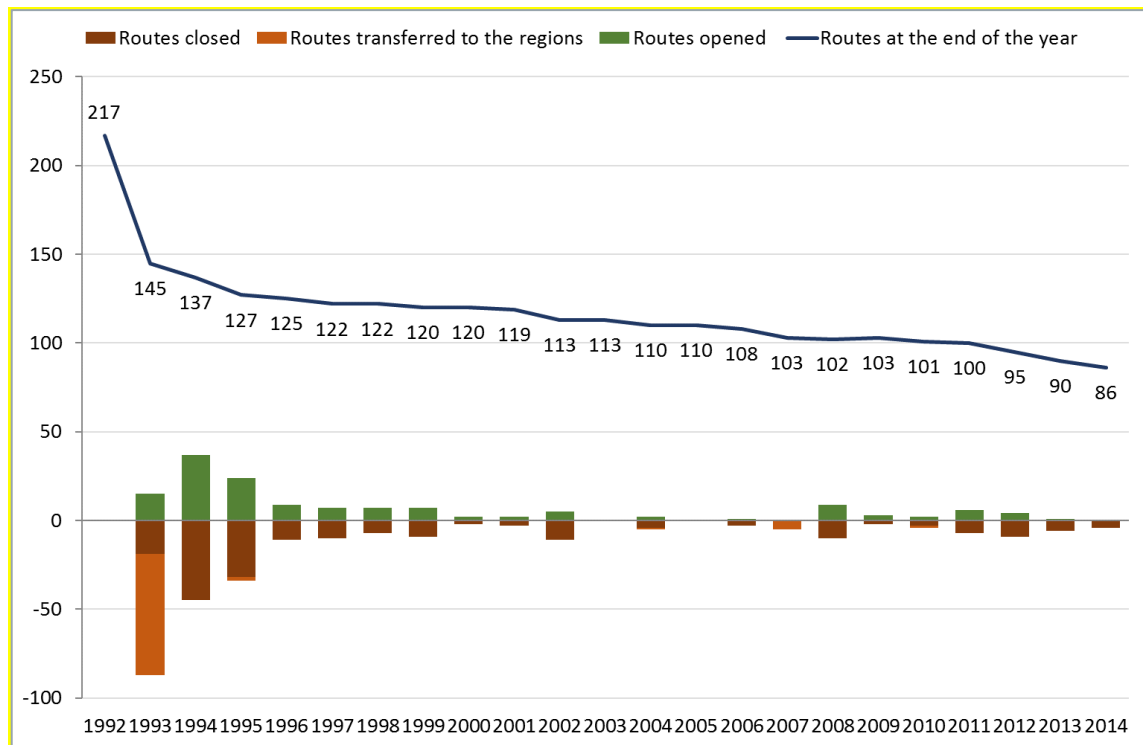
Figure F.9: the interregional regular coach transport network (2014)



Source: Centro de estudios y experimentación de obras públicas (CEDEX), reported in Confebus, El transporte en autocar, una solución sostenible para la movilidad de las personas (2014).

F.98 Figure F.10 shows how the number of interregional concession contracts has slowly declined.

Figure F.10: interregional concession routes (1992-2014)



Source: Contratos de gestión de la administración general del estado (Observatorio, 2015).

- F.99 There was a large fall in the number of interregional concessions in 1993, when 58 of the routes existing at the end of 1992 were transferred to the Autonomous Communities. Since then, however, the number of routes closed has consistently slightly exceeded the number of routes opened, possibly because of some of the 16 mergers referred to in paragraph F.89. The overall result has been a decline from 120 at the end of 2000 to 86 at the end of 2014, a small proportion of the total of 1,503 contracts for regular bus and coach services.
- F.100 The 86 interregional concession contracts are all filled by competitive tender because the Ministerio de Fomento has no internal operator. Confibus informed us that the competitive tendering process had begun in 2007 and that more than half of the concessions have now been let by competitive tendering, with 46 competitions between 2007 and 2016. By implication, this process will need to be complete by the end of 2018, the expiry date of the last of the concessions which were extended when the LOTT came into force. Confibus told us that there was generally strong competition for each concession as it came up for tendering.
- F.101 Table F.2 summarises data on the interregional network in 2000, 2007 and 2014, a period of significant decline in both the size and use of the network.

Table F.2: overview of interregional concessions (2000, 2007 and 2014)

Area	Indicator	2000	2007	2014
Interregional route network	Number of concessions at year end.	120	103	86
	Total length of routes (kilometres).	80,486	82,012	75,730
	Average length of each concession (kilometres).	671	796	881
	Total number of stops.	5,077	6,202	4,846
	Average number of stops in each concession.	42.3	60.2	56.3
Fleet	Number of registered vehicles.			1,193
	Average age of vehicles (years).			6.57
	Average seating capacity (seats).			51.1
Passengers and services	Passengers (thousand).	58,772	66,531	29,378
	Vehicle-kilometres (million).	303	316	238
	Passenger-kilometres (million).	6,884	7,680	5,289
	Average trip length (kilometres per passenger).	117	115	180
	Average load factor (passengers).	22.8	24.3	22.2
Revenues	Revenues.	€292 million	€387 million	€335 million
	Average tariff per passenger-kilometre.			€0.0725
	Weighted average tariff per passenger-kilometre.			€0.0665
	Average revenue per passenger-kilometre.	€0.0424	€0.0504	€0.0633
	Average revenue per passenger.	€4.97	€5.81	€11.40
	Average revenue per vehicle-kilometre.	€0.97	€1.22	€1.40

Source: Observatorio del transporte de viajeros por carretera (2016).

- F.102 Summarising the various indicators in the table, over the period 2000 to 2014, there have been declines of:
- 28% in the number of concessions (120 to 86);
 - 21% in the vehicle-kilometres operated (303 million to 238 million);

- 6% in the route-kilometres served (80,486 to 74,730);
- 5% in the number of stops served (5,077 to 4,846);
- 50% in the number of passengers carried (58,722,000 to 29,378,000);

F.103 However, over the same period there have been increases in:

- 54% in average journey length (117 to 180 kilometres);
- 49% in average revenue per passenger-kilometre; and hence
- 129% in average revenue per passenger (€4.97 to €11.40).

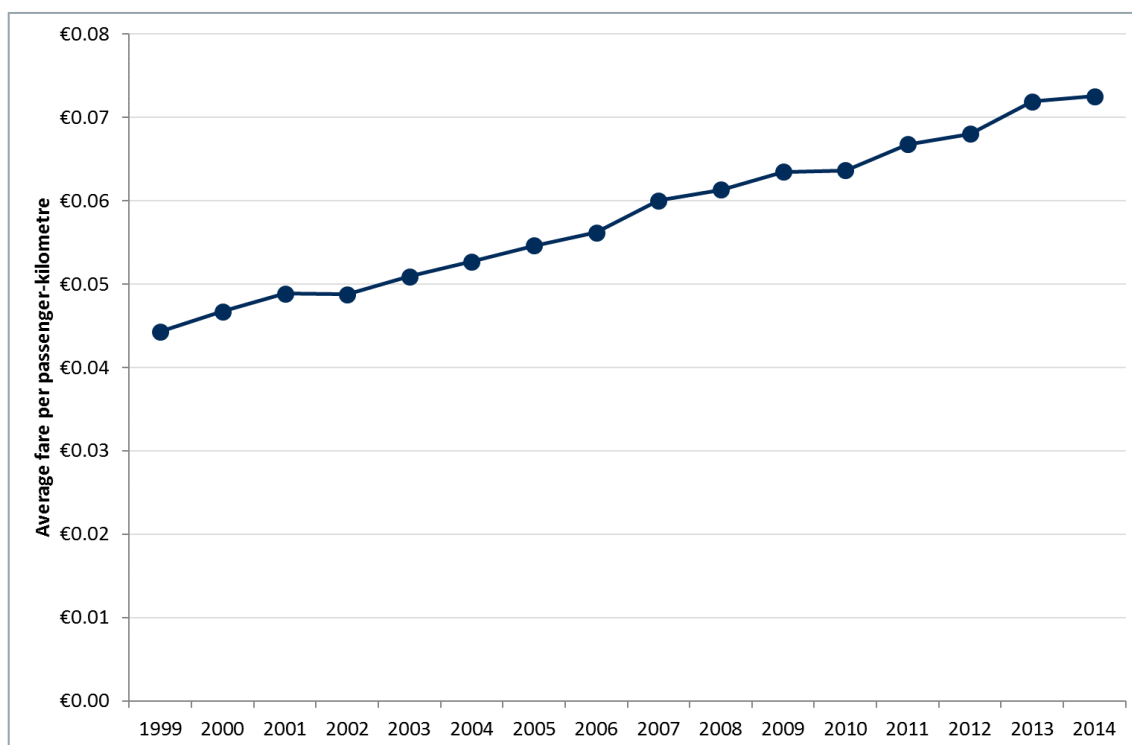
F.104 We note, however, that the aggregate data in the table conceal a wide variety between the concessions. Some carry more than 300 million passengers per year and others carry fewer than 300,000, a variation in size of more than 100 to 1. 40 concessions have revenues of under €1 million per annum, and only 11 have revenues of more than €10 million per annum.

F.105 Confibus argued that the concession system enables the provision of a wide interregional network in Spain at “no cost” to the Spanish government, although we have not been able to confirm the source or validity of this assertion.

Fares in interregional concessions

F.106 Figure F.11 shows have average fares per passenger on these 86 interregional concessions have been increased over time under the concession contract.

Figure F.11: average fare from concessions (1999-2014)



Source: competencia en el transporte interurbano de viajeros por carretera. Análisis económico de los procesos de licitación y su influencia sobre las tarifas (2016).

F.107 The overall average rate of fares increase, specified by the Ministerio de Fomento, averaged 3.3% per annum over the period 1999 to 2014.

F.108 Nonetheless, Confibus argued that the Spanish concession system of specifying maximum fares has allowed the competent authorities to return efficiency gains to passengers through fares that are lower than they would otherwise have been. Confibus claimed that average interurban coach fares in Spain were 25% lower than those in the United Kingdom and 55% lower than those in Sweden, but we have not been able to confirm the source or validity of this comparison.

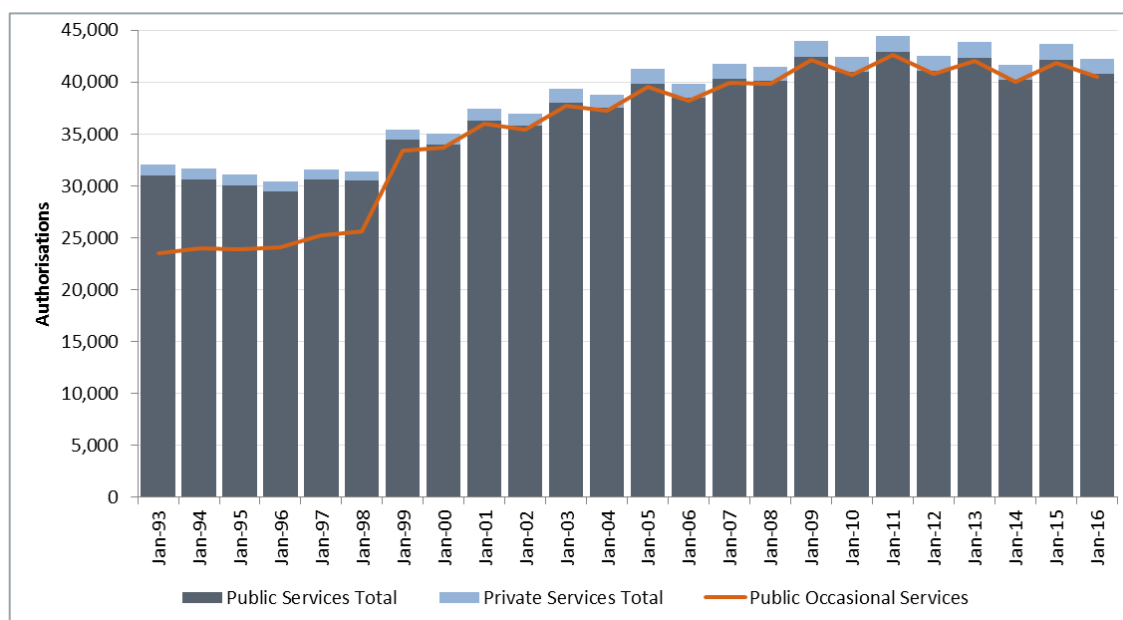
Market structure

F.109 Confibus told us that the Spanish bus and coach industry has a turnover of around €3 billion and directly employs around 80,000 people. The overall network extends to 75,000 route-kilometres with over 8,000 stopping points.

F.110 Figure F.12 shows indicators of how the level of bus and coach activity has changed since 1993:

- For regular services, based on the number of authorised vehicles.
- For occasional and private services, based on the number of certified true copies.

Figure F.12: activity in coach transport in Spain (1993-2016)

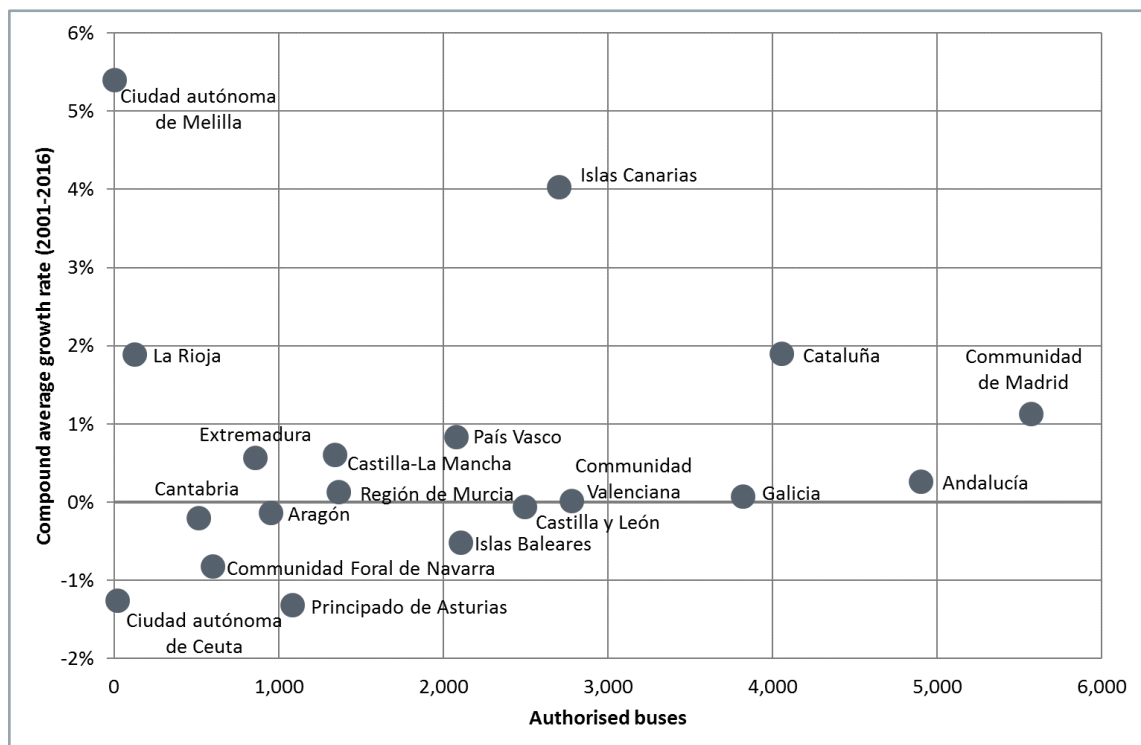


Source: Steer Davies Gleave analysis of *Observatorio del transporte de viajeros por carretera (2016)*.

Note: definitions used may not be consistent with other sources.

F.111 Figure F.13 compares the number of public and private buses authorised in each Autonomous Community in 2001 and the compound average growth rate between 2001 and 2016.

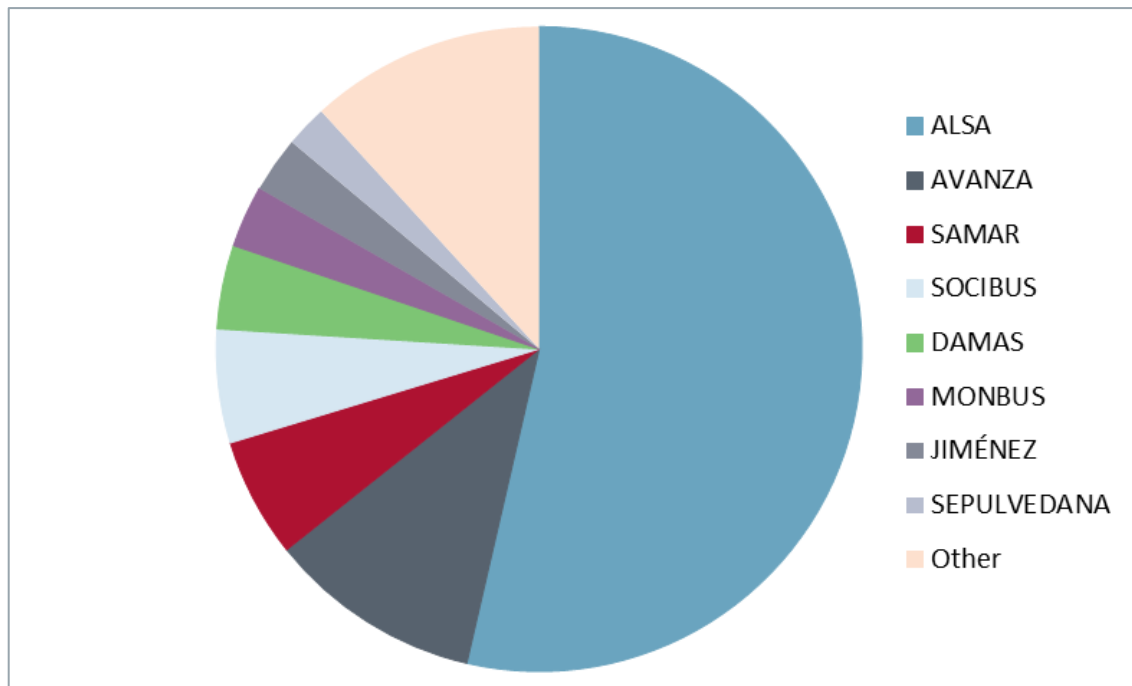
Figure F.13: growth in authorised vehicles by Autonomous Communities (2001-2016)



Source: Steer Davies Gleave adaptation of *Observatorio del transporte de viajeros por carretera (2016)*.
 Note: definitions used may not be consistent with other sources.

- F.112 Rates of growth vary, but appear to have been relatively high in the Islas Canarias (islands not served by interregional or international coach services), Cataluña and Madrid. Between 2001 and 2016 the number of buses in the Islas Canarias grew by more than 80%.
- F.113 The Ministerio de Fomento suggested that the formerly fragmented market, in which small and medium enterprises (SMEs) held concessions to operate a single route, is consolidating. Mergers and acquisitions have been driven in part by the entry of large foreign operating groups: National Express (UK) has bought ALSA and ADO (Mexico) has bought Avanza. ALSA holds 23 concessions, followed by Avanza with 10 and SAMAR with 9. Figure F.14 shows the level of concentration, as measured by share of passenger-kilometres, reached by 2015.

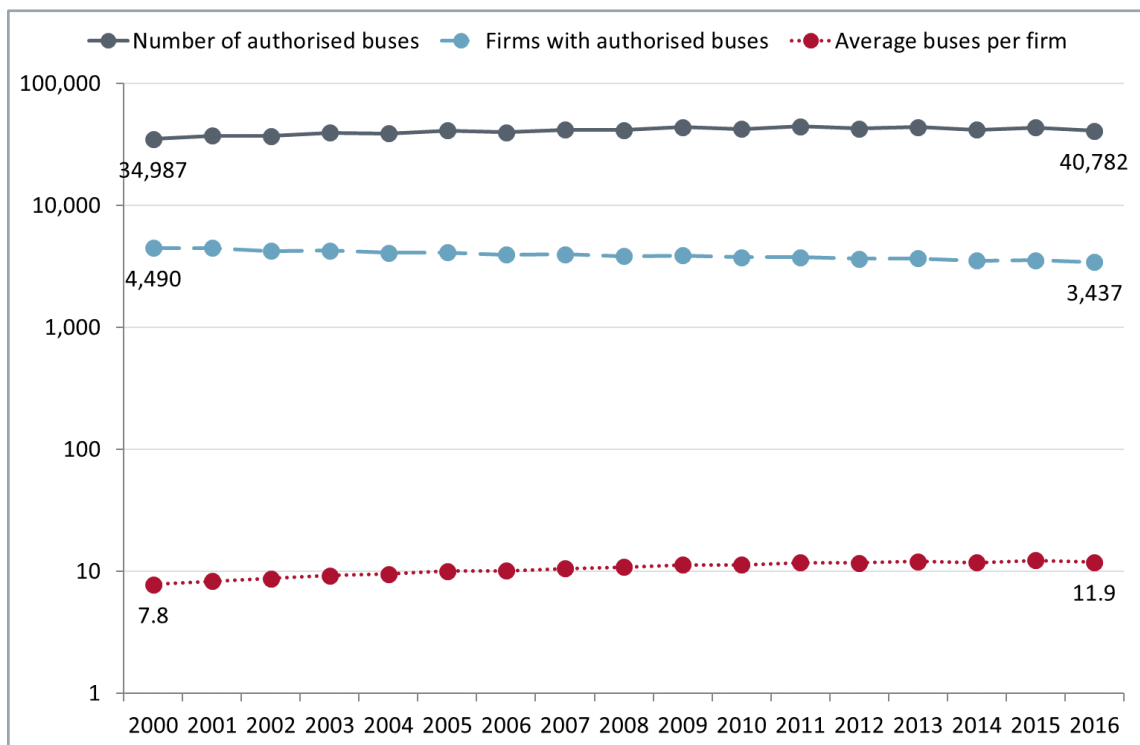
Figure F.14: market shares of the major business groups by passenger-kilometres (2015)



Source: Competencia en el transporte interurbano de viajeros por carretera (2016).

F.114 Figure F.15 shows trends in the number of firms and vehicles over the period 2000 to 2016, plotted on a logarithmic scale.

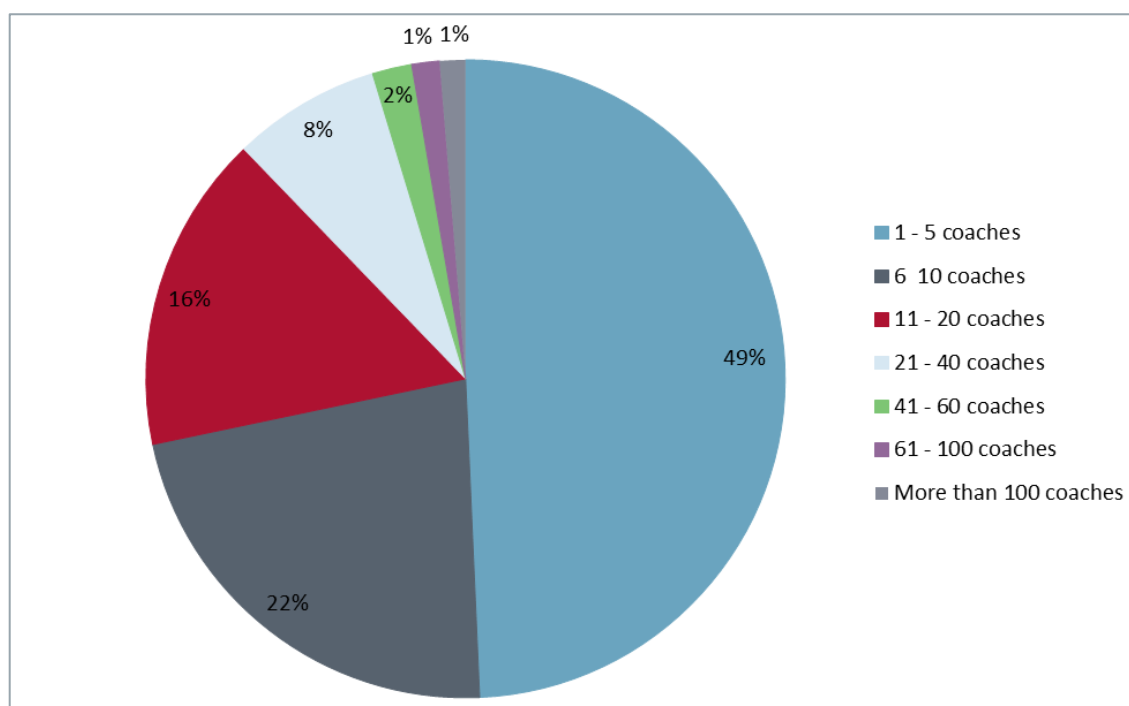
Figure F.15: authorised buses, firms, and average sizes (2000-2016)



Source: Observatorio del transporte de viajeros por carretera (2016).

- F.115 Over this period, the authorised vehicle fleet grew from under 35,000 vehicles to over 40,000 vehicles, with an average annual growth rate of 1%. Over the same period, the number firms with authorised vehicles fell from almost 4,500 to under 3,500, an annual average contraction of 2%. The result is that the average fleet size grew by more than 50%, with an average annual growth rate of 3%.
- F.116 Confibus cited slightly different data, but confirmed that there had been a trend to consolidation and merger in the industry and the disappearance of some SMEs.
- F.117 Figure F.16 shows that, by 2015, 49% of companies had a fleet of up to five vehicles. Only 4% had fleets larger than 40 vehicles, but they accounted for 36% of the total bus and coach fleet.

Figure F.16: distribution of fleet sizes (2015)



Source: Observatorio del transporte de viajeros por carretera (2016).

Competition between modes

- F.118 Confibus emphasised multimodality, rather than intermodal competition, as a major feature of the concession system. Many bus and coach companies have cooperated with each other, and with other modes, to provide through ticketing from bus and coach to other bus and coach, air, rail or ferry services. They stated, but did not demonstrate, that Spanish operators offer a wide range of multimodal tickets compared with other Member States.

Discrimination in market access

- F.119 Operators in the road transport sector are regulated by ASINTRA (Federación Española de Transporte de Viajeros), ANETRA (Federación Nacional de Empresarios de Transporte en Autocares) and FENEBUS (Federación Nacional Empresarial de Transporte en Autobús).
- F.120 The National Competition Commission (Comisión Nacional de la Competencia (CNC)) has taken numerous measures against discrimination, including filing appeals against actions that in their view undermine competition in public transport.

- F.121 A paper investigating recent developments in concessions for passenger transport by the Actualidad Jurídica Uría Menéndez⁴⁹ found evidence that existing concessions had been extended to preserve the monopoly position of certain operators. CNC analysed the extension of long-distance coach service concessions, and found that requests to lengthen the concession term, in exchange for intended improvements to service quality, constituted a severe restriction on competition. CNC also concluded that many Autonomous Communities had moved to prolong their concessions during the transition period with undue haste. In 2010, the CNC used its powers to address some of these issues with a formal resolution.

Discrimination in terminal access

Ownership and discrimination

- F.122 The national road network is regulated by Ministerio de Fomento, the regions' networks by the Autonomous Communities, and the provinces' and islands' networks by town or island councils.
- F.123 The Ministerio de Fomento has no direct responsibility for terminal quality, but recognises that investment in terminals and interchanges would improve their attractiveness.
- F.124 Terminals are generally owned by public authorities (municipalities or Autonomous Communities) which tender their operation, or private companies, although there are also some commercial private terminals. Most terminals are controlled by ESTABUS and ANECETA (Asociación Nacional de Empresas Concesionarias de Estaciones Terminales de Autobuses). We understand from discussions with stakeholders that the quality of terminals is variable. Major terminals such as Mendez Alvaro in Madrid are of high quality, but older terminals often require investment and renewal.
- F.125 Access to coach terminals is open and cannot be denied to operators asking for it.
- #### *Investment and quality*
- F.126 Confibus made several comments on terminals and coach stops (which were not distinguished in the question to which they responded). They argued that terminals and coach stops are key elements in road passenger transport, the essential infrastructure that supports operations at the beginning and end of each journey.
- F.127 Confibus stated that Spain has a good network of terminals and coach stops, mainly under public ownership (as described above) but third party management through concession contracts.
- F.128 However, terminal and coach stops are fixed assets requiring periodic maintenance, renovation and adaptation to emerging needs. Confibus was concerned that many terminals and coach stops were damaged or becoming obsolete, in contrast with the vehicles which had become safer, more efficient and more comfortable, and with rail and air terminal infrastructure. From the operator perspective, the poor relative attractiveness of some terminal and coach stops detracted from their ability of offer an attractive journey.
- F.129 Confibus suggested that, in addition to the promotion of public-private management systems, terminals and coach stops needed business plans and more investment. They noted that the

⁴⁹ Recent developments in public concessions and competition law in general and in passenger land transportation public services in particular (2011).

only EU-level funding mechanism which might be directed towards them is the Connecting Europe Facility (CEF), but that only eight urban nodes in Spain were eligible to apply for CEF funding.

Summary

- F.130 Regular bus and coach services in Spain operate under a number of regimes:
- International services, operated in accordance with Regulation 1073/2009.
 - Interregional services, crossing boundaries between Autonomous Communities, let as concessions by the national Ministerio de Fomento.
 - Intra-regional services, let as concessions by the Autonomous Communities.
- F.131 In practice, two of the 19 Autonomous Communities, the Islas Baleares and the Islas Canarias, consist of groups of islands, with no scope for international or interregional services, and with separate intra-regional operations and services on each island.
- F.132 The international market, if judged by the number of Community licences and certified true copies issued (see Figure F.6) appears to be growing, although we found no evidence of any step change in activity following the introduction of Regulation 1073/2009 in 2011. Over 2,000 Community licences are in force. Most of them appear to be held by operators with fleets of no more than 10 vehicles, resulting in a total of just under 12,000 certified true copies.
- F.133 The interregional market has long consisted of concessions let by the Ministerio de Fomento. After some were transferred to the Autonomous Communities in 1993, there has been a slow decline in the number of concessions from 145 in 1993, to 120 in 2000, to only 86 at the end of 2014. This may be partly due to mergers of the concessions as well as closures of routes. Summarising various indicators, over the period 2000 to 2014, there have been declines of:
- 28% in the number of concessions (120 to 86);
 - 21% in the vehicle-kilometres operated (303 million to 238 million);
 - 6% in the route-kilometres served (80,486 to 74,730);
 - 5% in the number of stops served (5,077 to 4,846);
 - 50% in the number of passengers carried (58,722,000 to 29,378,000);
- F.134 However, there have been increases in:
- 54% in average journey length (117 to 180 kilometres);
 - 49% in average revenue per passenger-kilometre; and hence
 - 129% in average revenue per passenger (€4.97 to €11.40).
- F.135 It is claimed that the concession system enables to network to be operated at “no cost” to the Spanish government, while maintaining lower fares than in the liberalised markets in the United Kingdom and Sweden. As shown in Figure F.11, the average fare per passenger-kilometre has risen every year from 1999 to 2014, at an average rate of 3.3% per annum.
- F.136 However, it is difficult to interpret any of these changes as being a consequence of the concession system. This is because the principal decisions – what routes should be operated, at what frequencies, and what fares should be charged – are made by the administrative processes of the Ministerio de Fomento, rather than in the market. It has not been possible to analyse equivalent data for the intra-regional concessions, but these may show a variety of

outcomes reflecting the adoption of different policies or processes⁵⁰. For example, Figure F.13 shows how the sizes of the bus and coach fleets have diverged in the Autonomous Communities: between 2001 and 2016 the number of buses in the Islas Canarias grew by more than 80%, but in other Autonomous Communities it declined. This suggests that there has been wide divergence in the policies of provision, and possibly also pricing, in the different Autonomous Communities.

- F.137 In the event of market liberalisation, a plausible outcome is that there would be new entry on many interregional routes and on some intraregional routes. However, with the market currently controlled through the concession system, there is no basis on which to estimate:
- what routes new entrants would choose to operate commercially, how many of them would be identical, or similar, to existing concessions, and hence whether existing concessions would need to be renewed, and at what subsidy levels;
 - what fares new entrants would charge, and whether these would be higher or lower than those currently set, or would be extensively yield-managed with a range of fares for each journey; or
 - what levels of service, including frequency and on-board services, they would include⁵¹.
- F.138 The Spanish market does, however, illustrate trends which may be relevant to the future. In particular, there appears to have been consolidation in:
- the average size of bus and coach operating companies (Figure F.15);
 - the number of concessions (Figure F.10); and
 - the number of independent concession holders (paragraph F.113).
- F.139 The evidence in the case study on Germany suggests that liberalisation may accelerate this consolidation, potentially to a model in which, as has long been the case in Great Britain, a single operator or marketing platform specifies routes, vehicle specifications and prices and dominates the network, with many existing operators becoming its subcontractors.

Stakeholder comments

- F.140 Three Spanish stakeholders responded to the questionnaire, although one of them, Confibus, made no comment on the possibility of changing Regulation 1073/2009 or the impact of doing so. We also interviewed one stakeholder, BusUp, which is an operator proposing, inter alia,

⁵⁰ The concessioning system used in Spain is similar to the rail franchising system introduced in Great Britain since 1996 following the implementation of Directive 91/440/EEC. Initial franchises were let on the basis of a policy that average real regulated fares fell each year, to show to passengers that they benefited from the system. As demand and the need for capital investment in the network have grown, current franchises are let on the basis of a policy that passengers should pay a larger proportion of costs, to show to non-passengers that they were not being forced to subsidise a service they did not use. The reduction in real fares, the increases in capacity, and the subsequent increases in real fares are all administered decisions reflecting policy changes, rather than any feature of the market.

⁵¹ New entrants in an established transport market adopt a range of market positions, sometimes offering a premium service, but in many cases by establishing themselves with a lower cost base than existing operators and using this to compete by offering lower fares. One example is the positioning of new entrant Megabus as offering a cheaper but more limited service than the incumbent, National Express, as described in the case study on the UK.

the creation of a new category of coach services which would be “crowd-sourced” in response to emerging market demand⁵².

- F.141 One stakeholder commented on the questionnaire that there are limited growth opportunities in the Spanish occasional coach market, arguing that Regulation 1073/2009 is ambiguous, and does not allow occasional service suppliers to provide the service without previous authorisation. The occasional and special regular coach market is served mainly by SMEs with no access to concessions because:
- existing contracts are extended through tendering processes which favour existing operators; and
 - new contracts are awarded on criteria which only large enterprises can meet.
- F.142 This stakeholder also noted the impact on the coach market of growth of the shared economy, most notably through car sharing concepts such as BlaBlaCar.
- F.143 BusUp had many concerns about proposals to revise Regulation 1073/2009 on the basis of the current categorisations of service as regular, special regular or occasional. They drew attention to:
- the large size of the current concessions in Spain, and the resulting difficulties for SMEs (also identified through our case study research) of bidding for them;
 - the patterns of rapid market dominance seen in Great Britain and Germany, and the risk that liberalisation in Spain would rapidly lead to a market with a dominant “platform” for which most existing operators, of all sizes, would effectively have to seek work as subcontractors; and
 - the ability of new technologies and the sharing economy to support services, such as Uber and BlaBlaCar, which undermine the existing public transport model of provision of services to a standard timetable devised by a competent authority or an operator.
- F.144 BusUp told us that BlaBlaCar had already been sued by Spanish coach operators, who argued that it was effectively providing a regular service while not formally existing as a road passenger transport operator.
- F.145 BusUp was also concerned that the special regular and occasional market sectors, which provided most opportunities for SMEs, were declining because:
- Changes in the size of companies, and in the number of workers employed by a single company at any site, were reducing the demand for special regular services by employers.
 - Factors such as cheaper car hire and a growing number of sales channels were reducing the scope for offering occasional services.
- F.146 BusUp suggested that one way to create new opportunities for SMEs would be to relax the requirement that services be procured by a single contracting party. Instead, they envisaged permitting operators to propose routes which they would commit to run if sufficient demand materialised. They envisaged that this could be a particularly effective model in a number of ways:

⁵² Citymapper, a provider of an urban travel app, operated a crowd-sourced service in London on 9-10 May 2017 on a trial basis, with the consent of competent authority Transport for London. The route operated was designed, in part, by using Citymapper’s database of journey searches to identify clusters of similar journeys which were not served directly by the existing network.

- They could provide special regular services for workers on industrial estates, or retail centres, who did not work for a common employer but collectively represented a large demand.
- They could provide occasional transport to concerts, festivals, sporting events or summer camps, in which the routes could be designed to make stops close to the homes of the committed passengers, rather than to depart from a single predefined point.

F.147 In each case, the route and timetable operated could be proposed and modified by the potential customers.

F.148 To facilitate this approach, BusUp argued that it would be necessary to modify the Regulation to allow:

- multiple contractors for closed groups of passengers;
- direct ticket sales (seats) to closed groups of passengers;
- several companies/organisations, instead of only one client; and
- direct access to on-street bus stops and off-street terminals.

The United Kingdom

Introduction

F.149 Coach services in the United Kingdom were highly regulated between 1930 and 1980, under a licensing system in which operators required a licence issued by Traffic Commissioners (TCs), who regulated fares and frequencies. Services were liberalised under the provisions of the Transport Act 1980 (which came into law on 30 June 1980), since when coach companies have been able to operate regular services simply by applying for an operating licence. However, London and Northern Ireland represent two notable exceptions; Transport for London (TfL) is responsible for procuring public transport services in the capital with whom coach services need to register if they are stopping in London. Much of the licensing regime in Northern Ireland is run by Translink, an integrated public transport company.

F.150 Quality controls across the UK are still enforced by the Traffic Commissioners. They are appointed on a regional basis by the Secretary of State for Transport for the purposes of granting Public Service Vehicles (PSV) licences, the registration of local bus services, and the implementation of disciplinary action against operators and drivers. They retain the power to revoke licences for all PSV, including coaches. The Competition and Markets Authority (CMA) is also notionally responsible for applying the provisions of competition law to this market. However, the CMA has not been involved in any investigations of the coach market in recent years.

The impacts of liberalisation in 1980

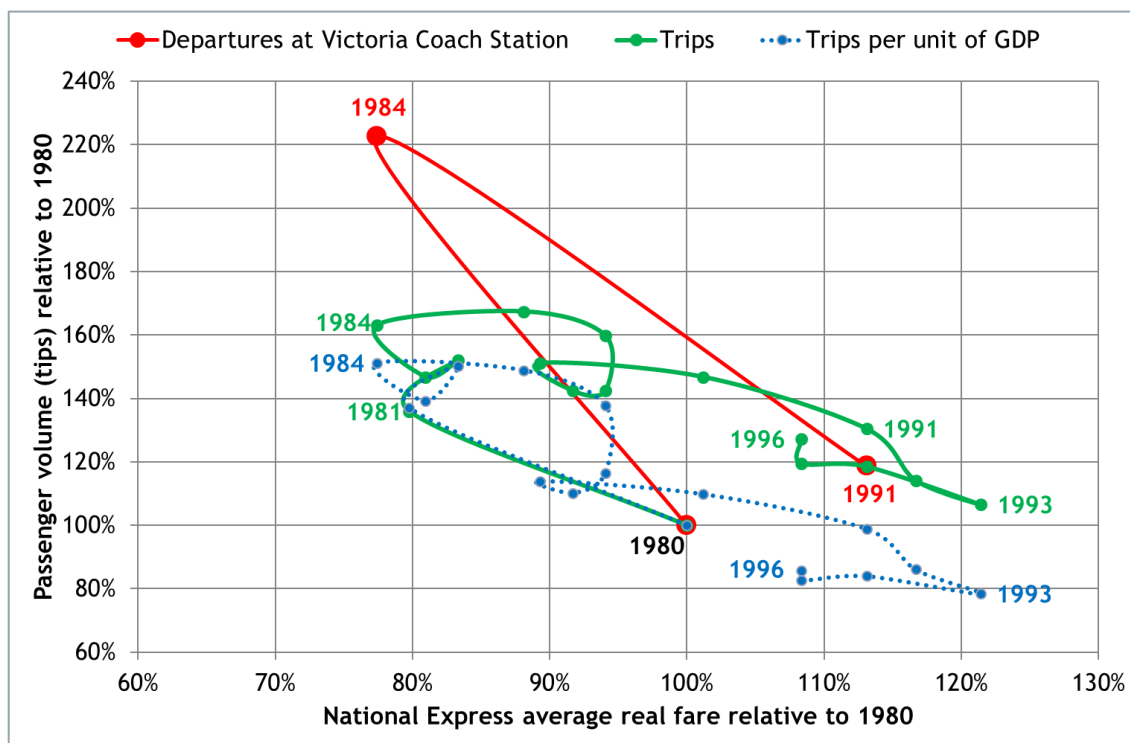
F.151 The primary impact of liberalisation was on market entry. Several established companies formed a consortium to compete on the national network with the then monopolist, the National Bus Company. This attempt failed over 1981-1983 and, while levels of market entry remained high, so did market exit. New entrants withdrew all services by the mid-1980s, as a result of fierce competition and the persistence of entry barriers⁵³. In 1986 the National Bus Company was privatised and became National Express.

⁵³ Jaffer and Thompson. 1986.

F.152 The secondary impact of deregulation was growth in passenger patronage and a reduction in fares, at least while there was sustained attempt at new entry. However the literature acknowledges that such impacts were short-lived, as competitors withdrew and National Express built up a dominant position as the single national long-distance network operator.

F.153 The impacts of liberalisation, following the Transport Act 1980, was documented by Peter White, who collected a limited time series of data on National Express passengers and revenue, and some information on departures from London’s Victoria Coach Station⁵⁴. We have reanalysed this data as shown in Figure F.17, on which three measures of volume are plotted as a function of real bus fares, all normalised to 1980 levels.

Figure F.17: trends following domestic liberalisation in the UK



Source: Peter White, reported by ECMT, Steer Davies Gleave analysis.

F.154 The red line on the chart shows the limited data on the number of departures, by all operators, from the largest terminal in the UK, Victoria Coach Station in London. This grew rapidly after 1980, reaching 223% of 1980 levels by 1984. As capacity increased, average real fares per trip for National Express, the only operator for which data were collected, fell to 77% of 1980 levels. After 1984, however, total departures from Victoria Coach Station declined, and by 1991 they were only 20% above 1980 levels. Over the same period, average National Express real fares per trip rose to 113% of 1980 levels.

F.155 The green line on the chart shows the number of passenger trips on National Express, for which a complete time series is available. This shows that:

⁵⁴ Published by ECMT, Regular Interurban Coach Services in Europe, report of the 114th Round Table on Transport Economics, March 1999.

- In 1981, a year after liberalisation, National Express fares fell to 80% of 1980 levels, and it carried 37% more passengers than in 1980.
- BY 1984, four years after liberalisation, National Express fares had fallen to 77% of 1980 levels, and it carried 63% more passengers than in 1980.

- F.156 However, as National Express real fares rose again, demand gradually fell. By 1991, when total departures from Victoria Coach Station were 20% above 1980 levels, National Express passenger numbers were 30% above 1980 levels. These two measures suggest that total supply, and total demand carried by the dominant operator, were by 1991 around 20-30% more than they had been in 1980.
- F.157 After 1991, however, National Express real fares rose to a peak in 1993, and trips on National Express fell further, with the result that in 1993 real fares were 21% higher than in 1980, but passenger numbers had only risen by 7%.
- F.158 The blue dotted line on the chart shows the effect of adjusting the number of passenger trips on National Express for the growth in real GDP over the period, and is therefore an index of National Express passengers per unit of real GDP. As GDP grows, the apparent growth in total passengers appears lower, and by 1993, when National Express real fares were 21% higher than in 1980, trips per unit of real GDP were 78% of those in 1980. Thirteen years after liberalisation, the cumulative effect was that fares had risen by around 20%, and GDP-normalised usage had fallen around 20%.
- F.159 Finally, the chart suggests that, over the period 1993 to 1996, average real National Express fares fell again, and by 1996 were only 8% higher than in 1980, with some corresponding growth in demand (green line) but no effective growth in demand per unit of GDP (blue dotted line). Over the period whole 1980 to 1996, average National Express real fares rose 8% and GDP-normalised usage fell 14%.
- F.160 We stress that this analysis is based on limited data, and that it focuses on the dominant operator, not the whole market, and that average fares per trip may be affected by other factors, such as changes in average trip length. In addition, other changes in the competitive market would have occurred during the period examined. Nonetheless, the data available suggest that the overall effect of liberalisation was undetectable after around a decade.
- F.161 We also stress that future liberalisation in other Member States, taking place around 40 years later, and with completely different starting conditions, competitive environments, contracting models, and pricing, marketing and sales channels, may occur over different timescales and/or have different effects.

Other developments since liberalisation

- F.162 Other developments include National Express' divestment of Victoria Coach Station, now owned by Transport for London, and the entry of Megabus, described in detail below.

The market for coach travel

The supply of coach services

- F.163 The busiest routes in the UK (by number of services) are those to and from London, which can be subdivided into groups, summarised in Table F.3.

Table F.3: UK: major services from London

Type of service	Frequent	Competitive	Examples
Airports (a third of National Express business).	●	●	Heathrow, Gatwick, Stansted, Luton.
Other major cities.		●	Leeds, Manchester and Brighton.
Other coach hubs.			Hamilton, an interchange point for services to Glasgow and Edinburgh.
Towns with slow or inconvenient rail services.			Oxford.
Commuter services.			Ramsgate, Sittingbourne.

Source: stakeholder comments, Steer Davies Gleave analysis.

F.164 Around a third of National Express’ business comes from flows to and from airports⁵⁵, where market fragmentation results in a different competitive environment from intercity routes.

National Express

F.165 The coach market for regular services in the UK is dominated by the incumbent, National Express, now a fully private company. The company’s share of the regular services market is estimated to be:

- 87%, based on the 2015 share of scheduled services from Victoria Coach Station; and
- 75%, based on data about passenger numbers reported in secondary sources⁵⁶.

F.166 Operators are not willing to share data on passenger numbers, which are rarely published in their annual reports. Revenue figures for 2016 from annual reports indicate that National Express’ revenue was £282 million (€333 million).

F.167 Subsidiary of National Express include:

- Kings Ferry, operating mainly on large commuter markets from London; and
- Clarkes of London, a private hire company based in Kent, acquired in December 2016.

Stagecoach and Megabus

F.168 The main competitor to National Express on high-volume intercity routes is the new entrant Megabus, a subsidiary of Stagecoach, one of the largest public transport groups in Britain. Megabus entered the market in 2003 and has since then operated on key routes alongside the incumbent. Stagecoach’s 2014 annual report stated that Megabus revenue was £48 million (approximately €60 million). As of early 2017, Stagecoach also owns a 35% share in Scottish CityLink, the dominant player in the Scottish market.

F.169 Stagecoach also owns the Oxford Tube service between Oxford and London which, because of features such as the location of Oxford’s railway station relative to the city, is able to compete effectively with rail services.

⁵⁵ Interview of National Express.

⁵⁶ Asintra and Fenebus: El transporte en autocar, una solución sostenible para la movilidad de personas (2011).

Comparison of operators

F.170 National Express and Megabus offer a range of different services, and competition between the two operators is not simply on price. The main characteristics of the two companies are summarised in Table F.4.

Table F.4: UK: National Express and Megabus

Characteristics	National Express	Megabus
Fares policy.	Majority of tickets sold online. Yield management (weekly basis) to match rail and coach competition.	All tickets sold online or over the phone. Yield management to maximise load factors.
Fares levels.	Price discrimination based on time of booking and a limited number of special offers (“funfares” on over 300 routes). £1 booking fee.	Price discrimination based on time of booking and a limited number of £1 fares, otherwise policy of “cheaper than competitor” prices. £0.50 reservation fee.
Discounts and offers.	Specific passenger categories can purchase ‘coachcards’ (young persons, elderly) which entitles to discounts.	Discounts only available to holders of specific student card (NUS Extra). Special promotions (free seats in winter 2015).
Parking areas.	Most coaches stop at designated terminals as the company has long-term agreements with terminal managers.	Services often stop outside designated terminals, including at kerbside, shopping centres and universities.
Quality attributes.	Wi-Fi available on selected services. Ability to track specific coach online. PRM passengers advised to book over the phone 36 hours before travelling.	Wi-Fi and charging points available on selected services. PRM passengers advised to book over the phone 48 hours before travelling. Overnight sleeper launched in 2013 (Megabus Gold).

Source: Steer Davies Gleave analysis of company websites and consultation outputs.

- F.171 National Express does not, however, face competition from Megabus on services to and from the largest airports in the country. Here, competition is from specialised companies such as Green Line (a brand managed by Arriva, which subcontracts some services, and is now part of the Deutsche Bahn (DB) group), Terravision and easyBus. Competitors tend to be part of, or have commercial agreements with, the major airlines operating at UK airports.
- F.172 Department for Transport statistics provide no data on coaches after 2010/11, and report a total of 35,000 buses and employment of 123,000 staff in 2015/16.
- F.173 Regular and special regular international services are required to register with the International Road Freight Office (IRFO), while occasional service require a journey form (referred to by IRFO as a waybill) from the Confederation of Passenger Transport. Acquiring a licence from the IRFO usually takes 8-10 weeks and the DfT have told us that there have been no unsuccessful applications to date.
- F.174 International services to the rest of Europe are run by several companies, overwhelmingly from Victoria Coach Station in London:
- Eurolines is a large consortium providing intercity connections across Europe, with a base at Victoria Coach Station and key destinations including Paris and Amsterdam.
 - Victoria Coach station also lists services by Euro Mega Travel, FlixBus, IDBUS (now Ouibus), Interbus Košice and TransMarian.

Coach terminals

F.175 Terminals are owned and run by local authorities or private operators. Access is managed by the terminal owner and there is no set process or regulation regarding access. Owners can in principle deny access based on specific conditions at each terminal. The main reasons for not granting a slot to an operator relate to lack of capacity and/or limitations regarding specific service characteristics, such as night operations or lack of available PRM facilities. However, stakeholders noted that national rules on equal access to publicly-owned bus terminals do not apply to coach terminal facilities, and hence coach terminal managers have no obligation to let coaches park at their facilities.

F.176 Megabus told us that:

- They had been denied access to the terminal in Birmingham, owned by National Express.
- They have had difficulty obtaining departure slots at the public terminal in Leeds, managed by National Express.

F.177 London's Victoria Coach Station is also congested, and additional journey time must be allowed because of local congestion.

Competition cases related to coach terminals

F.178 In the 2016 study we identified two cases related to access to coach terminals. Both were at airports which, as noted above, represent around a third of National Express's business.

F.179 In January 2014, abuse of dominance was identified at London Luton Airport, which had for 30 years allowed bus and train transport service operator Arriva to operate a bus service to London Victoria. In May 2013 the airport stopped giving Arriva access to the airport bus station, and instead granted National Express, which also provides bus and train services, an exclusive concession, in exchange for a significant proportion of National Express' passenger revenue. This agreement, due to run for seven years, also granted National Express the right of first refusal over the operation of other services on routes between the airport and other destinations in London. In January 2014 the court determined that the terms of the agreement with National Express represented an abuse of dominance by Luton Airport.

F.180 In January 2016, following a competitive tendering exercise at Stansted Airport, three bus companies (National Express, Autostradale and Metroline) were awarded concessions to drop off customers at the terminal. Terravision was not awarded a concession and was denied access to the terminal:

- The airport owners argued that it could not offer access to all, and could use the tendering process to maximise revenue from their assets.
- Terravision argued that Stansted was abusing its dominance by permitting access only to operators that pay the airport more commission. It accusing the airport of abusing its dominant position under the 1998 Competition Act and restricting competition to the detriment of consumers, and lodged complaints with the Competition and Markets Authority (CMA) and the Civil Aviation Authority (CAA).

F.181 In May 2017, while we have not examined details of these cases, we note that:

- Luton Airport has reconfigured its coach facilities, and has services to London Victoria by both National Express and Arriva (branded as Green Line).

- Stansted Airport has reconfigured its coach facilities, and has services to London Victoria by all of National Express, Autostradale (branded as Airport Bus Express), and Metroline (branded as Stansted City Link) and Terravision.

F.182 Taken together, the evidence appears to suggest that:

- At least at airport coach terminals, capacity can quickly be reconfigured and expanded.
- Whether because of extra capacity or regulatory intervention, both the operators who brought complaints now appear to be running services.

Key trends and recent developments

F.183 In July and August 2015, we carried out interviews to gather further insights into the UK coach market. We interviewed the two major operators (National Express and Megabus) and the Confederation of Passenger Transport (CPT, the trade association body).

Main trends

F.184 The main trends identified by key industry players for the sector include:

- There is greater intensity of use of vehicles (greater distance per coach) and higher load factors over time.
- There is growth of online sales, with over 60% of regular service tickets bought on the internet.
- Linked to the above, there is growth in patronage of young passengers and students who are more familiar with online bookings.
- In parallel, online sales make it possible for coach operators to apply yield management techniques including dynamic prices.
- Most passengers choose coach travel because of lower prices. Coach travellers have higher price elasticities than those using other modes. Other important factors valued by passengers are convenience, point to point transport, and frequency.
- The growth in rail travel over the past decade has not resulted in an erosion of market shares for coach services. Equally the recession has not had a negative impact, since coach travel has remained the cheaper alternative for long-distance journeys.

Developments in quality

F.185 Operators maintained that on-board quality has not changed drastically. In 2003, for example, the lack of toilets on Megabus coaches was perceived as a deterioration in quality, but in recent years the service offer has specified services, such as hold luggage, WiFi and charging sockets, as standard.

F.186 In recent years, all operators have seen growth in the share of bookings made over the internet. Paperless services are now available on most coaches, with customers required to show their booking confirmation code only. Ticketless travel is expected to be more widely available over the next few years.

F.187 The introduction of Megabus Gold on some lines between London and Scotland has catered for a small proportion of business customers who look for comfort and safety when travelling overnight to the capital. The new service, introduced in 2013, offers bunk beds, online entertainment and refreshments.

F.188 Most operators mentioned integration with other modes as a key area for development. National Express and Megabus are both part of larger groups operating both local bus services

and rail services, affording them the chance to provide more integrated timetables and ticketing arrangements.

F.189 All operators supported further integration at the infrastructure level, implicitly favouring increasing capacity at existing coach terminals that enjoy the best connectivity with bus and rail transport, as well as improving facilities at airports.

Stakeholder comments

F.190 As part of this study, we interviewed five stakeholders with experience of the UK, as summarised in Table F.5 below.

Table F.5: interviewees with knowledge of the UK coach industry

Interviewee	Role	Type of interview
Department for Transport	Ministry	Telephone
Confederation of Passenger Transport	Operator body	Telephone
First Group (as EPTO)	Owning group and operator	Telephone
National Express	Owning group and operator	Telephone
Stagecoach and Megabus	Owning group and operator	Face-to-face

F.191 None of the stakeholders offered any views on the impact of further liberalisation options on Great Britain, which they generally saw as a broadly mature market, with a stable competitive environment, but with some shortages of terminal capacity, particularly at Victoria Coach Station in London. Nonetheless, we summarise next their comments on issues which might inform an assessment of further liberalisation elsewhere.

Need for change

F.192 The Department for Transport pointed out to us that it had recently carried out extensive consultation on the Buses Bill, which became the Bus Services Act 2017 on 27 April 2017. Stakeholders had generally accepted that the current arrangements work well.

Need for establishment

F.193 The Department for Transport told us that any changes, to allow an undertaking established in another Member State to operate national regular and special regular services without the requirement for establishment, should be limited to very particular circumstances, and on a de minimis basis, so as not to affect the overall market. They said that examples could be for contracts to specific groups in sparsely populated border regions.

F.194 The Department for Transport noted that European legislation requires operators to be “physically located”, with a place where documents can be examined. The UK goes beyond this, on both passenger and goods vehicles, for example:

- to be able to carry out an environmental assessment of the premises;
- to confirm that all the vehicles can be parked (this avoids having streets full of “parked” coaches and trucks), and
- so that maintenance facilities can be assessed by DVSA (Driver and Vehicle Standards Agency).

F.195 Legislation limited what services could be offered with a Community licence without establishing locally help support enforcement.

F.196 The Department for Transport did not see that further liberalisation, including the removal of the requirement for an undertaking to be established within the Member State, was compatible with adequate regulation and enforcement.

Need for a journey form for occasional services

F.197 The Department of Transport said that derogations from the need for establishment should not apply to occasional services, as this would be difficult to enforce.

F.198 EPTO told us that their members were not generally concerned with occasional services. The Department for Transport told us that they would wish to see the requirement for a journey form continued.

Need for authorisations for regular services

F.199 EPTO told us that most of their members would welcome removal of the authorisation process, provided that:

- other administrative barriers were not introduced;
- a level playing field was maintained; and
- safety standards were not lowered.

Need to protect PSCs

F.200 The Department for Transport told us that only one Authorisation had been refused under Article 8(4) of Regulation 1073/2009, but that this did not involve an economic analysis under Article 8(4)(d). They did not indicate whether they considered that such an analysis would have been necessary, proportionate or practicable.

Common requirements to protect PSCs

F.201 The Department for Transport said that it would not be advisable or achievable to attempt to set common requirements for public service contracts. In addition, it might first be necessary to develop workable definitions of terms such as coach, bus, urban, suburban and interurban.

F.202 EPTO considered that common rules based on the minimum distance a passenger could be carried would be too inflexible. There was a need to protect the interests of operators awarded PSCs through an open tender, who would bear financial risk, and this implied a need for a fair and transparent assessment process, which had not always occurred. In the case of a direct award of a PSC, however, they argued that it was harder to justify any protection.

F.203 We asked EPTO whether such an assessment process would be workable and timely in a dynamic market or if, for example, one or more operators submitted a large number of “speculative” applications. EPTO argued that markets were relatively stable: much of the apparent “churn” in the market in Great Britain related to PSC services being retendered, or to minor changes in service timings to reflect congestion or around holidays. Workload could be simplified further if operators could submit route applications electronically, and approval was automatic if there was no (reasoned) objection within a fixed (and short) period.

Data gathering and monitoring

F.204 The Department for Transport told us that they saw no need to collect extensive data on coaches. They were reluctant to add administrative burden, and the benefits of any additional data-gathering would need to outweigh the administrative costs. However, new or future electronic booking systems may make the incremental cost of data collection small, as may

changes associated with the UK leaving the EU, if these mean that businesses need to collect or provide more data for other reasons.

Subcontracting in operations

- F.205 National Express told us that about 70% of their operations are contracted and only 30% carried out in-house. They specify designs for vehicles which contractors then buy or lease. This model gives them flexibility and works well.

Economies of scale in operations

- F.206 National Express cited an example of how acquisition enabled them to share spare fleet and to gain from management synergies, and to acquire a network of depots and access to a pool of drivers.

Competition in a liberalised market

- F.207 National Express report that competition comes from rail, particularly on discounted fares, and from large bus operators and localised services.

Success factors in a liberalised market

- F.208 National Express report that some of their success is attributable to competitive pricing, better distribution channels and greater understanding of customers and their needs, and to longer term implementation of improved retailing systems. It also mentioned the benefits of having a large customer database with which to send targeted emails.

Building international networks

- F.209 National Express told us that Eurolines' routes are not centrally planned but are based on bilateral agreements between operators, and the decision to run services is commercial.

Ease of market entry

- F.210 Megabus said that the application of the Regulation is different in each Member State, each of which has different procedures and works in different languages, which favours incumbents and large operators. In addition, in some Member States, only locally-established operators can apply for access to terminals or to use on-street stops. Megabus said that they would welcome a standard European portal for applying for route authorisations.
- F.211 In Germany, laws vary between the Länder, so centrally-managed international services are easier to apply for than domestic ones crossing between Länder. In either case, it is often necessary to make separate, and sometimes repeated, applications for each departure slot en route until a workable schedule can be assembled.
- F.212 Megabus told us that it was difficult to obtain a permit in Germany because of the legislation/bureaucratic process that can take up to four months (2 month for the authority to decide if the company can apply for the permit and two months to produce the permit). National Express told us, in contrast, that the advent of internet booking meant that new entry in Germany in 2013 was easier than it had been in the UK in 1983. However, as noted at the start of this case study, the coach market stabilised rapidly after liberalisation and, arguably, after around a decade had largely reverted to previous levels of supply, price and demand.
- F.213 However, National Express argued that FlixBus's strategy of very low fares on routes with competition, and the lack of intervention by the competition authorities, made it difficult for other operators to compete. This eventually meant that the market was not viable for other

operators. Megabus agreed that the lack of intervention by the competition authorities was a factor in their decision to sell their operations to FlixBus. We note that this pattern, an implicit natural monopoly reached by keeping prices low until a dominant position has been reached, is common among technology firms (such as Amazon) and consistent with the pattern seen in Great Britain after 1980.

F.214 EPTO was also concerned about the rules on access to depots and staff. Incumbent operators who were vacating depots were not obliged to make them available, so entrants have to create new ones, which may not be popular with neighbouring households. Equally, there was no obligation for staff employing by a withdrawing operator to be made available to an entrant.

F.215 EPTO told us that liberalisation almost always delivered higher quality and standards, citing how net operating subsidy to rail services in Great Britain had almost been eliminated, but noted that the German market might require public sector investment in infrastructure. The key issue was that liberalisation should be transparent and fair.

F.216 We sought EPTO's views on the lack of regulatory intervention in the liberalised German market, and were told that their members' views varied:

- One view was that "winner takes all" was not unfair, if there had been an initial level playing field, but that this might not be in the best interests of passengers.
- Another view was that the ownership of some coach operators by state-owned national railways enabled them to benefit from cross-subsidy, and that this did not constitute a level playing field.

F.217 National Express also noted that governments allow rail to compete with coach, without clear evidence that they are not exploiting subsidy provided under PSCs to do so (all the long-distance rail operators in Great Britain have a PSC and, arguably, have priced into their subsidy requirement the need to keep some fares low to compete with coach). It is not clear how Member States could prevent this, other than by specifying fares for PSC services and not permitting any discounting.

Defining a terminal, and congestion, for the purposes of legislation

F.218 The Department for Transport told us that existing domestic legislation was adequate and it saw no value in attempting to set common requirements.

Access to terminals

F.219 The Department for Transport told us that there had been no evidence of anti-competitive behaviour at terminals for coach services, and that access to terminals could be left to the market, which is broadly mature and stable. The UK already has a wide range of terminal ownership models, but also has existing domestic legislation to avoid discriminatory behaviour.

F.220 National Express told us that, in its view, there are not enough public coach terminals in Europe, citing examples in France, Belgium, the Netherlands and Austria, and that Eurolines rents its own terminals where no public terminal is available. Use of roadside bus stops is not normally satisfactory, especially if there is an aim, or a commercial need, to attract multimodal travel. Few cities have collocated coach and rail terminals. In summary, National Express considered that there is insufficient infrastructure to support national or international coach operations in most Member States.

- F.221 Megabus told us that they prefer to stop at terminals in the big cities to serve more people. Usually they prefer terminals that provide interchange with other transport modes, and facilities such as toilets and ticket agencies. Terminals that provide more facilities for both drivers and passengers are preferred, although when this is not possible they stop try to stop close to railway terminals.
- F.222 The Confederation of Passenger Transport (CPT) suggested that at the EU level there should be a uniform regulation that encourages each Member State to adopt proper measure to build and manage terminals. Terminals should also provide essential services for the buses and for disabled people. They cited as an example Heathrow Airport, where everything is scheduled and tariffs are clearly and transparently defined. CPT considered that the framework should:
- be very detailed and transparent;
 - publicly define the usage condition and the fares of the terminal; and
 - define the capacity criteria and the congestion restrictions (priorities).
- F.223 CPT also considered that the EU should promote and encourage each Member State to adopt legislation that defines criteria for building more public terminals.
- F.224 EPTO was concerned that, in many towns and cities, coaches are forced to use terminals far from the city centre, such as airports, or roadside pick-up and drop-off points. Where terminals are available, access to them should be non-discriminatory. We asked whether non-discriminatory arrangements could include the acceptance of “grandfather rights”, as occurs in the airport industry, which favoured incumbent operators.

The effects of a framework governing the allocation of terminal capacity and charges

- F.225 The Department for Transport repeated that terminals or bus stations within the UK are provided through a variety of ownership and administrative systems which it considered are best regulated at a national level. Given this complexity, it would not be advisable or achievable to set for a framework governing the allocation of terminal capacity and charges.
- F.226 EPTO drew our attention to the UK’s “Bus Station Order” of 2012, which provides a framework for defining a terminal and its capacity, and for setting and reviewing its charges. An important element was the need to publish and apply procedures, enabling challenge either that the procedures were discriminatory or that they had not been correctly applied. This could be set in a framework of factors that the terminal manager was required to consider (analogous to the list of rail market sectors in the Annex of Directive 2012/34/EU). It might, however, require some time before a mature and trusted approach applied at terminals across the EU, particularly if national competition authorities were not effective.
- F.227 We also identified a detailed analysis of capacity at Worcester bus station, undertaken by a local authority seeking to understand why capacity was constrained. This analysis indicated that more efficient management of the station could enable departures to be increased by 26-48%. While this example relates to local bus rather than to interurban coach services, it provides some indication of the extent to which capacity can be artificially constrained, whether by design or not.

Passenger rights

- F.228 National Express told us that, to be accessible, a terminal would need staff 24 hours a day, and this was rarely provided. However, once one operator on a route provided an accessible service, others might need to respond to remain competitive.

France

Introduction

- F.229 France has the longest road network of Europe, with more than a million-kilometres of roads including 1.1% of motorways, and the fifth densest road network, with 1.9 kilometres of road per square-kilometre, but the volume of coach travel in France was until recently minimal.
- F.230 In 2013, statistics published by the French government show that only 110,000 passengers travelled by long-distance coach, corresponding to only 0.0005% of long-distance domestic trips. Rail carried ten times more long-distance passengers than coach, even excluding high-speed train services.
- F.231 Until August 2015, the market for long-distance regular coach services was strictly regulated. Long-distance coach services were restricted to cabotage of international services permitted under Regulation 1073/2009, or were operated under public service contracts.
- F.232 In 2015 the market was deregulated for coach services on which each passenger was carried at least 100 kilometres. If an operator wished to offer a service carrying passengers less than 100 kilometres, the newly-appointed independent regulator, Arafer⁵⁷ must assess whether the services pose an economic threat to existing rail or road PSO contracts.
- F.233 Since deregulation, a wide range of new services have emerged, as we discuss further below.

The domestic regulatory framework

Background

- F.234 Until 2011, coach services in France were strictly regulated. The regulatory environment was opened slightly in 2011 by Regulation 1073/2009 in respect of cabotage, but it was not until the Macron law⁵⁸ was passed in July 2015 and signed in August 2015 that the regulatory environment was significantly relaxed.

Regulatory framework to 2011

- F.235 Until 2011, interregional coach services in France could only be operated if one or more of the following three conditions were met:
- They were subject to a public transport contract (PSC) between competent transport authorities and coach companies. Some services involved only one authority, but others involved more than one.
 - They were provided as substitutes for regional rail services.
 - They were operated on lines of “national interest”, which applied to only three routes.
- F.236 This framework guaranteed the French incumbent rail operator, SNCF, protection from intermodal competition from coach services, and meant that coach services across France had a very low market share.

⁵⁷ Autorité de régulation des activités ferroviaires et routières, previously responsible only for rail regulation, and known as Autorité de régulation des activités ferroviaires (ARAF).

⁵⁸ “Loi no 2015-990 du 6 août 2015 pour la croissance, l'activité et l'égalité des chances économiques” (Law for growth, activity and equality of economic opportunity).

Regulatory framework from 2011 to 2015

F.237 From December 2009, Article 38 of Law no. 2009-1503 of December 2009 provided that, from 2011, interregional coach services could only be introduced in France in the context of:

- Public transport contracts (PSCs), between the competent transport authorities and the coach companies, as was already the case before 2011.
- Cabotage, which enabled international transport companies to provide a certain proportion of a domestic service on a route, as provided for in Regulation 1073/2009. For example, an international Brussels-Lyon coach service operating via Lille and Paris could carry domestic passengers between any of Lille, Paris and Lyon.

F.238 In practice, cabotage operations had to meet a number of additional conditions:

- The same coach was used for the entire route, with no change of vehicle permitted.
- Over a year, domestic passengers carried through cabotage services did not exceed more than 50% of the passengers, or contribute more than 50% of the turnover, on any route.
- Cabotage was not permitted between points within a French region (shown in Figure F.18).

Figure F.18: Regions of France, and their subdivisions into Departments



- F.239 Decree no. 2010-1388 of November 2010 defined the application process and specified the conditions for authorisation, including the Regulation 1073/2009 Article 8(4)(d) test that cabotage services did not impair the economic balance of PSCs for passenger services by any mode including rail.
- F.240 The French Ministry of Transport had three months to approve applications, and a 2013 study by the French Competition authority⁵⁹ showed that around 60% of applications were approved. However, the French competition authority (Autorité de la concurrence) reported that:
- The conditions for granting authorisation were not clearly specified, and decisions to accept or reject a new coach route often lacked economic justification.
 - Evaluation methods were not standardised, and were inconsistent between regions.
- F.241 The obligation to form part of an international route resulted in restricting the long-distance coach services to some areas of the country and to some large cities. The restrictions on turnover and the number of passengers also complicated operating activity.
- F.242 In 2013, the French competition authority recommended modernisation of the system of administrative approvals. It highlighted that lack of transparency was a major problem for the efficiency of the system and, given that the State is also the main shareholder of SNCF, called for an independent regulator of the sector.

Regulatory framework from 2015

- F.243 The July 2015 Macron law introduced significant market deregulation. It stated that:
- Domestic routes on which passengers are carried a minimum of 100 kilometres were liberalised. Operators of such services were no longer subject to an approval process, and would be able to compete freely with rail services for medium- and long-distance routes and to set their own fares. The extent of subcontracting permitted remained unclear, and operators expected clarification from the Government on this point.
 - Domestic routes on which passengers were carried less than 100 kilometres required a demonstration that the new coach service will not negatively impact the economic balance of the PSC for regional rail services.

Route authorisation process

- F.244 Under the July 2015 Macron law, operators wishing to operate a service where passengers are carried less than 100 kilometres must inform Arafer, which will publish the proposal on its website.
- F.245 If the state, or a competent transport authority, challenges the creation of the new coach service because of a significant negative impact on the economic equilibrium of a PSC, it will have two months from the declaration date to inform Arafer of its desire either:
- to impose restrictions on matters such as frequency, timetables or stops; or
 - to prohibit the new coach service.
- F.246 Arafer has clarified that the competent authority or state must substantiate its request and provide Arafer with all the data necessary for Arafer to carry out its economic balance test

⁵⁹ “Enquête sectorielle - Transport interregional régulier par autocar”, Autorité de la concurrence, 13 November 2013

based on objective and reliable criteria. The contents of the request are published on Arafer's website.

F.247 Consultancy Oxera tentatively stated that the test is likely to draw on the economic test applied by ARAF to assess the impact of rail liberalisation on SNCF's PSO, and to take into account any positive effects of allowing new coach services for passengers, SNCF and the regional economy⁶⁰. Arafer has two months to evaluate the case, undertake economic equilibrium tests, and present its findings to its own decision-making body. This period of two months may be extended by one month if necessary.

F.248 Arafer publishes, in a notice on its website, its legally binding decision on the proposed service. Only after this process are operators able to operate their services on the routes concerned.

F.249 Note the overall timescales between applying to operate a service and obtaining Arafer's decision:

- two months, if there are no objections; and
- up to five months, if there are objections.

The emerging liberalised services

F.250 Since market opening in July 2015, Arafer has monitored the market on a quarterly basis and has published extensive market data.

Arafer reporting to the end of 2015

F.251 Arafer's report on the fourth quarter of 2015 showed that, within six months of opening the market, five groups had quickly positioned themselves providing intercity services throughout France:

- Eurolines and Isilines (part of Transdev Group, France)
- FlixBus (an independent transport services company, Germany)
- Megabus (part of Stagecoach Group, United Kingdom)
- Ouibus (part of SNCF Group, France)
- Starshipper (part of French coach network "Réunir")

Arafer reporting to the end of 2016

F.252 Arafer's most recent report, published on 17 March 2017, completes its monitoring of the market to the fourth quarter of 2016 and therefore includes data for six quarters from opening. In this section we have drawn extensively of Arafer's report to illustrate emerging trends.

F.253 In 2016, two major changes took place in the market:

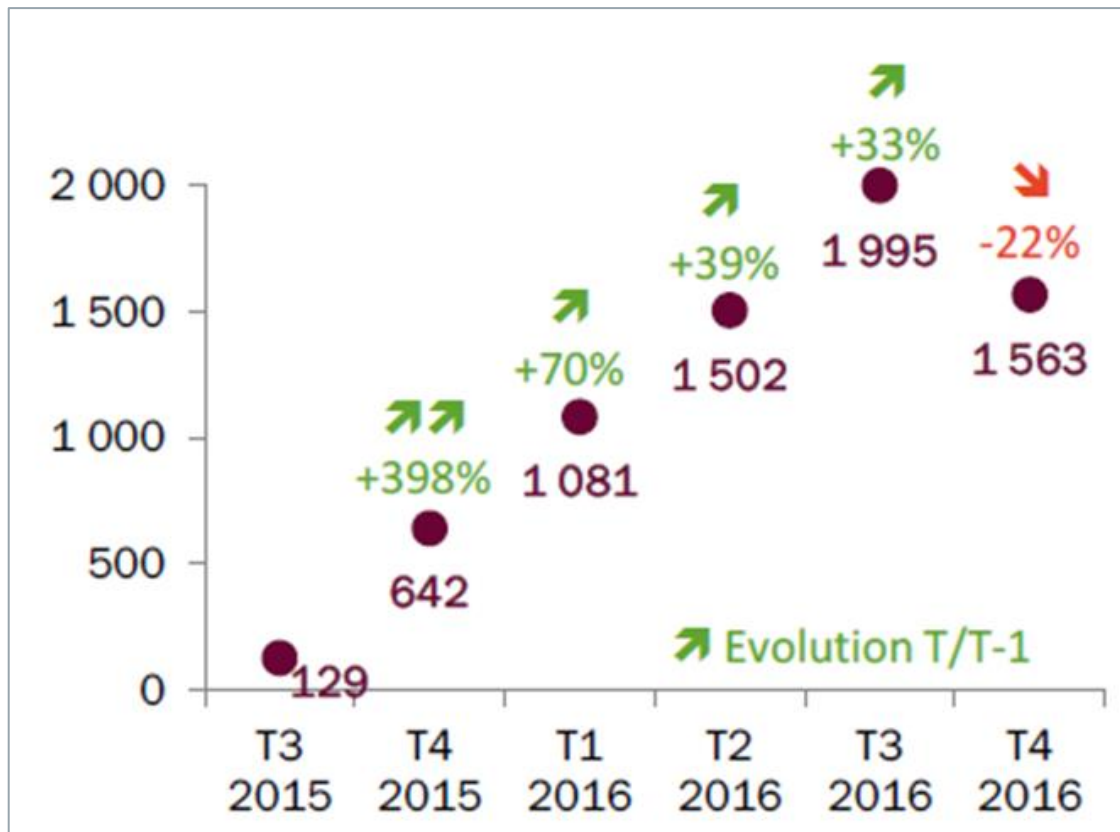
- FlixBus acquired Megabus's commercial activities in continental Europe.
- Starshipper made a strategic alliance with Ouibus, to provide services under the brand Ouibus, in accordance with a franchise-type commercial contract signed for ten years.

F.254 Arafer concluded that, by the end of 2016, there were three principal operators: Eurolines/Isilines, FlixBus and Ouibus, but also noted that two new operators had entered the market.

⁶⁰ Agenda - En route to French transport liberalisation: the coach market, Oxera, August 2015.

F.255 Figure F.19 shows the number of passengers carried by quarter.

Figure F.19: passengers carried by quarter (2015-2016)

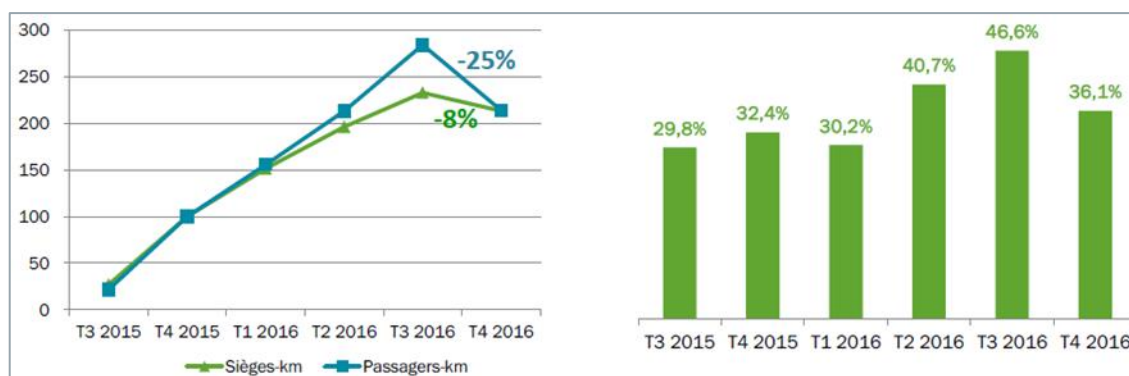


Source: Arafer.

F.256 Arafer noted that 1,563 thousand passengers used liberalised coach services in the fourth quarter of 2016, more than the 642 thousand passengers in the fourth quarter of 2015, but down 22% on the numbers carried during the preceding summer quarter. Arafer concluded that, as with other modes, coach could be expected to have a seasonal fall in traffic in the fourth quarter, but could not estimate, or adjust for, this effect until it had a longer time series of coach passenger data.

F.257 Figure F.20 shows the trend in seat-kilometres and passenger-kilometres (left) and load factors (right) for the six quarters since liberalisation.

Figure F.20: seat-kilometres, passenger-kilometres and load factors (2015-2016)

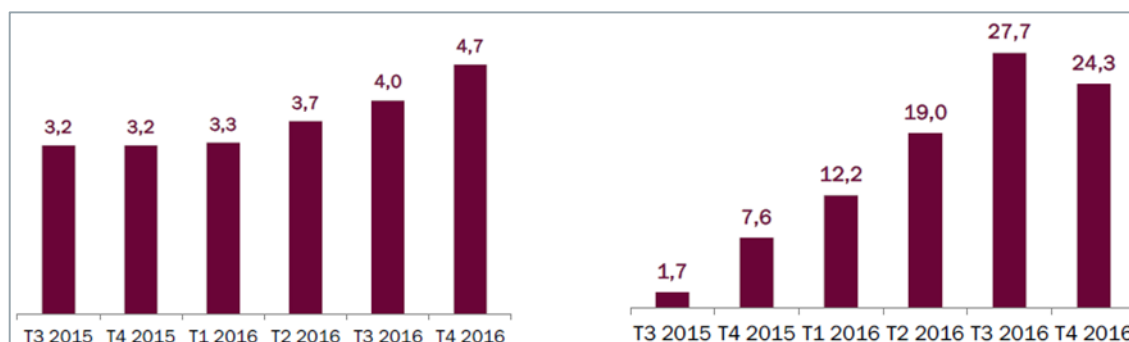


Source: Arafer.

F.258 At first sight it appears that both supply and demand peaked in the third quarter of 2016 (T3 2016), but Arafer pointed out that the coach market, like other transport markets, may be at least partially seasonal, and that the autumn quarter (October to December) may have the lowest demand. Until data are available for the first two or three quarters of 2017 it will therefore be difficult to infer the overall trend in either supply or demand⁶¹.

F.259 Figure F.21 shows the trend on yield (left, euros per 100 passenger-kilometres) and turnover (right, millions of euros excluding taxes).

Figure F.21: yield per 100 passenger-kilometres and turnover (2015-2016)



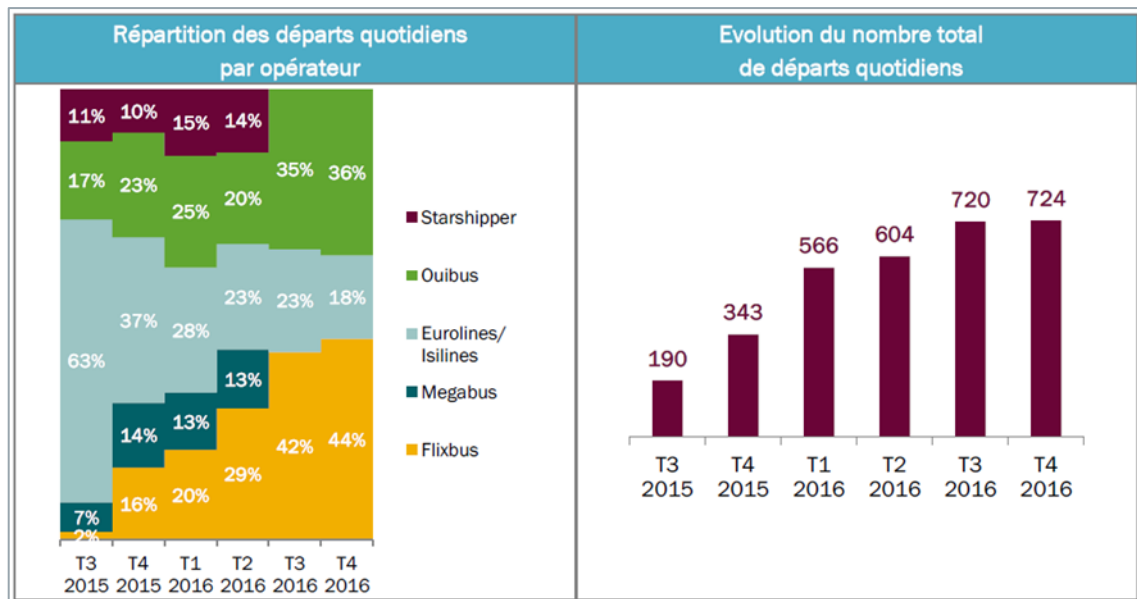
Source: Arafer.

F.260 The figure suggests that operators have managed to increase yield in the final quarter of 2016, from €4 to €4.7 per 100 passenger-kilometres, rather than pricing down to stimulate volume. However, overall revenue for the quarter fell by approximately 12% (from €27.7 million to €24.3 million).

F.261 Figure F.22 shows the number of daily departures by each of the five main original operators.

⁶¹ Our analysis of limited time series data for the liberalisations in Great Britain (1980) and Germany (2013) – see other case studies – suggested that supply peaked around four years after liberalisation. See Figure 3.12 in the main report.

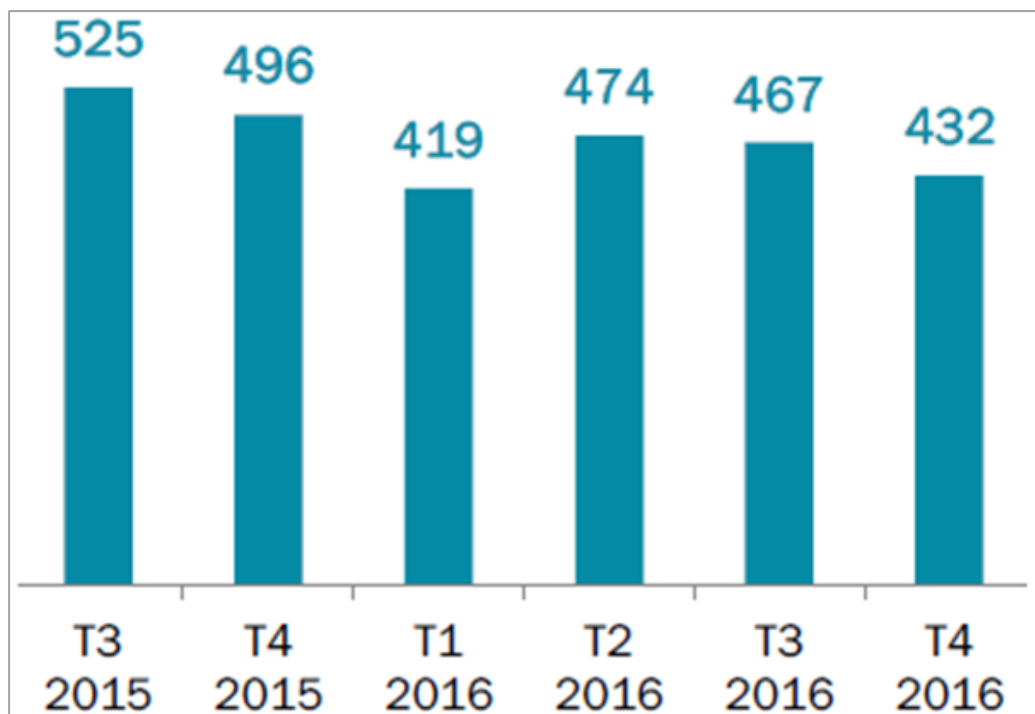
Figure F.22: daily departures by quarter (2015-2016)



Source: Arafer, departures are total daily departures in either direction.

- F.262 The left half of the figure shows that, by the fourth quarter of 2016, FlixBus operated 44% of the main operators' daily departures and Ouibus, including Starshipper, operated a further 36%. In contrast Eurolines/Isilines' share has fallen from 63% in the third quarter of 2015 to only 18% in the fourth quarter of 2016. The right half of the figure shows how growth in the total number of departures may be reaching a plateau, although as we discuss above this may be at least partly due to natural seasonality in the market.
- F.263 Figure F.23 shows the average length of routes operated in each quarter.

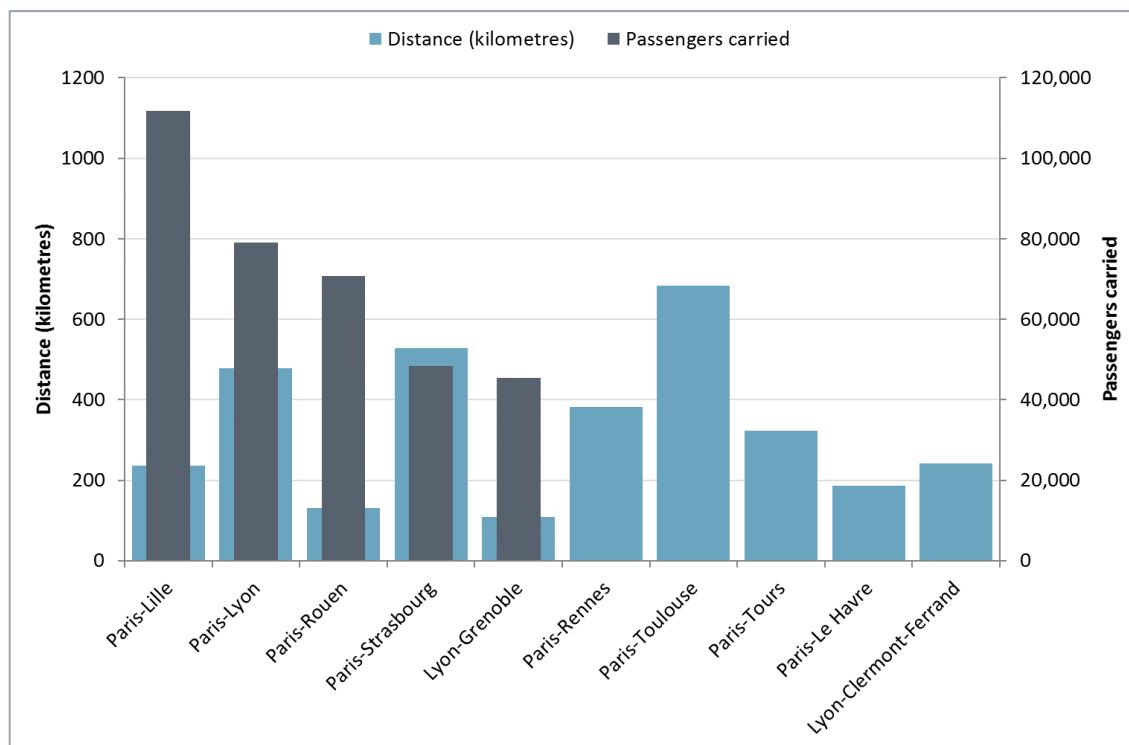
Figure F.23: average length of routes (2015-2016)



Source: Arafer.

- F.264 At first sight, there has been a downward trend in route length, and it could be argued that this was consistent with operators entering the markets on routes most likely to be profitable, which will typically be long, and gradually progressing to shorter routes. In practice, however, operators may adjust their route network for a number of reasons, and we conclude that the data cannot yet be interpreted as a trend to shorter routes.
- F.265 Arafer provided only limited data on the busiest ten routes, which we summarise in Figure F.24.

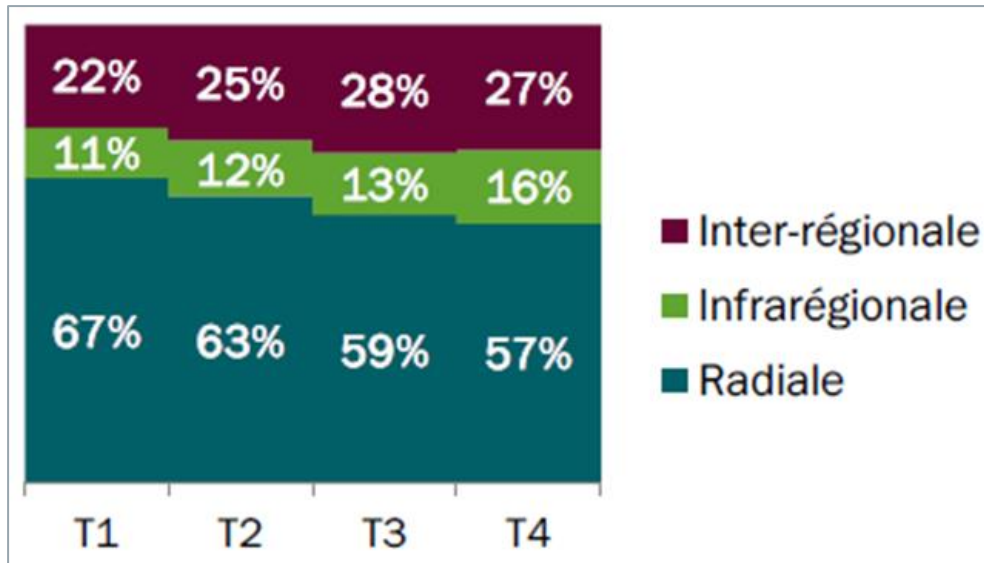
Figure F.24: ten busiest routes (fourth quarter of 2016)



Source: Arafer, passengers carried only available for five busiest routes.

- F.266 Of the ten busiest routes, eight are to and from Paris, with the most important destinations being Lille, Lyon and Rouen, and the remainder are between Lyon and Grenoble (fifth busiest) and Clermont-Ferrand (tenth busiest). The shortest route in the top ten, between Lyon and Grenoble, is only 108 kilometres long, and hence only just long enough to be deregulated. Three other routes, between Paris and Lille, Rouen and Le Havre are shorter than 250 kilometres.
- F.267 Arafer only provided passenger number data on the busiest five routes, but this shows that even the fourth busiest route, between Paris and Strasbourg, carries fewer than half as many passengers as the busiest, between Paris and Lille. This carries an average of 1,210 passengers per day on an average of 71 departures, giving an average load of 17 passengers per coach.
- F.268 The dominance of routes to and from Paris is confirmed by Figure F.25, which shows the proportion of passengers carried on radial routes from Paris (bottom), intra-regional routes (centre) and interregional routes (top) during the four quarters of 2016. The figure is consistent with the hypothesis that operators began with radial routes and subsequently expanded into intra- and interregional routes.

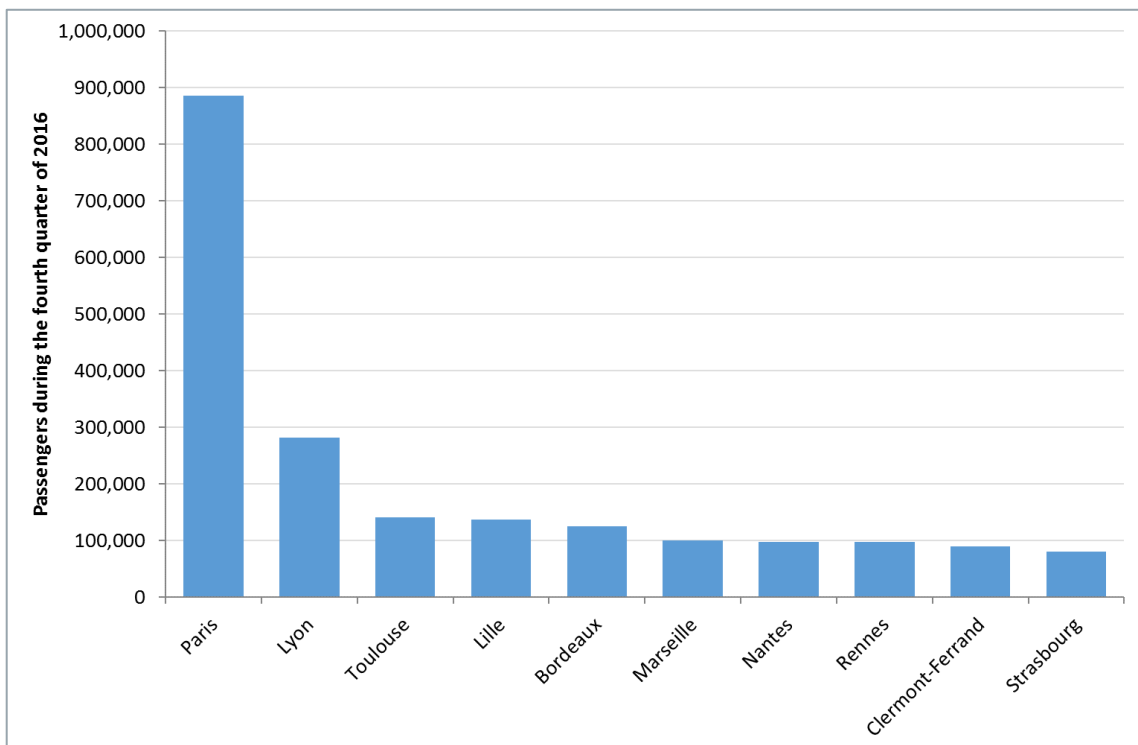
Figure F.25: proportions of passengers by route type (2016)



Source: Arafer.

F.269 Arafer identified the ten busiest locations by passenger numbers, which we summarise in Figure F.26. Paris handles more than three times more passengers than the next busiest location, Lyon. The tenth busiest location, Strasbourg, handles fewer than one-tenth as many passengers as Paris.

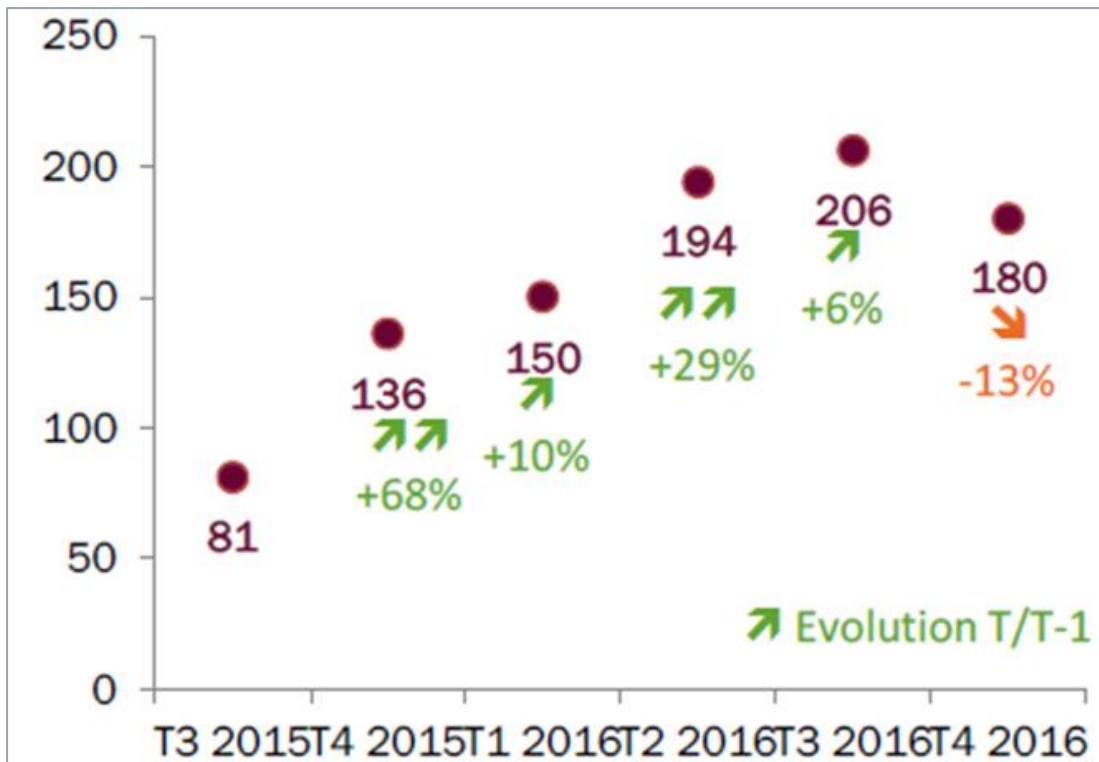
Figure F.26: ten busiest locations (fourth quarter of 2016)



Source: Arafer.

F.270 Figure F.27 shows the number of locations served by quarter, which reached a peak of 206 in the third quarter of 2016 and then fell by 13% to 180 in the fourth quarter.

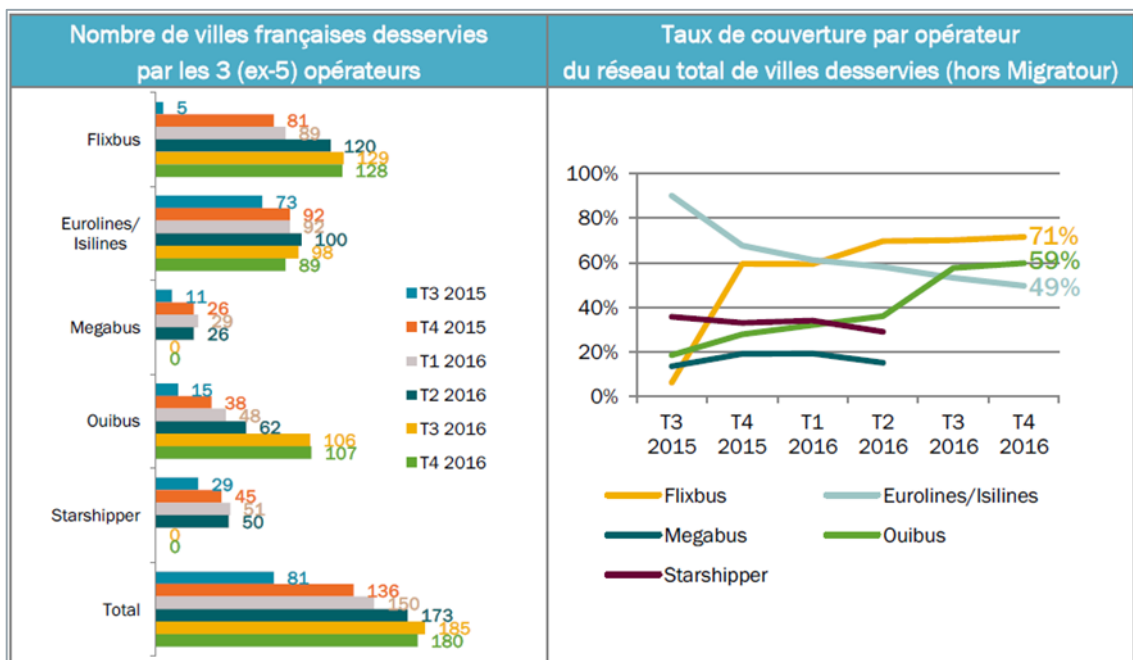
Figure F.27: locations served by quarter (2015-2016)



Source: Arafer.

F.271 Arafer noted that some of the changes in the locations served reflected changes in the destinations served, for example adding routes to ski resorts at the expense of other destinations. Figure F.28 examines the number of destination served by five major operators in each quarter: note that these do not include all 206 destinations shown in Figure F.27.

Figure F.28: locations served by operator by quarter (2015-2016)

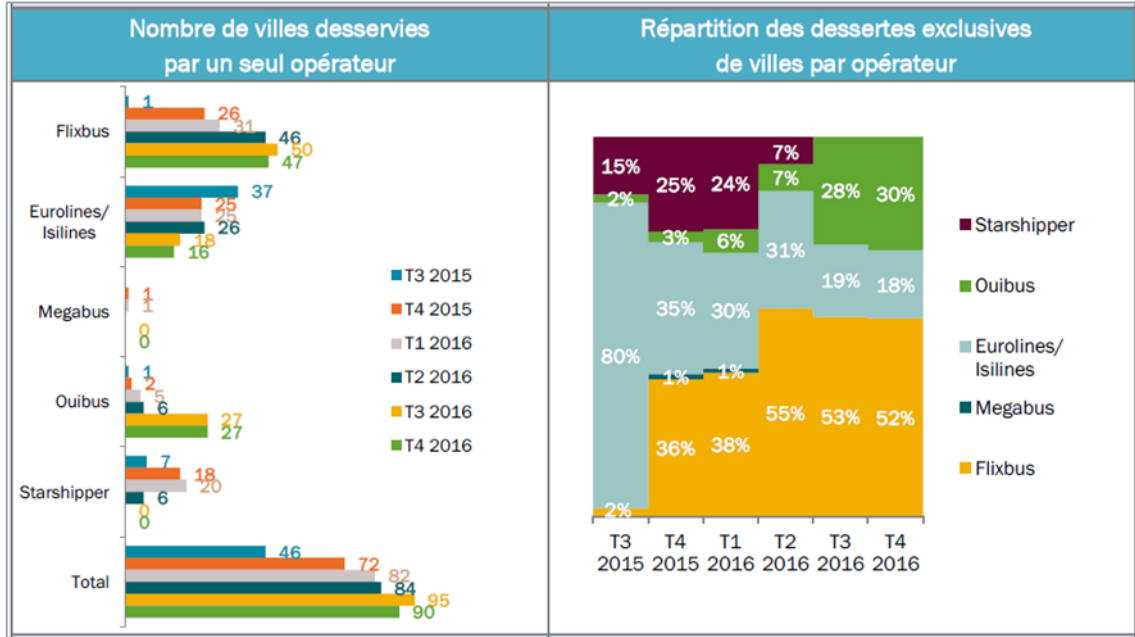


Source: Arafer.

F.272 The left half of the figure shows that FlixBus served a peak of 129 destinations in the third quarter of 2016 and its nearest rival, Ouibus, served 107 in the fourth quarter of 2016. The right half of the figure shows the time trend in the proportion of total destinations served by each operator. It can be seen that FlixBus and Ouibus continued to expand their coverage but that Eurolines/Isilines' coverage had fallen to below 50% by the end of 2016.

F.273 Figure F.29 shows the number of locations at which each operator provides the only service.

Figure F.29: locations served by only one operator by quarter (2015-2016)

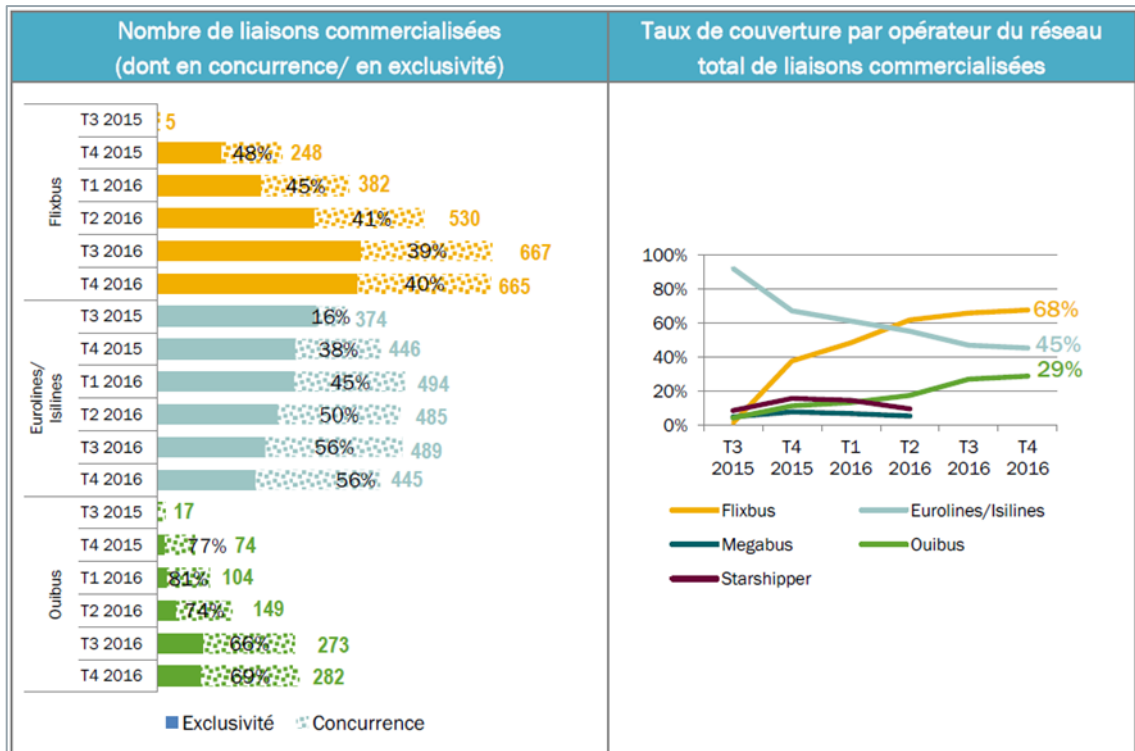


Source: Arafer.

F.274 The left half of the figure shows that, of the peak of 206 locations served during the third quarter of 2016 (Figure F.27), 95 were served by only a single operator. The right half of the figure shows that an increasing proportion of locations with only one operator were served either by FlixBus (52% of locations) or Ouibus, now including Starshipper (30% of locations). A possible interpretation is that the two operators are both growing their networks, but are avoiding direct competition.

F.275 Extending the analysis in Figure F.29, Figure F.30 shows the extent to which each of the major operators faces competition on its routes.

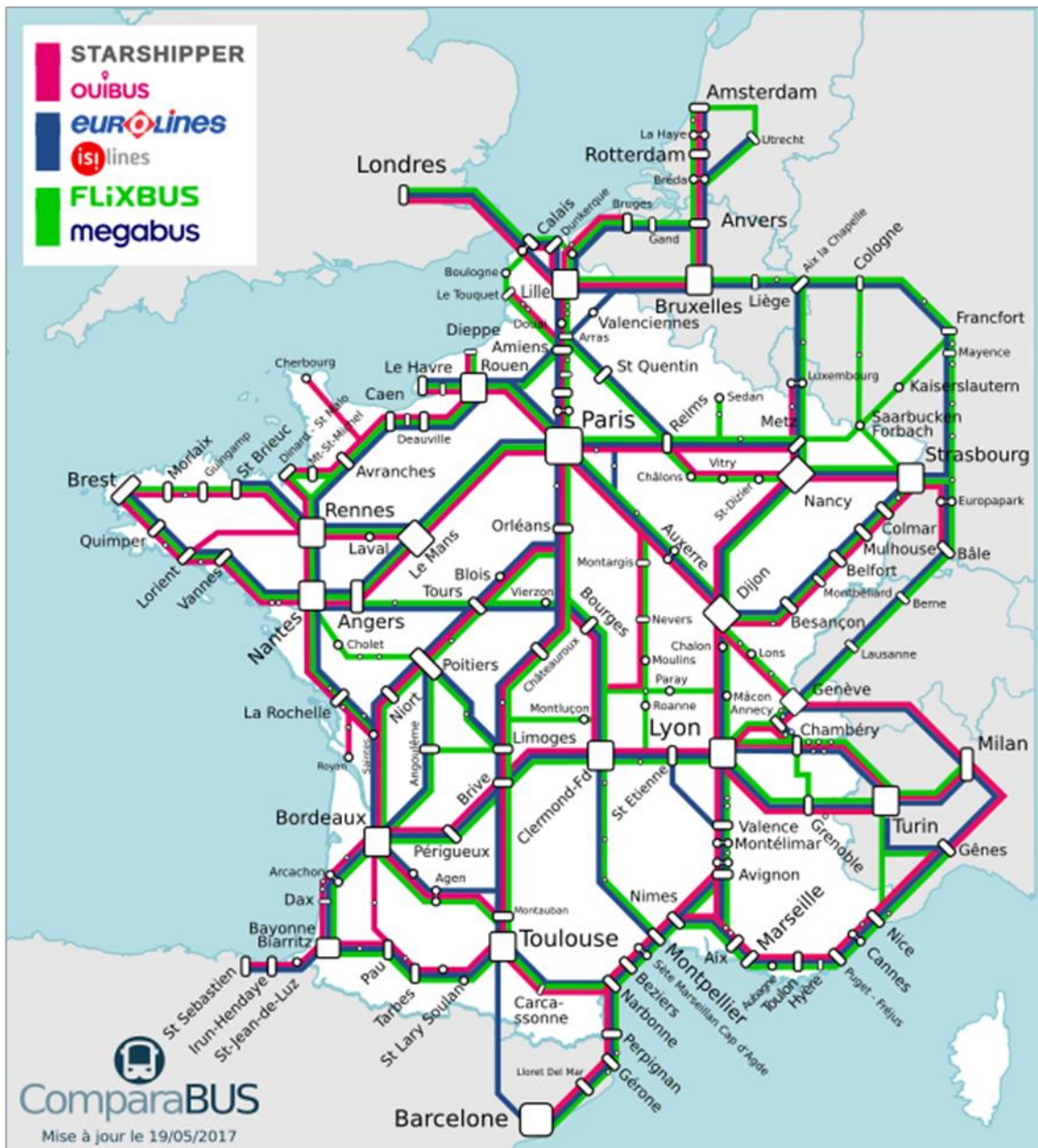
Figure F.30: competition and exclusivity on routes (2015-2016)



Source: Arafer.

- F.276 On the left half of the figure, solid bars represent routes with one operator and lighter ones represent routes with competition. FlixBus faces competition on only 40% of its routes, while Eurolines/Isilines faces competition on 56% and Ouibus faces competition on 69%. One possible interpretation is that Ouibus chooses to compete with operators paralleling rail routes operated by SCNF, as we discuss below.
- F.277 The right half of the figure shows the proportion of commercial routes on which each operator is present: FlixBus operates on 68% of routes, Eurolines/Isilines on 45%, and Ouibus on 29%.
- F.278 Arafer’s analysis is also illustrated by Figure F.31, a map of the network produced and updated by ComparaBUS, as downloaded on 31 May 2017. The map illustrates the extent of overlap between the operators and the routes on which there is only one operator. It can also be seen that FlixBus has more routes than the other operators into Germany, its home base.

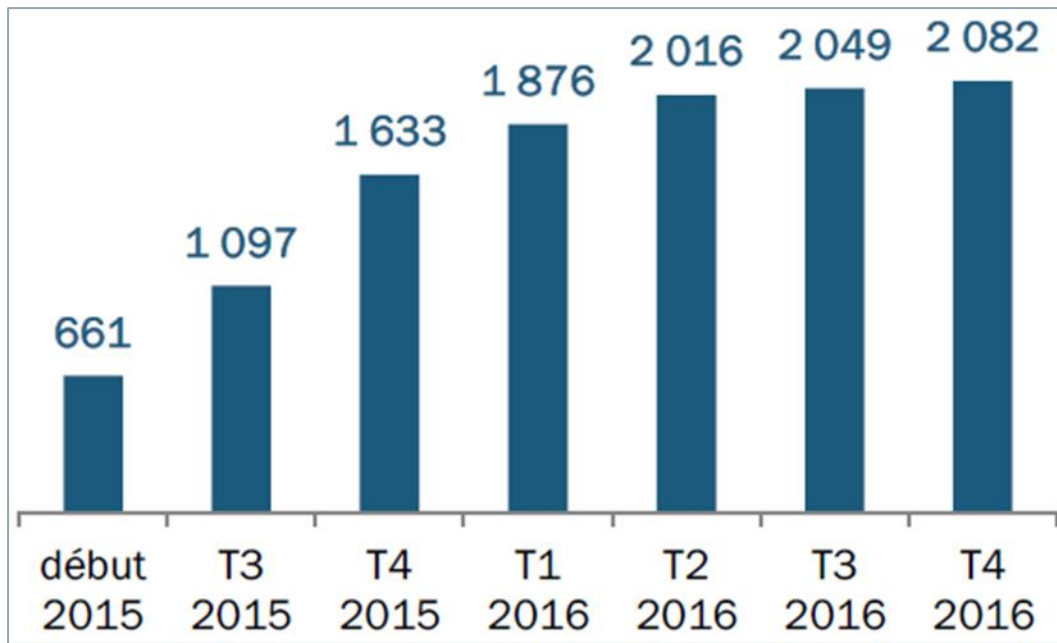
Figure F.31: competition and exclusivity map



Source: ComparaBUS, 31 May 2017.

F.279 Arafer also estimated the increase in employment in the coach sector (Figure F.32), which rose from 661 immediately before liberalisation to 2,082 by the end of 2016, a gross increase of nearly 1,500 employees. We note, however, that there may in consequence be a reduction in employment in competing modes, particularly in rail, at least in the longer term.

Figure F.32: employment in the coach sector, full time equivalents (2015-2016)

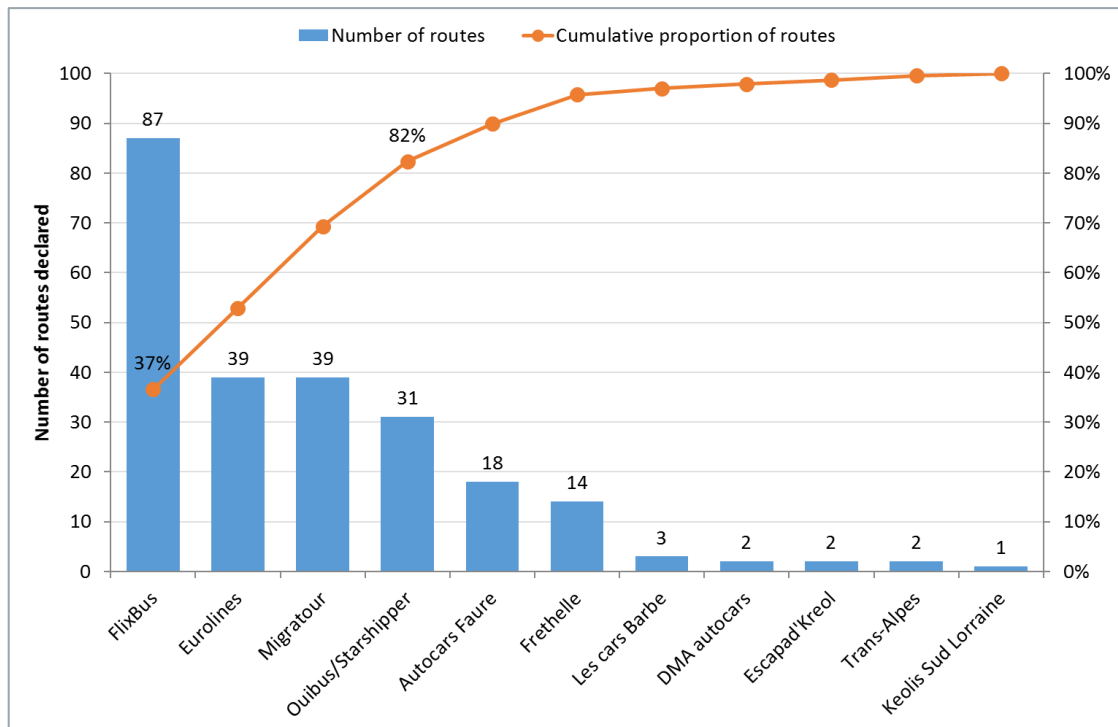


Source: Arafer.

Routes carrying passengers under 100 kilometres

F.280 Arafer has received applications to operate routes carrying passengers under 100 kilometres. Figure F.33 shows the number of applications for routes received by 31 December 2016.

Figure F.33: declarations for services under 100 kilometres (5 December 2016)



Source: Arafer.

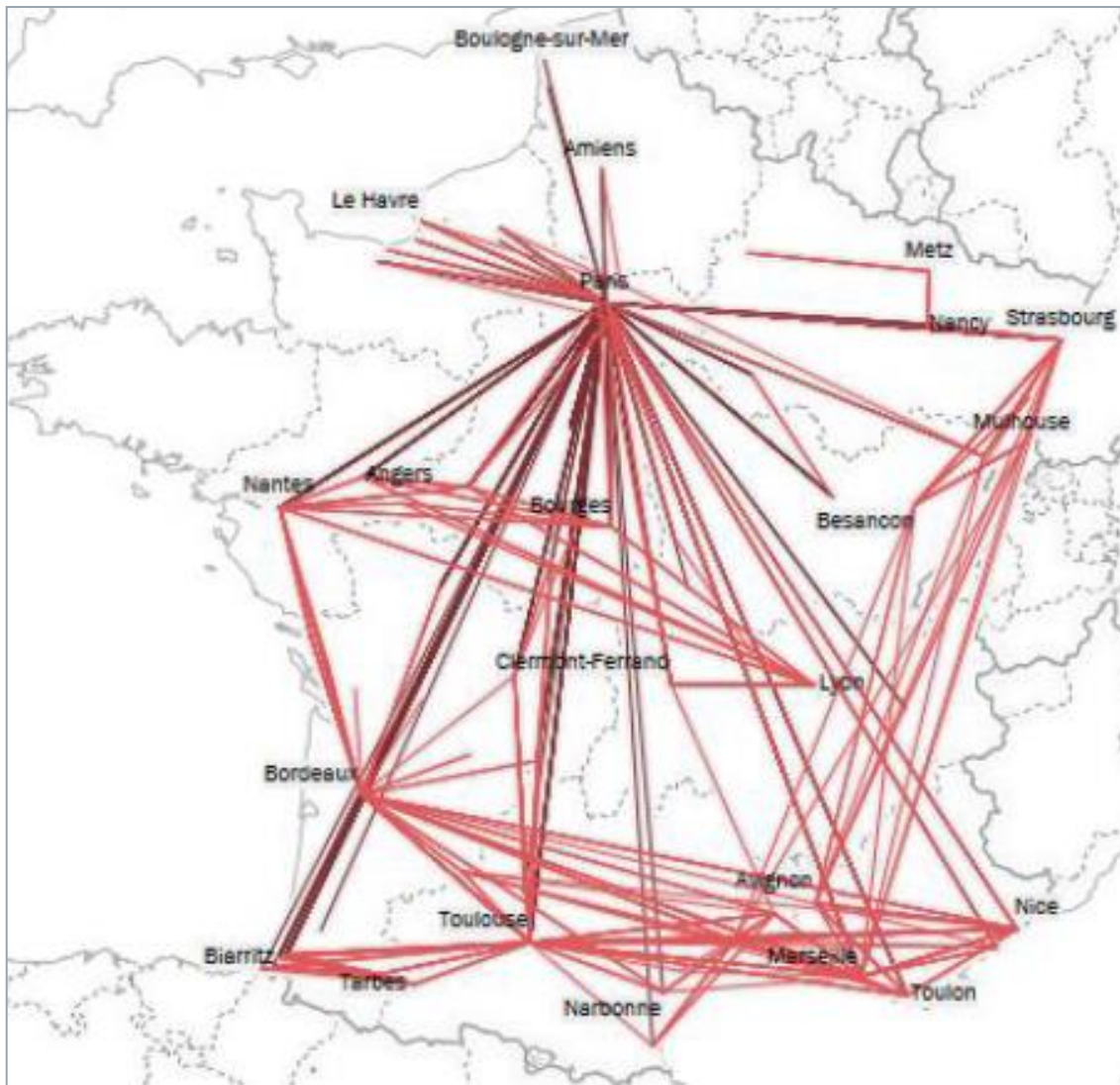
F.281 87 routes, or 37% of the total, had been declared by FlixBus, and 196 routes, or 82% of the total had been declared by four major groups: FlixBus, Eurolines, Migratour and Ouibus including Starshipper. This suggests that the major groupings may dominate the market for shorter-distance routes approved by Arafer as well as the unregulated longer-distance ones discussed above.

Competition between modes

F.282 In its report on services to the second quarter of 2016, Arafer identified that 174 coach routes overlap with, or parallel, PSO intercity services, also known as TET (trains d'équilibre du territoire), that carried 1,585,000 passengers:

- 35% of Ouibus routes parallel TET.
- 25% of Eurolines/Isilines routes, or 135 routes, parallel TET.
- 23% of FlixBus routes, or 125 routes, parallel TET.

Figure F.34: coach service paralleling TET interurban rail routes



Source: Arafer (Rapport annuel sur le transport par autocar librement organisé et conventionné (to 30 June 2016)).

F.283 We have not identified any recent estimates of the effect of these services on rail operator revenue, but note that one possible interpretation is that Ouibus is offering coach services paralleling rail services, often in competition with other coach operators (see Figure F.30) as a way of retaining some rail passengers who would otherwise be lost to competing coach services.

Terminals and discrimination in access

Legislative framework since 1945

F.284 Coach and bus terminals in France are regulated under a legislative framework dating from 1945⁶², which does not specify the competent authorities in charge of the terminals or stations. The 1982 Loi d'Orientation des Transports Intérieurs ("LOTI") stated that coach terminals are part of the transport infrastructure required for public transport services. However, a large variety of competent authorities can be involved:

- the state, for services of national interest;
- the regions, for regional services;
- the departments, for departmental services; and
- the local municipalities, or group of municipalities, for urban transport services.

F.285 In practice, a 2012 study by FNTV found that most coach infrastructure is owned by municipalities (44%) or departments (37%), although they may be managed by other parties on their behalf. The remaining 19% of terminals are owned, inter alia, by private companies, SNCF, and State-SNCF-department associations.

F.286 The transport code leaves to the competent authorities the choice of management model of the coach terminals, which can therefore be direct, delegated or under mixed management:

- Terminals under direct management are managed by an internal operator, under the direct control of the competent authority.
- Terminals under delegated management are managed by an operator appointed by the competent authority after a competitive tendering procedure.
- Terminals under mixed management are managed by a *société d'économie mixte* (SEM), a public-private company with more than 50% of its capital and voting seats controlled by the competent authority.

F.287 This legislative framework creates significant issues for the industry for two main reasons:

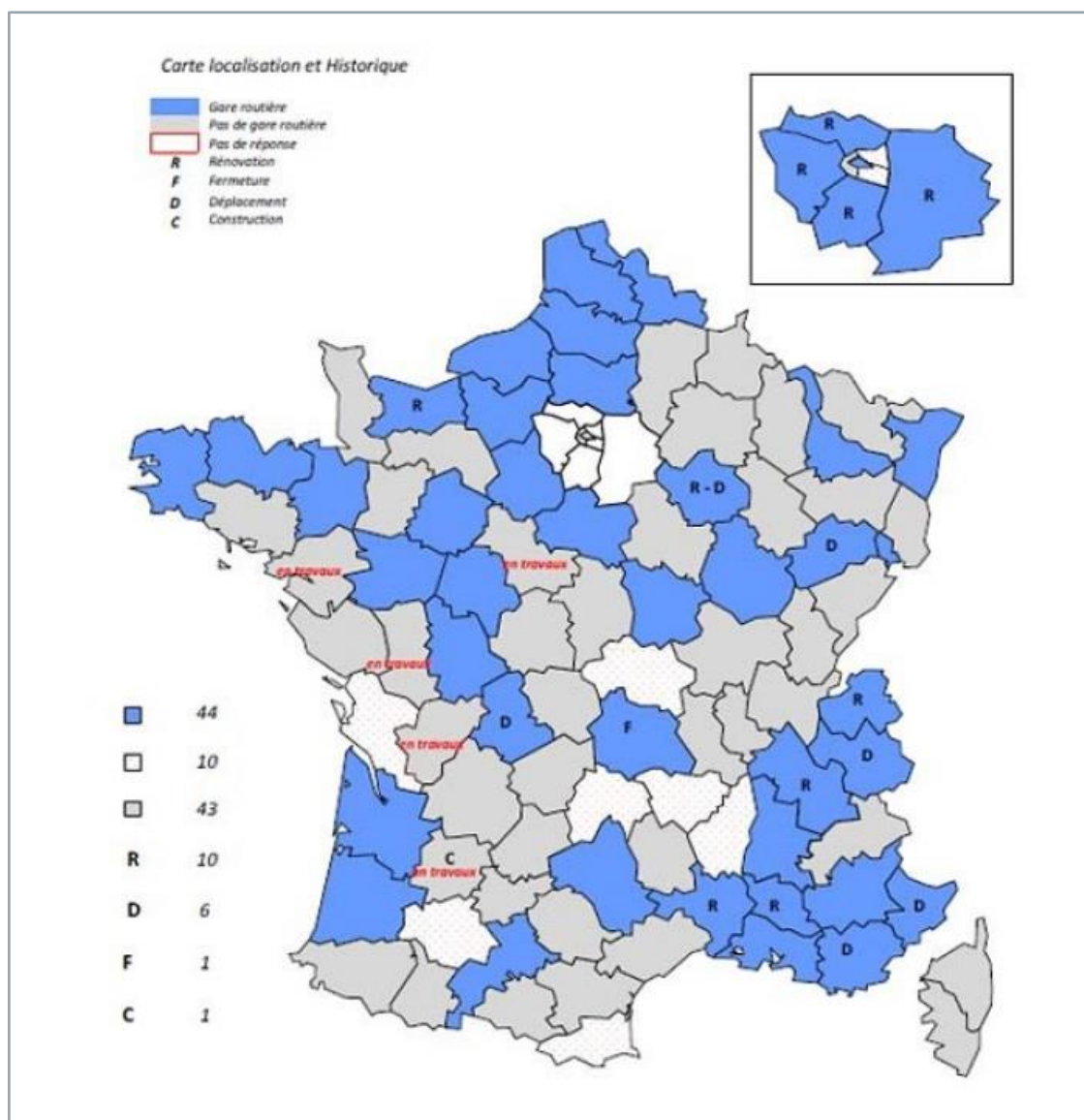
- First, the large variety of ownership structures creates practical problems: some operators reported great difficulty in even identifying the authority in charge of some terminals.
- Second, the term coach "terminal" includes a wide range of infrastructures, from coach stations as commonly understood to an on-street stop⁶³.

F.288 A 2012 study by FNTV found that half of the French prefectures (capital city of a department) did not have a proper coach station, as shown in Figure F.35.

⁶² Ordinance from 24 October 1945.

⁶³ We discuss in main report a different definition, adopted in some UK legislation, which requires that terminals have a minimum area of 600 square metres at ground floor level. This illustrates how different Member States have widely divergent views on what needs to be considered coach infrastructure for regulatory purposes.

Figure F.35: coach terminals in departmental capital cities



Source: FNTV, October 2012 study:

Note: blue = coach station in the prefecture, grey = no coach station available.

Note: R = renovation, F = closing, D = being moved, C = being built.

- F.289 Where coach terminals existed, 91% were in town centres with only 9% on the outskirts of towns. A large coach operator confirmed that the state of “terminal” infrastructure was highly variable across France with “very few facilities”. In practice, not every large town or even city in France has any infrastructure which would be recognised as a coach terminal.

Legislative framework in the future

- F.290 Arafer is clarifying the rules related to access to coach stations for operators and for people with reduced mobility. Arafer will also settle disputes relating to access or use of the stations.
- F.291 During press briefings related to the new Macron law of July 2015, the Minister of Economy and the Minister of Transport stated that there was an intention to write an ordinance that would “define the framework under which bus stations can be developed in the French

territory, whether by private or public initiative". Until then the Minister of Economy called for coach operators to pool the use of coach terminals.

Locations, facilities and staffing

- F.292 We discuss in turn below four issues relating to coach terminals: location in city and town centres; location relative to railway stations; quality; staffing; and ownership.
- F.293 On location, in France it appears to be important for coach terminals to be close to rail terminals. Railway stations are key intermodal hubs, and ensuring that coach terminals are located within the direct vicinity will support the development of multimodal offers. However, where coach terminals are located by or within the railway station managed in France by SNCF, operators competing with SNCF's Ouibus coach services may not always be guaranteed access.
- F.294 On facilities, the infrastructure typically available is ill-adapted to long-distance coach transport, with limited provision of waiting areas, toilets or amenities designed for international transport by coach, which would require larger spaces and higher headroom than is provided for single-decker buses. In Lille, for example, one of the three busiest routes from Paris (see Figure F.24) and on the routes to the Netherlands, Belgium and the United Kingdom, the only facility is a bus stop opposite the railway station, with no platform, ticket desk or toilet facilities.
- F.295 On staffing, the 2012 FNTV study found that:
- 40% of coach terminals have staff available from the first morning departure to the last evening arrival.
 - 35% of coach terminals are staffed at some point during the day.
 - 25% of coach terminals are never staffed, and tickets must be bought from machines or on board from the driver.
- F.296 On ownership, operators to whom we spoke in 2016 reported that it can be difficult to identify the owner or manager of coach stations, and argued that the legislative framework was outdated and would benefit from an update.

Summary

- F.297 Data on the French market are so far only available for less than 18 months after the beginning of liberalisation, to the end of 2016. At that point, the market was still changing rapidly, and it is not yet possible to make predictions about when and how the market will stabilise, what routes will be served, how much competition will exist, and what fares will be charged.
- F.298 Nonetheless, Arafer has demonstrated that it is possible to collect sufficient data to form a detailed view of the changing market, as we have shown in the preceding section. This appears to suggest a number of key trends.
- F.299 First, and as with other liberalised markets such as Great Britain (1980) and Germany (2013) there has been a period of relatively rapid growth in services. This contrasts, for example, with liberalisation of rail markets, where it can take up to ten years before a new operator appears, and reflects the flexibility of coach as a mode,
- F.300 Second, within months of market opening, there were signs of consolidation, with five major operators falling to three (see Figure F.22, and also Figure F.29), although small-scale new

entry has continued. Unlike Germany, however, where a single dominant operator, FlixBus, rapidly emerged through growth, merger and subcontracting, the French market still has a strong second player in the form of Ouibus, including its subcontractor Starshipper.

- F.301 There are many possible reasons why Ouibus can retain share as a strong second player:
- The characteristics of the French market may be different from those with a dominant operator, such as Great Britain and Germany.
 - Ouibus, part of the SNCF Group, benefits from synergies with rail operations, which might result from the collocation of coach and rail services, but might also result from some or all of integrated timetabling, ticketing and fares or the existence of a common brand.
 - There are no such synergies, but Ouibus benefits from, and potentially has abused, its access to terminals at stations on the SNCF network.
 - There are no such synergies, but Ouibus benefits from, and potentially has abused, cross-subsidies from SNCF's rail operations.
 - Regulators such as Arafer or the French competition authority (Autorité de la concurrence) have intervened in the market, whether to prevent dominance by FlixBus or to prevent abuses by Ouibus.
- F.302 We stress that these reasons are hypothetical, but some stakeholders we spoke to suggested that Ouibus had the advantage that it could use railway stations as coach stations. We also note that Ouibus has fewer exclusive routes than other operators (Figure F.30), and that it appears to parallel rail routes more than other operators (paragraph F.282), and that one possible interpretation is that it does so to retain some of passengers who would otherwise have been lost by rail to its competitors. However, without confirmation from Ouibus of whether this is part of their strategy, we stress that the evidence of this effect is limited and circumstantial.
- F.303 Ouibus told us that it acts independently of SNCF, and we found no evidence that Ouibus is abusing its position. Ouibus argues that it and other coach operators compete less with rail than with services such as BlaBlaCar.
- F.304 Third, the operators are growing their networks, apparently by several mechanisms:
- more departures (see Figure F.22);
 - more routes;
 - more destinations (see Figure F.27); or
 - more applications to serve journeys of less than 100 kilometres (see Figure F.33).
- F.305 In the 2016 study, stakeholders noted that most operators were focusing on services with a minimum distance of 100 kilometres, where there remained scope for service development. We assumed at the time that operators would be keen to build their market, establish their operations and brand, before looking for opportunities under 100 kilometres. We note that the fifth busiest routes (Figure F.24) is only slightly more than 100 kilometres long, and it is now clear that there is active interest in shorter-distance services (see Figure F.33). This suggests that there may be a range of commercially viable routes shorter than 100 kilometres, although operators will need to pass Arafer's economic test (paragraph F.232) before they are allowed to operate.
- F.306 In the 2016 study we also noted that the experience of Sweden and Great Britain suggests that a potentially attractive market will be connections between cities and their airports, which are

almost always within 100 kilometres of the main city they serve. In practice, Arafer notes that two of the new routes under 100 kilometres are:

- a connection between Beauvais-Tillé and Paris Charles de Gaulle airport, operated by Frethelle; and
- a connection between Nancy and its high-speed rail station, operated by Keolis Sud Lorraine.

F.307 The overall pattern of entry and growth is consistent with operators entering first on long, profitable routes and then expanding to shorter routes (Figure F.23) including those below 100 kilometres (Figure F.33) while increasingly avoiding direct competition (Figure F.30). This broadly reflects the patterns observed in the wholly-deregulated market for local bus services in Great Britain following liberalisation, in which the outcome was a series of regional and local monopolies or near-monopolies with little direct competition. However, we stress that a longer time series of data will be necessary before the overall patterns of service become clear.

F.308 Fourth, there appears to have been a growth in direct employment of around 1,400 full-time equivalents (see Figure F.32), equivalent to growth in employment of around three new full-time equivalents per day. As we noted above, however, this may result, in the long term, in some offsetting reduction in employment in other modes, in particular on SCNF's rail network.

Stakeholder comments

F.309 Stakeholders have not been informed of the measures and options being put forward for impact assessment, and were not asked to comment on them on the basis of their experience of the French market. Nonetheless, stakeholders made a limited number of comments which may be relevant to the French market:

- One stakeholder commented to us that the coach market now has a high level of competition on both price and services.
- One stakeholder said that the main issue facing the sector now is the need for investment in coach terminal infrastructure, to provide customers with greater comfort and perceived security, and to increase the attractiveness of the services. We note that Confibus reported a similar concern about coach infrastructure in Spain (see the case study on Spain).
- One operator told us that liberalisation has resulted in a stronger network and a change in the mobility culture of French passengers. They also pointed out that the introduction of overnight coaches was particularly useful for people wishing to make best use of weekends or bank holidays.

F.310 Operators also mentioned the benefits of a single national regulatory authority, Arafer, and contrasted this with Member States with more devolved regulation and hence more numerous regulatory bodies.

Market access

F.311 Ouibus considered the "100-kilometre rule" transparent and easily understood. It told us that it had been asked to modify a schedule because the service was in competition with a public service contract, but did not state in which Member State this occurred.

- F.312 CPT UK, an operator organisation in the UK, told us that the French legal environment still protected local services, by implication those carrying passengers less than 100 kilometres, and they considered this a limitation to competition.
- F.313 Megabus told us that French law makes it difficult to make workers redundant. If material, this might have two implications for market behaviour:
- Existing operators may conclude that it is a safer strategy to be absorbed by, or to act as a subcontractor to, a large and/or growing competitor, rather than risk having to make workers redundant.
 - New operators may be reluctant to enter the market on a trial basis if they cannot then dismiss staff no longer need for an unsuccessful operation. Alternatively, they may enter in the expectation that if they find a profitable niche they will be able to sell their business to a larger operator better able to reap economies of scale.
- F.314 Megabus also suggested that it is difficult to obtain a licence in France, and hence it may be easier to employ existing locally-established firms as subcontractors. This also applied to cabotage where, for example, a non-French operator would not be allowed more than 50% cabotage on an international route (see paragraph F.238) but could employ a French subcontractor to operate the route without any such constraint. Other operators stated that liberalisation within a Member State made the concept of cabotage, and any restriction on it, redundant.

Terminals

- F.315 National Express expressed concern at the lack of public terminal facilities in Paris.
- F.316 CPT UK argued for uniform regulation at EU level encouraging Member States to build and manage terminals, which in principle might reduce the lack of suitable terminals in France.
- F.317 Ouibus said that the French law regulatory arrangements provided for non-discriminatory access to terminals, and they were broadly satisfied with how it is applied. They noted, however, this was ineffective in some cities where coaches were effectively banned, but did not provide details of how this occurred or why Arafer was unable to resolve the issue.

Arafer

Introduction

- F.318 In this case study we examine elements of the regulatory processes in the French market, in which, under the July 2015 Macron law:
- Services which carried passengers more than 100 kilometres were automatically liberalised.
 - Services which carried passengers less than 100 kilometres could be permitted, subject to a test by regulator Arafer of their effect on rail, coach and other public service contracts.
- F.319 We interviewed Arafer and discussed its processes and responsibilities following the Macron law, these extended to:
- monitoring the market;
 - applications to operate services under 100 kilometres, with tests of their effects on the revenue of public service contracts (PSCs) and the benefits to the passengers; and

- since February 2012, disputes between coach operators and terminal managers, ensuring that access to terminals should be transparent and non-discriminatory and that tariffs should be fair and accessible.

F.320 Unlike some sector regulators, Arafer does not have any objectives or duties related to market growth or development. In addition, issues of anti-competitive behaviour within the market are dealt with by the established general competition authority, the Autorité de la concurrence.

F.321 Arafer told us that the Macron law was effective and workable, and that further deregulation elsewhere within the EU might lead to more competition from operators outside France.

Monitoring the market

F.322 One of the notable successes of the French liberalisation is the effectiveness with which Arafer has monitored developments in the market through quarterly reports⁶⁴, published less than three months after the quarter to which they refer⁶⁵.

F.323 Arafer set out in a decision of 2 December 2015 that data it would collect to monitor the market, which we summarise in Table F.6 below.

Table F.6: data collected by Arafer for market monitoring

Information requirement	Information collected
Information on the use and use of regular interurban passenger transport services.	Load factor of coaches on each link. Passengers carried between each origin and destination.
Information on areas served by regular interurban passenger transport services.	List of commercial routes. List of commercial links. Launch dates of each route and link.
Information on regular interurban passenger transport services.	Frequency on each route. Length of each link. Published travel time on each link. Average seats per coach.
Information on access to regular interurban passenger transport services	List of terminals served. Identity the terminal managers. List of stops not at terminals. GPS location of stopping points.
Information required for Article L. 2135-2 of the transport code.	Number of employees, including the number of drivers employed directly or indirectly. Revenue per line from ticket sales and other services.

F.324 This information enables it to provide a wide range of analyses which are included in its quarterly reports.

Regulation of market access

F.325 Arafer has established processes by which operators may apply to operate services carrying passengers less than 100 kilometres. We had not investigated the process in detail, but as of

⁶⁴ “Analyse du marché libéralisé des services interurbains par autocar”

⁶⁵ For example, the report on the fourth quarter of 2016 was published on 17 March 2017.

the date of this Draft Final Report⁶⁶ its website lists 347 applications (“declarations”) resulting in 106 referrals (“saisines”), on 103 of which it had issued notices (“avis”).

F.326 This illustrates the need for an effective process for dealing with applications and applying any relevant restrictions or refusals.

The share of SNCF Group, owner of Ouibus

F.327 In the case study on France we noted that Ouibus had retained a relatively high market share, in contrast to existing operators in Germany, all of which had rapidly lost market share to FlixBus after deregulation. We also noted many possible reasons why Ouibus can retain share as a strong second player:

- The characteristics of the French market may be different from those with a dominant operator, such as Great Britain and Germany.
- Ouibus, part of the SNCF Group, benefits from synergies with rail operations, which might result from the collocation of coach and rail services, but might also result from some or all of integrated timetabling, ticketing and fares or the existence of a common brand.
- There are no such synergies, but Ouibus benefits from, and potentially has abused, its access to terminals at stations on the SNCF network.
- There are no such synergies, but Ouibus benefits from, and potentially has abused, cross-subsidies from SNCF’s rail operations.
- Regulators such as Arafer or the French competition authority (Autorité de la concurrence) have intervened in the market, whether to prevent dominance by FlixBus or to prevent abuses by Ouibus.

F.328 We stressed that these reasons are hypothetical, but some stakeholders we spoke to had suggested that Ouibus had the advantage that it could use railway stations as coach stations.

The complaint by Transdev, owner of Isilines

F.329 On 18 November 2016 Transdev, the owner of Isilines which is part of the Eurolines group, brought a case against the SNCF group, the owner of Ouibus, to the competition authority. Transdev made several allegations against SNCF group:

- cross-subsidies between SNCF's monopoly activities and its competing activities in the intercity bus sector;
- predatory pricing or foreclosure on interurban bus transport;
- “coupling” between its monopoly rail supply and its intercity bus transport offer; and
- abuse of monopoly which could lead to confusion between its monopoly activities and its competitive activities⁶⁷.

F.330 Transdev also requested the implementation of emergency measures.

⁶⁶ 2 June 2017.

⁶⁷ “Subventions croisées entre les activités en monopole de la SNCF et ses activités en concurrence sur le secteur du transport interurbain par autocars; tarifs de prédation ou d'éviction sur le transport interurbain par autocars; couplage entre son offre de transport ferroviaire en monopole et son offre de transport interurbain par autocar; utilisation abusive des moyens de monopole susceptible d'entraîner une confusion entre ses activités en monopole et ses activités relevant du champ concurrentiel.”

The decision of the competition authority (Autorité de la concurrence)

- F.331 The competition authority announced its decision on the case on 1 June 2017⁶⁸. It noted that the market had evolved rapidly since opening in summer 2015, with features including:
- concentration (from five main operators to three);
 - fluctuations in market share; and
 - intense price competition, as operators sought to attract passengers to the new mode.
- F.332 It noted that the relative positions of the operators had changed. Between the second quarter of 2015 and the fourth quarter of 2016, or 15 months:
- Transdev, initially the market leader, had seen its situation deteriorate rapidly, as its share of the major operators' daily departures had fallen from 63% to 18%.
 - FlixBus, a new entrant, had grown from 2% share of departures to market leader with 44% share of departures.
- F.333 After examining the competitive situation and the practices involved, the competition authority reject the referral and the request for emergency measures, with several arguments.
- F.334 First, while Ouibus had been making losses during the period concerned, there was no evidence that elimination of one or more competitors was either its intention or a likely outcome.
- F.335 Second, while Ouibus might be operating at a loss, this did not support the view that it was commercially irrational to remain in the market. The evidence provided did not confirm the existence of either predatory pricing or flooding the market with capacity. (An implication is that, after market opening, a combination of start-up costs and pricing to attract demand might mean that all operators lost money in the short term, making it difficult to accuse any of them of cross-subsidy).
- F.336 Third, the evidence produced did not support the view that SNCF group was using its market power to attract passengers to Ouibus. In practice, the extent of the linkage appeared to be that an annual SNCF youth card included a voucher for €10 off a Ouibus journey.
- F.337 Fourth, the authority did not consider that issues such as sharing branding (the "Oui" in "Ouibus" and "Ouigo", SNCF's low-cost rail service) or resources, were an abuse of monopoly power. The authority pointed out that FlixBus had built a leading share without any of these advantages (We note that, in comparison to Transdev, FlixBus appears to have the advantages of a new business model and zero-based cost structure, and proven models of rapid expansion, ordering vehicles, rolling out new routes, and attracting other operators to act as subcontractors within its brand).
- F.338 The authority closed its decision with a note that it might investigate further if either:
- Ouibus recorded losses without reasonable prospects of a return to profitability; or
 - there were new allegations of anti-competitive behaviour.
- F.339 We note that the overall timescale from Transdev's initial complaint to the authority's decision was just over six months.

⁶⁸ This Draft Final Report was submitted on 2 June 2017, and so only limited time has been available to examine the judgement and to include it in this case study. In particular, it has not been possible to reflect the implications of the judgement in the text and analysis in the main report.

Regulation of terminal access

- F.340 We sought evidence of issues relating to access to terminals, which are relatively uncommon in France, except at railway stations, and of how any disputes had been resolved.
- F.341 Several bus and coach routes serve Beauvais-Tillé airport, including a “Official Paris-Beauvais shuttle”, the only service listed on the airport’s website, and local services operated by Oise Mobilité, the local authority transport provider. The airport forecourt has recently been substantially rebuilt with the construction of a large bus and coach terminal, as shown in Figure F.36 below⁶⁹.

Figure F.36: the new bus and coach terminal at Beauvais-Tillé airport



Source: Google maps.

- F.342 On 8 June 2016, Fréthelle filed a dispute resolution request with Arafer regarding the rules of access to the bus and coach terminal at Beauvais-Tillé, operated by Sageb (Société Aéroportuaire de Gestion et d'Exploitation de Beauvais)⁷⁰.
- F.343 We understand that Sageb initially failed to publish rules for access to the bus and coach terminal. During Arafer’s enquiry it both published rules for access and launched a public consultation on the allocation of capacity for the period 1 November 2016 to 31 March 2017. Fréthelle was therefore both informed of the rules and given the opportunity to request access.
- F.344 On 5 December 2016, the parties spoke at a public hearing held by Arafer. On 14 December 2016, Arafer decided that the source of the complaint had disappeared, and that there was no need to adjudicate on the dispute. On 19 December 2016 Arafer published its decision. As with the competition authority’s decision on Ouibus, the overall timescale of the decision was slightly over six months.

⁶⁹ We note that two prominent disputes regarding terminal access in the UK related to airports, and both appear to have been resolved. In both cases, we identified that the coach terminal facilities had been completely rebuilt in the period since the original complaint. See the UK case study for further details.

⁷⁰ Arafer stated in its report for the fourth quarter of 2016 that Fréthelle had been granted permission to operate a route shorter than 100 kilometres between Beauvais-Tillé airport and Paris Charles-de-Gaulle airport, but we have not identified whether this is the route to which the dispute relates.

F.345 However, Arafer has also concluded that the published rules were poorly written and that the objective of the rules was open to question. As of 2 June 2017, we understand that Arafer is still investigating whether Sageb, as terminal operator, has breached its legal obligations.

Conclusions

F.346 These examples of the regulatory processes in France demonstrate several issues which may be relevant to the regulation of liberalisation in other Member States.

F.347 First, both regulatory bodies in France are well-established and, as far as we can determine, respected and accepted by the industry:

- The Autorité de la concurrence is the general national competition authority, rather than a specially-established sector-specific regulator.
- Arafer had been established as the independent regulator for the rail sector, but has had its competence extended to cover the coach sector.

F.348 Second, the timescale required to resolve disputes can be several months, which may be long in the context of a recent-liberalised market in which larger players can rapidly expand. We also note the competition authority's view that, in a rapidly-expanding market, all parties may be unprofitable in the short term⁷¹, and it may be difficult to establish that any operator is behaving uncommercially, engaging in predatory pricing, or attempting to force another operator out of the market.

F.349 Third, on the issue of abuse of market power, we note that Transdev's case was brought against Ouibus, with a core complaint that it benefited from its ownership by SNCF, rather than against FlixBus, which has over 90% market share in Germany and has established rapid market leadership in France with no such benefit. This raises the issues of:

- whether FlixBus would easily dominate any other newly-liberalising market, such as Spain;
- whether existing operators would be able to bring a well-evidenced case against it; and if they did
- whether a respected regulatory authority such as the Autorité de la concurrence would be able either to conclude against it or to devise and impose effective remedies.

F.350 Fourth, on the issue of access to terminals, we note the apparent benefits of requiring terminal operators or managers to publish the rules and procedures for access and charging. The requirements for Network Statements in the rail industry have generally been seen as effective, as they force those responsible for providing access to state in advance the processes they will use, and enables dissatisfied applicants to identify whether either:

- the processes put forward are discriminatory, opening one possible approach to a remedy; or
- the applicant has not been treated in accordance with the processes, opening another possible approach to a remedy.

⁷¹ We noted in the 2016 study that the Autorité de la concurrence had estimated that the operating cost of a long-distance coach was around €2.20 per kilometre. This would mean that a coach carrying 50 passengers for 500 kilometres might break even with an average fare of only €22, and that an operator with average (rather than lowest) fares of less than 5c per kilometre could be viable in the medium to long term.

- F.351 We note that, in the case of Sageb, while the original complaint has gone away, Arafer is still able to review the rules and confirm that they are fair and non-discriminatory.
- F.352 Fifth, we note that we have identified three disputes related to access to airport terminals, at Beauvais-Tillé in France, and at Luton and Stansted in the United Kingdom. These illustrate several issues:
- Airports are relatively important sources of coach demand⁷², partly because many do not have rail connections, or have them only direct to the centre of the main city they serve.
 - Airports are nearly always less than 100 kilometres, and often less than 50 kilometres, from the city they serve, and “shuttle” services to and from them may be excluded by liberalisation based on not carrying passengers less than these distances.
 - Airports regularly expand and reconfigure facilities: all three airports considered have relocated and/or rebuilt their coach facilities since Regulation 1073/2009 came into force.
- F.353 It could be argued that any general approach to market liberalisation, such as one based on a 100 or 50 kilometre rule, could also include an exemption, subject to suitable safeguard, for services to and from airports.
- F.354 Finally, we note that the example of Arafer demonstrates that it is feasible to monitor even a dynamic coach market by requiring the systematic provision of limited data, as we summarised above.

FlixBus

Introduction

- F.355 FlixBus was founded in 2011, and initially operated under the name GoBus. It was renamed FlixBus on 1 January 2013 when coach transport was liberalised in Germany with the amendment to the Passenger Transportation Act (Personenbeförderungsgesetz (PBefG)).
- F.356 Following liberalisation, FlixBus began operations with four routes in the south of Germany and has since grown rapidly. It now carries 20 million passengers on 100,000 daily connections in Germany and beyond.
- F.357 The company does not own any of its fleet, but instead cooperates with small-medium sized enterprises (SMEs) and investors. Over the last few years it has digitalised the traditional mode of transport through technology, yield management and marketing.
- F.358 FlixBus has played a key role in the recent consolidation of the German and wider European long-distance coach market and, after a series of recent mergers and acquisitions, now has a market share of over 90% in Germany.

FlixBus in Germany

- F.359 FlixBus was founded in 2011 as a start-up in Munich, and operated under the name GoBus for two years before being renamed FlixBus in 2013. The re-brand was put in place at the same time as the amendment to the PBefG, caused a liberalisation of the German coach market for long-distance transport from 1 January 2013.

⁷² In the UK, for example, a major part of National Express’s business, and identified terminals, are at airports.

The German market for long-distance coach market

- F.360 Until the end of 2012, the previous regulation granted the German incumbent rail operator, Deutsche Bahn (DB AG), protection from intermodal competition from coach services through a series of discretionary criteria. Since liberalisation, coach travel has seen rapid growth.
- F.361 Operators of domestic services in the liberalised German market are now only required to be established in Germany and to meet minimum standards related to safety and professional capability of the company and staff. Any coach operator meeting these standards can apply to the competent authority at a service's starting point to operate a specific long-distance regular service. The authorisation process usually takes up to three months, and authorisation is granted for a maximum of 10 years. Neither timetables nor fares require authorisation, although the former must be communicated to the competent authority.
- F.362 The PBefG still contains two clauses to protect publicly subsidised rail services and public transport from competition from coaches. Authorisation for regular coach services may therefore only be granted where:
- the distance between two stops is greater than 50 kilometres; and
 - no regional rail service exists with a journey time of less than one hour to connect these stops.
- F.363 Before liberalisation in 2013, coaches carried 8.2 million passengers, which accounted for only 6% of the market share⁷³. By 2015, this had increased to over 20 million passengers – similar levels to the domestic flight passengers⁷⁴. According to a survey of the long-distance coach market in March 2017⁷⁵, there are 5,510 departures by coach in Germany every week, around 4,851 of which were offered by FlixBus.

The FlixBus operating model

- F.364 The young company which launched officially under the name FlixBus for the German liberalisation in Munich in 2013 embodies a combination of technology start-up, internet company and traditional transport operator.
- F.365 Instead of owning any of the coaches in their fleet, FlixBus cooperates with medium-sized companies, including regional bus operators that are often family-owned, and employs local drivers. While the SMEs are responsible for the day-to-day running of routes, FlixBus provides the administration registration and permissions required to operate services and remains responsible for network planning, and support processes, including the booking platform, ticket issue and marketing. As a result, risks are not solely with the company but are shared or transferred within the private subcontracting companies that operate the routes.

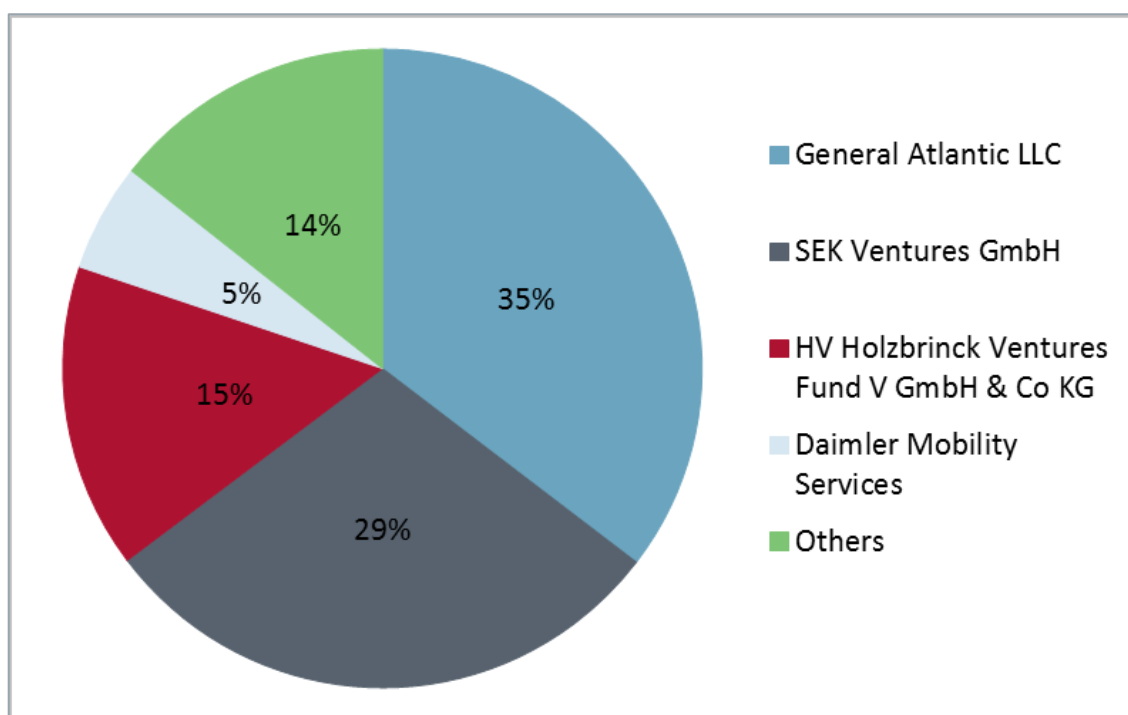
⁷³ The Economist (2015) <http://www.economist.com/news/business/21676815-options-passengers-are-multiplying-revolution-wheels>

⁷⁴ Gründerszene (2016) <http://www.gruenderszene.de/allgemein/flixbus-mobility-riese-game-changer>

⁷⁵ Simplex Fernbus Report, cited in <http://www.spiegel.de/wirtschaft/unternehmen/flixbus-uebernimmt-busnetz-der-oesterreichischen-oebb-a-1148784.html>

- F.366 According to a 2016 article⁷⁶, FlixBus has around 200 subcontractors in Germany and a fleet of almost 1,000 buses.
- F.367 The FlixBus website reports that customer satisfaction is currently at 97%⁷⁷. To retain this level, FlixBus offers customer-oriented services through paperless travel, booking and delay management on its mobile app, data-driven network development, and dynamic pricing similar to airlines.
- F.368 The company is also supported by several investors: the key ones being the US investor General Atlantic, SEK Ventures, HV Holzbrinck Ventures Fund, and Daimler Mobility Services, as shown in Figure F.37.

Figure F.37: share of FlixBus investors (2016)



Source: Marktbeobachtung Güterverkehr, BMVI (2017).

- F.369 FlixBus's current growth strategy appears likely to be focused on further investment, partly a result of recent and planned mergers and acquisitions and "intelligent growth" on routes to and from small and medium-sized cities. While there is no published data for FlixBus' performance, the company is not expected to make any profits in the next few years.
- F.370 FlixBus markets itself as a safe, affordable, green and sustainable alternative to travel by other modes (Figure F.38), reemphasised by the colour of the fleet.

⁷⁶ Wirtschaftswoche (2016) <http://www.wiwo.de/unternehmen/dienstleister/expansionsplaene-in-europa-meinfernbus-flixbus-will-seinen-namen-aendern/12826766.html>

⁷⁷ 97% of the 2,000 surveyed customers have indicated that they are either satisfied or very satisfied (<https://www.flixbus.de/service/kundenzufriedenheit>)

Figure F.38: FlixBus' "Drive green" advertising slogan



Source: Neue Zürcher Zeitung.

- F.371 Innovation to achieve greater customer satisfaction and comfort is a key initiative and selling point for FlixBus, which already provides flexible booking, cancellation up until 15 minutes before the journey, power sockets and free Wi-Fi. It has partnerships to attract more customers, such as with the music streaming service Spotify (Figure F.39) and most recently with Google Maps to provide real-time information. In 2016, the company received the Game Changer Award which recognises progress in digitalisation.

Figure F.39: advertisement for FlixBus' cooperation with Spotify



Source: FlixBus.

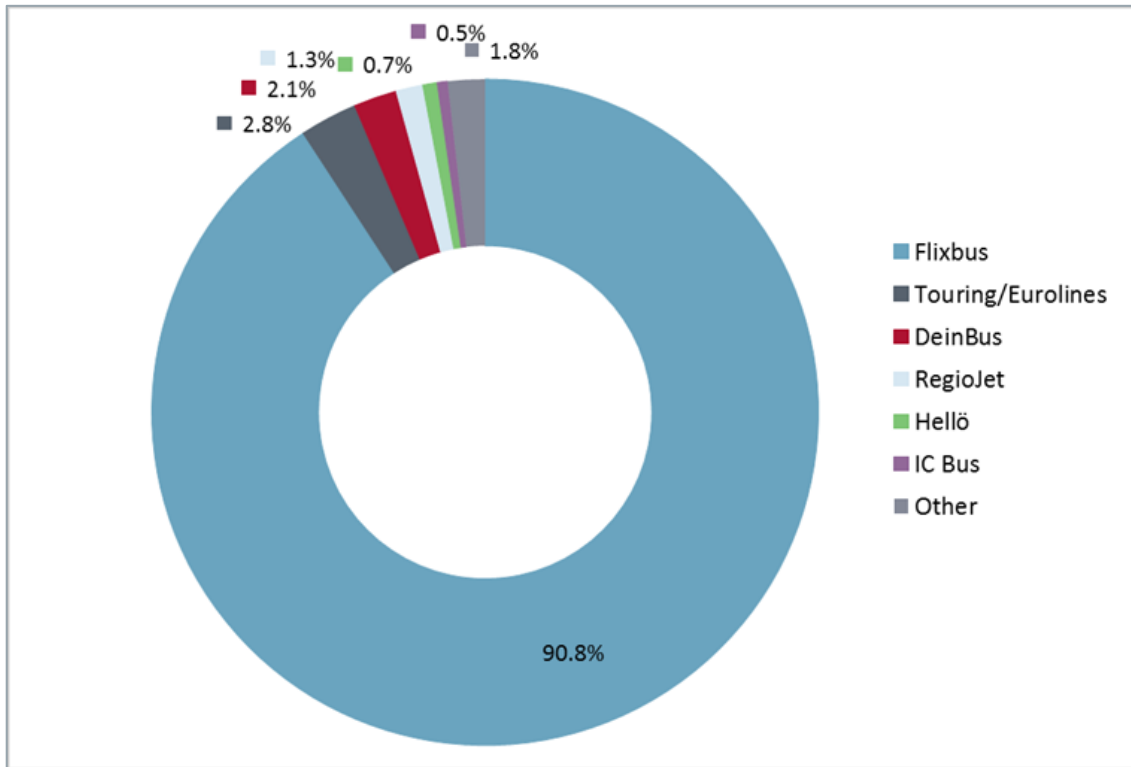
FlixBus' growth in Germany

- F.372 Since 2013, FlixBus has seen an enormous growth in routes from the original four to over 100,000 daily connections at the end of 2016. This growth is a result of both domestic and international growth.
- F.373 In 2015, FlixBus merged with another new market entrant, MeinFernbus, which was founded in Berlin. The merged firms continued to operating as MeinFernbus/FlixBus in the initial phase following the merger, but operations were subsequently split with the company operating as

MeinFernbus in the domestic market and as FlixBus on international routes. Since 2016 the company has operating exclusively as FlixBus, both domestically and internationally.

F.374 Following the acquisition of Postbus in August 2016, by January 2017 FlixBus had further increased its market share to 90.8% (Figure F.40).

Figure F.40: market shares for German coach market (January 2017)



Source: IGES, 2017.

FlixBus in Europe

F.375 FlixBus not only has a near-monopoly on coach transport in the German market, but is also the leading operator of long-distance coach services in Europe. Figure F.41 gives an indication of how quickly FlixBus has grown in Europe since 2015.

Figure F.41: growth of FlixBus in the European long-distance coach market (2011-2017)

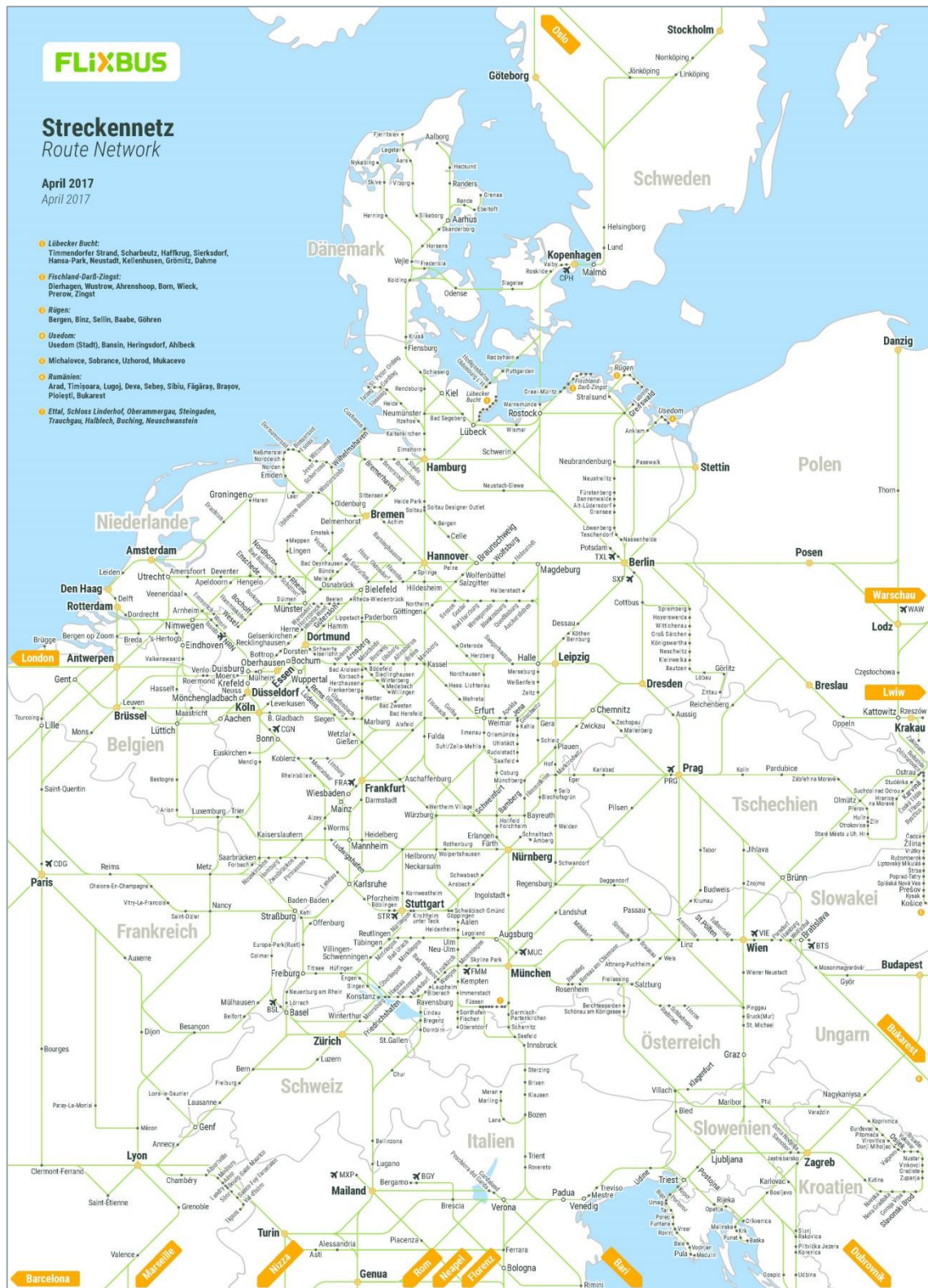


Source: FlixBus.

- F.376 While coach travel in Great Britain thrived after deregulation in 1980, coaches represented only a small part public transport in most of Europe. In Member States such as Belgium, France and Germany, regulation to protect state-run subsidised railways prevented operators from scheduling intercity routes.
- F.377 The European expansion of FlixBus was partly facilitated by the liberalisation of coach transport in Italy (2014) and France (2015) and the subsequent market conditions, including the removal of need for authorisations of routes in France, combined with a high demand from young people.
- In Italy, there was a debate on amendments to an existing decree, which sought to only allow only companies whose main business was passenger transport to carry passengers in Italy. FlixBus, which subcontracts its transport operation, would thus no longer have been allowed to operate in the Italian market. The amendment failed.
 - In France, FlixBus founded a subsidiary and launched its first routes after liberalisation, quickly gaining market leadership over its French competitors, most notable Eurolines and Isilines.
- F.378 FlixBus further expanded into Member States with a concession system for coach operations. It carried around 3.3 million people in the Netherlands in 2½ years, and 2.7 million passengers in Austria in 2016 alone, on both domestic and cross-border connections. Most FlixBus' Austrian routes are operated by subcontractors Blaguss and Dr Richard.
- F.379 Further expansion has happened in both liberalised and not yet liberalised markets, including Central and Easter Europe (CEE) and Croatia. More recently, FlixBus began to offer cross-border services to Scandinavia, Spain and the UK. Through its subsidiary, FlixBus Nordics, cities in Denmark, Sweden and Norway have been integrated into the European network.
- F.380 The expansion of FlixBus on the continent is a result of a series of mergers and acquisitions which have led to an increasingly consolidated market in Europe. One of the most notable was the acquisition of Stagecoach's continental Megabus retail division in 2016. Megabus has continued to operate several European intercity coach services as a contractor to FlixBus, but the key retail business, which includes timetabling, marketing, pricing and ticket sales, has become the responsibility of FlixBus.
- F.381 Figure F.42 shows part of the 20-country FlixBus network operated in April 2017, and highlights the dense coverage of continental European cities that FlixBus serves. Jochen Engert, one of the founders of FlixBus, suggested that the company could be a continental coach service operator in the future, comparable to Greyhound coaches in the US⁷⁸.
- F.382 The most recent of FlixBus' acquisition is Hellö, the long-distance coach operation of the Austrian Railway (ÖBB). Hellö is still operating routes in both Austria and Germany, but from August 2017 these will become part of the FlixBus network, leading to further consolidation.

⁷⁸ SZ Online (2016) <http://www.sz-online.de/nachrichten/flixbus-draengt-immer-weiter-nach-europa-3434015.html>.

Figure F.42: FlixBus route network (April 2017)



Source: FlixBus.

Note: not all the network is shown, routes extend into 20 countries.

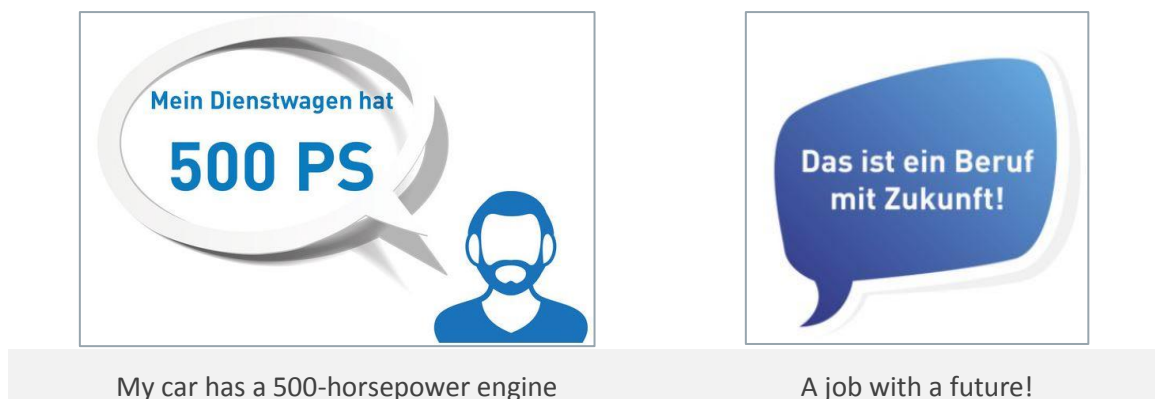
Terminals

- F.383 The rapid growth of coach services in Germany has meant that the capacity of infrastructure for long-distance services has not kept up with the growth in routes and trips. There are only a few new terminals specifically for long-distance coach services, and most stops either use existing public transport infrastructure or stop in locations, agreed with the local councils, which often lack facilities and comfort. There is a general lack of clarity on whether financing terminals is the responsibility of the state, the local municipalities or the operators⁷⁹.
- F.384 There have been some instances where operators, including FlixBus, have complained that the designated coach stops are located on the outskirts of urban areas. This increases both the difficulties and the costs of continuing by public transport to the urban centres. Furthermore, there is little clarity in how departure slots at existing terminals are distributed between operators, and there have been claims that some operators are given preferential treatment⁸⁰.

Employment and social issues

- F.385 The rapid growth of the industry since the beginning of 2013 has led to a lack of skilled drivers, of which as many as 10-15,000 are required. Figure F.43 shows how the German Bus and Coach Operators Association (Bundesverband Deutscher Omnibusunternehmer (bdo)) is recruiting for jobs as coach drivers.

Figure F.43: recruitment advertising for coach drivers



- F.386 However, the acquisition of the compulsory driving licence for coach transport requires a significant investment of €8-10,000, which in most cases the driver must invest themselves. The average monthly gross salary for a coach driver in Germany is around €2,000.
- F.387 Whereas the FlixBus operation model ensures high driver utilisation, there has been criticism of the increased level of stress in the model, and any subsequent safety risk this poses⁸¹.
- F.388 Drivers not only drive the coach, but also are responsible for the loading and unloading of luggage, selling snacks and drinks to passengers (sometimes during their own rest breaks) and cleaning the vehicle and vehicle facilities, such as toilets.

⁷⁹ SZ (2015) <http://www.sueddeutsche.de/wirtschaft/fernbusse-naechster-halt-strassenrand-1.2295278>.

⁸⁰ Zeit (2013) <http://www.zeit.de/mobilitaet/2013-11/fernbus-infrastruktur-zob/komplettansicht>.

⁸¹ SWR (2016) <http://www.swr.de/marktcheck/konkurrenz-auf-dem-fernbusmarkt-harte-arbeitsbedingungen-fuer-busfahrer/-/id=100834/did=18473710/nid=100834/fmo27e/>.

- F.389 An arguably lenient definition of working hours make it difficult for drivers to adhere to the allowed driving and rest periods. A recent report⁸², on a journalist's two-year undercover investigation of the coach industry, found that the driver's journey to the start of the route is not generally counted as driving time, even though this might take as much as an hour at the beginning and end of the day.
- F.390 The report also found that the timetable is often so tightly scheduled that it can be almost impossible for drivers to comply with the prescribed driving and rest periods, but responsibility for any breach of the legal requirements lies solely with the driver itself. Even during their rest periods, drivers are also regularly engaging with customers, responding to queries and selling drinks and snacks. Concerns were also raised over the potential for driver tiredness, and some aspects of the quality of vehicles and materials.

Summary

- F.391 Following four years of intense competition in the industry since liberalisation in 2013, FlixBus has emerged as a clear winner from the competition between operators of long-distance coach services in the German market. It currently has over 90% share of the German market and is the leading European operator of long-distance coach transport.
- F.392 Their success is a result of an intelligent business model, which combines traditional coach transport with technological innovation and yield management. By working with local subcontracts, primarily family-owned SMEs, FlixBus has focus on targeted marketing and good sales channels.
- F.393 FlixBus has grown through a series of mergers and acquisitions, most notably MeinFernbus and Postbus. Its dense network, its critical mass in the domestic market, and its subsidiaries in France, Italy and Scandinavia, have put all FlixBus in a unique position for further international expansion. In addition, they have not triggered regulatory intervention, either by the German authorities (because the market in which they provide services has been broadly-defined), or at the European level.
- F.394 Future challenges may arise from the gap in skilled drivers that is prevalent in the coach transport industry and the emerging issues with terminal capacity and access. However, we note that there are initial indications that, as was seen following liberalisation in Great Britain after 1980, both supply and demand in the German market may have peaked four years after liberalisation.

National Express

Introduction

- F.395 Between 1930 and 1980, coach services in the UK were highly regulated under a licensing system, under which operators required a licence from the Traffic Commissioners (TCs), who regulated fares and service frequencies. Services were liberalised under the provisions of the Transport Act 1980, since when coach companies have been able to operate regular services simply by applying for an operating licence.
- F.396 A number of established companies formed a consortium to compete on the national network with the then monopolist, the National Bus Company (NBC), but this attempt failed by 1983.

⁸² Stern (2017) <http://www.stern.de/wirtschaft/news/team-wallraff-im-flixbus--wie-sicher-sind-fernbusreisen--7275734.html>.

New entrants withdrew all services by the mid-1980s as a result of fierce competition and the persistence of barriers to entry⁸³. The NBC was subsequently privatised in 1986 and became National Express.

F.397 National Express operates in both domestic and international markets. It is the leading domestic operator in the UK⁸⁴, where it currently serves over 900 locations, and also has a portfolio of concessions in Spain, where it is registered as ALSA. Both UK and Spanish businesses are part of the Eurolines consortium. National Express also operated briefly in Germany, following deregulation in 2013, but subsequently withdrew, as we discuss further below.

F.398 Figure F.44 shows National Express revenues in 2016.

Figure F.44: National Express revenues (2016)



Source: National Express.

F.399 It has expanded outside UK bus and coach operations, which are now smaller than its operations in Spain and in North America. National Express reports that “Our strategy remains growth through targeted acquisitions, primarily bolt-on opportunities in North America and strategic targets in Spain and prudent expansion into new international markets”. It also states that “We have seen particularly strong growth in our overseas markets but from acquisitions and organically.”⁸⁵

⁸³ Jaffer and Thompson (1986).

⁸⁴ Estimates of its market share ranged from 75-87% (Asintra and Fenebus: El transporte en autocar, una solución sostenible para la movilidad de personas (2011)).

⁸⁵ National Express full year results 2016 (Page 1 and Page 5).

F.400 On 13 December 2015 the Group began rail operations in Germany. “Rail revenue in Germany comprises passenger revenues and subsidy income receivable from the Public Transport Authorities. Passenger revenue, which is allocated between the various transport providers in each region by the tariff authority responsible for that region, is recognised based on passenger counts, tariff authority estimates and historical trends.”⁸⁶

F.401 Around 70% of National Express coach operations are contracted and only 30% are carried out in-house, although these proportions vary from year to year. (One consequence is that the reported depreciation in 2016 for the UK coach is only £2.9 million.)

F.402 National Express specifies designs for vehicles which contractors then buy or lease. There is strict control of the contractors, who are monitored daily in different areas including driver performance, customer service and engineering. National Express told us that this model gives them flexibility and works well.

National Express in the UK

F.403 National Express has three principal operations in the UK:

- National Express is the principal long distance network operator.
- The Kings Ferry is a long-established provider of commuter coach travel services in London and the south of England.
- Clarkes of London was acquired in December 2016. National Express report that “In December we acquired Clarkes, a private hire coach company based in Kent. This acquisition of a well-known coach brand has two principal benefits. First, by expanding our presence in the Kent and Medway commuter markets in an efficient way, enabling the sharing of spare fleet and management synergies. Second, it provides efficiency opportunities for our core coach operations, through attractively placed depots and access to an expanded driver pool in London.”⁸⁷

F.404 “National Express has the only nationwide network of services with other competitors tending to focus on specific regions or corridors. Selective competition comes from rail, particularly on discounted fares, and from large bus operators and localised services. Drivers for demand include the level of fare discount to rail, cost of private motoring and environmental friendliness. Customer satisfaction is also an important driver for longer-term loyalty through consistent service and high customer safety standards.”⁸⁸

F.405 Table F.7, reproduced from Table C.2 of the 2016 study, compares the principal characteristics of National Express and its largest competitor, Megabus owned by Stagecoach.

⁸⁶ National Express full year results 2016 (Page 41).

⁸⁷ National Express full year results 2016 (Page 31).

⁸⁸ National Express full year results 2016 (Page 7).

Table F.7: comparison of National Express and Megabus brands

Characteristics	National Express	Megabus
Fares policy	Majority of tickets sold online. Yield management (weekly basis) to match rail and coach competition.	All tickets sold online or over the phone. Yield management to maximise load factors.
Fares levels	Price discrimination based on time of booking and a limited number of special offers (“funfares” on over 300 routes) £1 booking fee.	Price discrimination based on time of booking and a limited number of £1 fares, otherwise policy of “cheaper than competitor” prices £0.50 reservation fee.
Discounts and offers	Specific passenger categories can purchase ‘coachcards’ (young persons, elderly) which entitles to discounts.	Discounts only available to holders of specific student card (NUS Extra). Special promotions (free seats in winter 2015).
Parking areas	Most coaches stop at designated terminals as the company has long-term agreements with terminal managers.	Services often stop outside designated terminals, including at kerbside, shopping centres and universities.
Quality attributes	Wi-Fi available on selected services. Ability to track specific coach online. PRM passengers advised to book over the phone 36 hours before travelling.	Wi-Fi and charging points available on selected services. PRM passengers advised to book over the phone 48 hours before travelling. Overnight sleeper launched in 2013 (Megabus Gold).

Source: Steer Davies Gleave analysis of company websites and consultation outputs.

- F.406 National Express’s UK coach business grew slightly in 2016, with a revenue increase of 0.6% and an industry-leading margin of 11.8%, compared with 11.5% in 2015. It reports that it had two days when it took revenue of over £1 million. It attributes some of this success to:
- competitive pricing, better distribution channels and greater understanding of customers and their needs; and
 - longer term implementation of improved retailing systems⁸⁹.

F.407 During 2015, National Express reported that it continued to use enhanced CRM (customer relationship management) capabilities, with strong price initiatives and targeted marketing campaigns. For example, of the emails it sent to its database, 18% were targeted in 2013, 69% were targeted in 2014, and 88% were targeted in 2015. In addition, it reported that:

- In 2015:
 - It won a new three-year contact with British Airways to provide buses for Heathrow staff and inter-airport transfer services for both passengers and crew⁹⁰.
 - It secured a five-year contact for airport work at Stansted, bussing passengers between car parks and terminals.
 - It signed a ten-year contract with the University of West London for student transport between campuses.
- In 2016, it had won a joint contract between UK Bus and Coach to operate staff bussing to Amazon sites.

F.408 By implication these are mainly Special Regular services.

⁸⁹ National Express full year results 2016 (Page 7).

⁹⁰ British Airways provides services from three airports in the London area: Heathrow, Gatwick and London City. This requires transfers of both staff and passengers between different locations.

National Express in Spain: ALSA

F.409 National Express operates in Spain as ALSA, which reported record passenger numbers in Spain in 2016. It also made two acquisitions:

- a regional bus operator (Herranz) giving entry into Ibiza; and
- a private hire transfer operator (AlpyBus) in Switzerland.

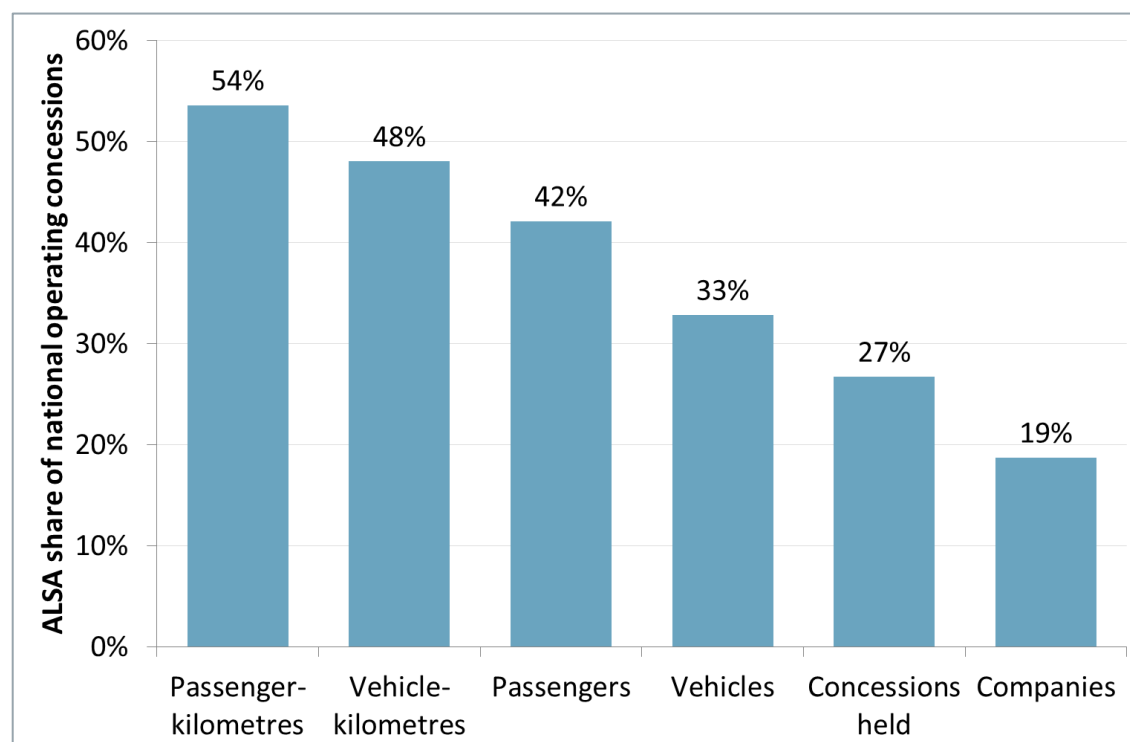
F.410 Spain is unique in having concessions running long-distance coach services and National Express reported that entering the concession renewal process was going well. In the 2016 study we collected extensive data for 2014 collated by the Observatorio del transporte de viajeros por carretera. The relative share of ALSA on various measures is summarised below in Table F.8, derived from Table D.11 of that study, and Figure F.45.

Table F.8: ALSA share of the concession market in Spain

Measure	Total for Spain	Total for ALSA	ALSA share
Passenger-kilometres (thousand)	5,288,727	2,835,892	54%
Vehicle-kilometres (thousand)	238,634	114,702	48%
Passengers (thousand)	29,378	12,381	42%
Vehicles	1,193	392	33%
Concessions held	86	23	27%
Companies	48	9	19%
Percentage equipped for PRM	35%	34%	
Average vehicle age (years)	6.6	4.2	

Source: Steer Davies Gleave comprehensive study (Table D.11), data for 2014.

Figure F.45: ALSA share of the concession market in Spain



Source: see Figure F.8.

- F.411 Taken together, Table F.8 and Figure F.45 suggest that:
- ALSA's concession companies are larger (23% more vehicles) than the other concession companies in Spain.
 - ALSA's vehicles operate 46% more vehicle-kilometres (292,000 compared to 200,000) than other companies' vehicles.
 - ALSA's vehicles have a 12% higher average load than other companies' vehicles.
 - ALSA's passengers travel, on average, 27% further than other companies' passengers.

F.412 National Express reports that "The terms of retendering competitions have been recently altered to emphasise service quality and competitive yet sensible pricing that reduces the opportunity for speculative very low-cost bids. We have, so far, won both concessions we operate to have come up for renewal. Indeed, their strong performance post-renewal, with good margins, means we are increasingly confident about our prospects."⁹¹

National Express international operations: Eurolines

F.413 National Express is the UK partner, and ALSA the Spanish partner, in the Eurolines network, which serves over 500 destinations across Europe and North Africa. Eurolines is a trade organisation with no financial involvement between groups. Members agree to abide by common standards and in exchange use the brand in their own Member States and on international services. In practice, not all members operate any domestic services: this may be because only international markets have been opened by Regulation 1073/2009.

F.414 Eurolines routes are not centrally planned but are based on bilateral agreements between operators, with decisions to run services taken on a commercial basis. In London, Eurolines operates international services from National Express's principal terminal, Victoria Coach Station (CVS) owned by Transport for London. This provides opportunities for connections between international and domestic coach services, which we discuss further below⁹².

The liberalisation process

F.415 Liberalisation in the UK is discussed in the case study of the UK market. National Express confirmed our understanding that the coach market stabilised rapidly after liberalisation through the Transport Act 1980.

F.416 National Express told us that the advent of internet booking meant that new entry in Germany in 2013 was easier than it had been in the UK in 1980. When Germany was liberalised there were six operators in the market, including National Express, the latter having three routes which they planned to expand to five. However, competition was intense and when FlixBus merged with MeinFernbus they became the dominant operator. FlixBus's strategy of very low fares on routes with competition made it difficult for other operators, including Deutsche Bahn's subsidiaries and the motoring association ADAC, to compete. The competition authorities did not take any action, arguing that while FlixBus had nearly 90% of the coach market it was only a small part of the travel business.

⁹¹ National Express full year results 2016 (Page 5).

⁹² Note that the UK and Ireland use right hand drive vehicles but the remainder of Europe uses left hand drive vehicles. Victoria Coach Station appears to deal with significant volumes of both types of vehicle, and interchange between them. This constrains both the layout of the terminal (coaches park at right angles to the gates, rather than parallel) and its operation (coaches need to reverse to depart and, for safety reasons, do so in "flights" at the same time, when no passengers are in the boarding area).

- F.417 National Express ultimately withdrew from the market, which they concluded was not viable under these conditions. However, they suggested to us that other Member States might choose legislation, or a different approach to competition regulation, to restrict the extent of domination and to prevent any abuses. Without this, they argued, dominance might arise in other recently-liberalised Member States, such as France.
- F.418 National Express noted that governments allow rail to compete with coach, which can result in rail operators reducing prices aggressively in response to coach competition. As with price reductions by other coach operators, regulators may face several issues:
- They may conclude that there is no reason to interfere if customers benefit.
 - They may lack data to demonstrate that capacity is being sold below costs, particularly where some or all operators offer different products with a wide range of fares.
 - It may be difficult to enforce rules such as “average fare must exceed average cost” without intrusive regulation.

Refusal of permission to operate

- F.419 We asked National Express whether it had been refused permission to operate a service, and were told that there had only been an instance of having to change the stop before a licence has been issued.

Terminals

- F.420 National Express reports that it serves “over 900 destinations throughout the UK including London airports Heathrow, Gatwick and Stansted”. However, its website only describes in detail 30 terminals, and excludes a number in major cities (such as Glasgow Buchanan Street) or at most airports (such as Manchester).
- F.421 Nonetheless, we carried out a detailed examination of the 30 “coach stations” listed by National Express on its website. We summarise our findings below.

Ownership and management of terminals

- F.422 Of the 30 “coach stations” listed on its website:
- Six, or 20%, appear to be owned and managed by National Express.
 - Six, or 20%, are at airports in the London area: three at Heathrow and one each at Gatwick, Stansted and Luton. These terminals appear to be owned and managed by the airports, but Luton airport is owned by the local transport authority, Luton Borough Council, and Stansted airport is majority owned by Manchester City Council and other local authorities in the Manchester area.
 - 18, or 60%, appear to be owned by the local authority.
- F.423 Of these 18 local authority “coach stations” referred to by National Express:
- Two (in Cambridge and London Liverpool Street) are on-street bus stops, with facilities provided “nearby” rather than at the stop.
 - Fourteen appear to be managed by the local authority.
 - One, Bristol Bus & Coach Station, is managed by First Group. However, National Express managed the Bretonside terminal in Plymouth before it closed on 8 September 2016, and we have not confirmed who manages the replacement Mayflower Terminal.)

- One, in Leeds, has a bus terminal managed by the local transport authority, Metro, and a contiguous coach terminal managed by National Express. We have not confirmed whether the coach terminal is owned by National Express or managed on behalf of Metro.

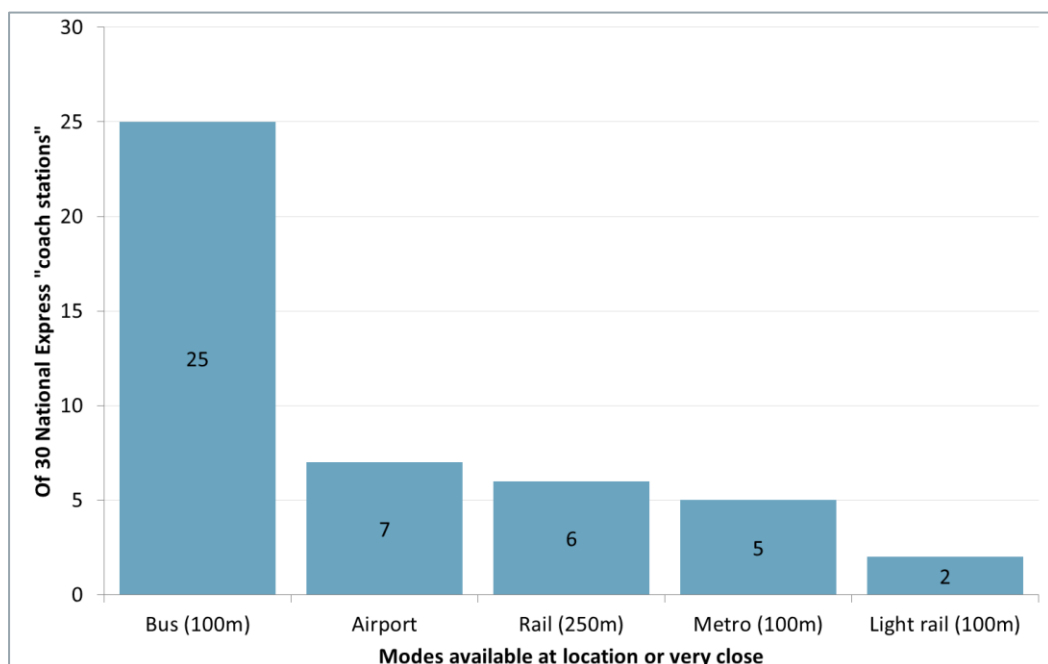
Coach-coach connections at terminals

- F.424 National Express told us that around 20-25% of international passengers arriving in London Victoria Coach Station (VCS) continue from Victoria on a domestic coach. Around 70% of those doing so travel to places such as Bristol, Birmingham, Leicester, within 200 kilometres of London. On Eurolines services in Spain and Germany, 30-40% of passengers make onward connections. In National Express’s view, using a public terminal with onward connections is essential for both passengers and for the operator.
- F.425 National Express noted that VCS is congested and may need to be relocated for the construction of a new rail line, Crossrail 2. The owner, Transport for London, has proposed that an international terminal is created at Stratford in East London and a domestic terminal in West London. If so, it may be possible for connecting passengers to travel directly between the two terminals on the new Elizabeth Line. We note however that, irrespective of the effect on passengers, use of two terminals could also result in a loss of operational synergies, as it would be difficult to operate vehicles and crew as a common pool. (Similar issues have arisen with airlines which attempt, or are forced, to split services between two hub airports: hence the need for British Airways to procure coach services between airports, see paragraph F.407.)
- F.426 Taken together, these points suggest that, if a city centre terminal (ideally at the main railway station) is available, almost all operators will wish to use it, although peripheral locations such as airports may still be destinations in their own right, as appears to be the case in the UK.

Multimodal connections at terminals

- F.427 Figure F.46 shows which of the 30 locations referred to by National Express as “coach stations” provide connections between coach and other modes.

Figure F.46: modes of transport available at 30 National Express “coach stations” in the UK



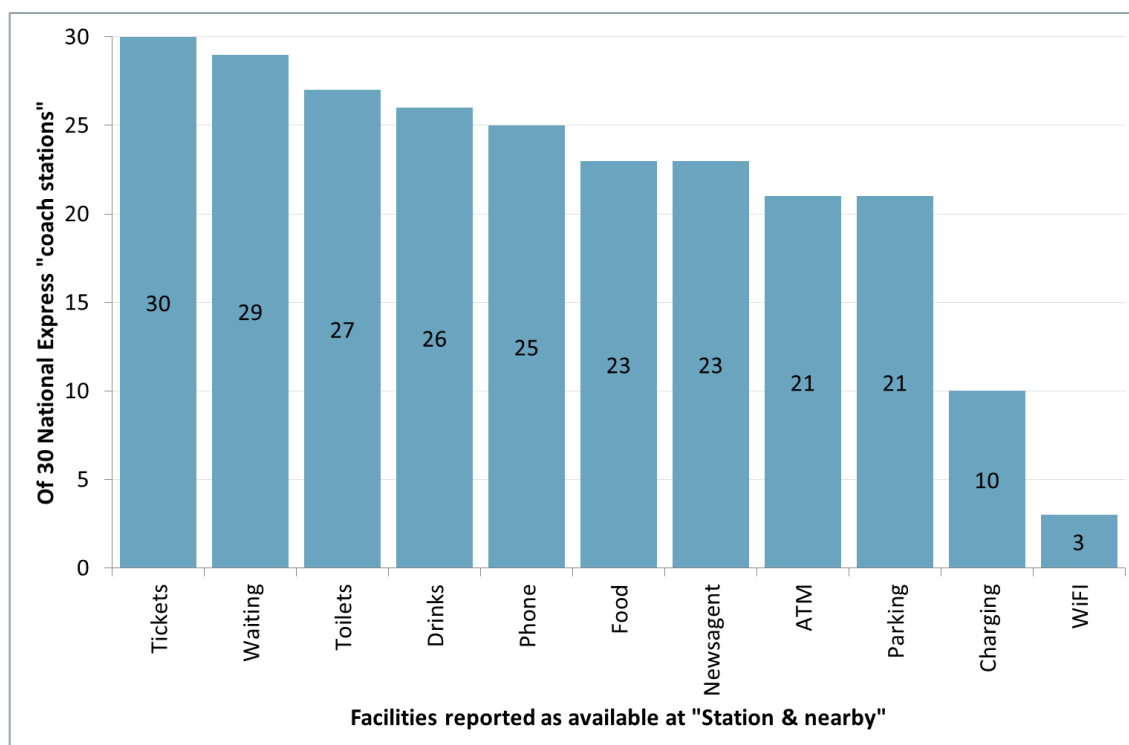
Source: National Express website, Steer Davies Gleave research.

- F.428 Except at airports, none of the “coach stations” were contiguous with facilities for any mode other than buses, but we identified those which had bus, metro and light rail within 100 metres and, reflecting the fact that a railway station may be 200 metres long or more, railway stations within 250 metres.
- F.429 25 of the “coach stations” are also local authority bus stations. However, in many cases specific stands appear to be set aside for buses, which may pass through en route, and coaches, which may take longer to load and unload baggage. In Leeds, for example, the bus station, managed by Metro, and coach station, managed by National Express, are on opposite sides of the same building.
- F.430 Seven of the “coach stations” are at airports in the London area, reflecting not only the fact that London is by far Europe’s largest aviation market but also that Heathrow has three distinct coach terminals and Gatwick has two. In most cases National Express coaches use bays provided by or under the short term car park, but at Gatwick South terminal they use basic on-street stops on the A23 near where it passes under the terminal building.
- F.431 We identified railway stations within 250 metres of a coach station, which seemed a reasonable distance as some railway stations themselves can be over 200 metres long. This illustrates how travel by train, in contrast to coach, can involve walking several hundred metres (to the correct vehicle on departure, and to the station exit on arrival). Except at airports, none of the “coach stations” are in the same complex as a railway station, although in Bournemouth and Bradford they are adjacent, at London Liverpool Street the coach stop is outside the railway station, and in Wolverhampton the facilities are linked by a bridge and walkway.
- F.432 Except at airports and London Golders Green, none of the “coach stations” are in the same complex as a metro station, although at London Liverpool Street the coach stop is outside the station from which there is access to the metro (Underground).
- F.433 The “coach station” is within 100 metres of a light rail station in London Stratford and at Wolverhampton, although in Nottingham and Sheffield a light rail line passes within a few hundred metres of the coach station.

Facilities at terminals

- F.434 Figure F.47 shows National Express’s own reports of what facilities are available at coach stations “& nearby”.

Figure F.47: facilities reported as available at 30 National Express “coach stations” in the UK



Source: National Express website, Steer Davies Gleave research.

F.435 In practice, given that two of the “coach stations” are on-street bus stops, it is not clear what definition has been used or what facilities would be perceived by passengers as being available. It might be desirable to define a terminal as providing, as a minimum, indoor (although not necessary heated) seating with doors leading directly to the coach stands. However, this analysis does not suggest an obvious combination of facilities, whether on site or “nearby”, which should constitute a terminal.

Congestion at terminals

F.436 National Express told us that, in its view, there are not enough public coach terminals in Europe. For example:

- Paris, Amsterdam and Brussels do not have public terminals.
- In Austria, terminals are owned by the rail operator, ÖBB, which can decide who uses them and can cause a coach service licence to be refused if they consider that a coach stop would be a competitive threat.

F.437 National Express told us that use of ordinary roadside bus stops is not normally satisfactory, especially if there is an aim, or a commercial need, to attract multimodal travel. Ideally, bus and rail services should be collocated in the same terminal or adjacent terminals: implicitly the preferred location for a coach terminal is at the existing central railway station in each city. In contrast, there are no coach terminals in central Paris: those that exist are on the periphery. Some operators briefly used a sightseeing coach park in Paris as a terminal, but the local authorities objected and served notice on them to desist.

- F.438 Eurolines rents its own terminals where no public terminal is available. National Express told us that competitors do not share private terminals: in the case of FlixBus, for example, it has outgrown its facilities and has no space to offer competitors.
- F.439 In summary, National Express considers that there is insufficient infrastructure to support national or international coach operations in most Member States.

Employment and social issues

- F.440 National Express told us that passenger rights legislation intended that coaches and terminals be accessible, but in practice this had not happened. Only existing terminals had been designated as accessible and in the UK, for example, this had only been done for London Victoria Coach Station, Birmingham and, in Northern Ireland, Belfast⁹³. To be accessible, a terminal would need staff 24 hours a day, and this was rarely provided. In addition, not all vehicles across Europe were accessible: this only occurred on some routes. However, National Express suggested that once one operator on a route provided an accessible service, others might need to respond to remain competitive.

Eurolines

- F.441 Eurolines was established in 1985 as a non-profit network and now consists of 29 independent private coach companies. Its aim is to create the largest international coach operator in Europe. In France, Belgium, Netherlands, Poland, Czech Republic, Portugal and Spain, some of Eurolines subsidiary companies are wholly or partly owned by the Transdev group.

⁹³ “Designated Bus Terminals to Assist Disabled Persons or Persons with Reduced Mobility”, in accordance with Article 12 of Regulation (EU) No 181/2011.

Table F.9: Eurolines members

Country	Coach company(s)
Austria	Eurolines
Belgium	Eurolines Belgium
Bosnia and Herzegovina	Centrotrans
Bulgaria	Eurolines Bulgaria - Evrobus
Croatia	Autotrans
Czech Republic	<ul style="list-style-type: none"> • Eurolines Česká republika spol. s r.o. (Eurolines ČR) • Touring Bohemia, s. r. o. • Transdev Eurolines CZ, a.s
Denmark	Eurolines Scandinavia
Estonia	Eurolines Estonia
France	Eurolines France
Germany	Deutsche Touring
Hungary	Eurolines Hungary
Ireland	Bus Éireann
Italy	Eurolines Italy
Latvia	Eurolines Latvia
Lithuania	Eurolines Lithuania
Morocco	CTM
Netherlands	Eurolines Nederland
Romania	Eurolines Romania
Serbia	Lasta
Slovakia	Slovak Lines Express a.s.
Spain	<ul style="list-style-type: none"> • Eurolines Peninsular • ALSA
Sweden	Eurolines Sweden
Switzerland	ALSA+EGGMAN
UK	<ul style="list-style-type: none"> • National Express • Ulsterbus

- F.444 Some Eurolines members are domestic operators and others only operate international services. National Express told us that they believe that this is because domestic markets were not open to them in the past.
- F.445 After Regulation 1073/2009 came into force in 2011, Eurolines became the first international operator to receive permission to operate long-distance regular coach services within France⁹⁴. Competing for the first time with French domestic rail services operated by SNCF, it supplemented cross-border traffic with domestic passengers, such as between Paris and Lyon.
- F.446 Travel on Eurolines coaches is under the terms and conditions of the operator providing the service. However, Eurolines applies common quality standards and harmonised sales and

⁹⁴ In France, since liberalisation during 2015, regulator Arafer has produced detailed quarterly reports on domestic coach activity. The case study on France includes extensive material from Arafer, including details of Eurolines' operations, but is necessarily limited to activities in France.

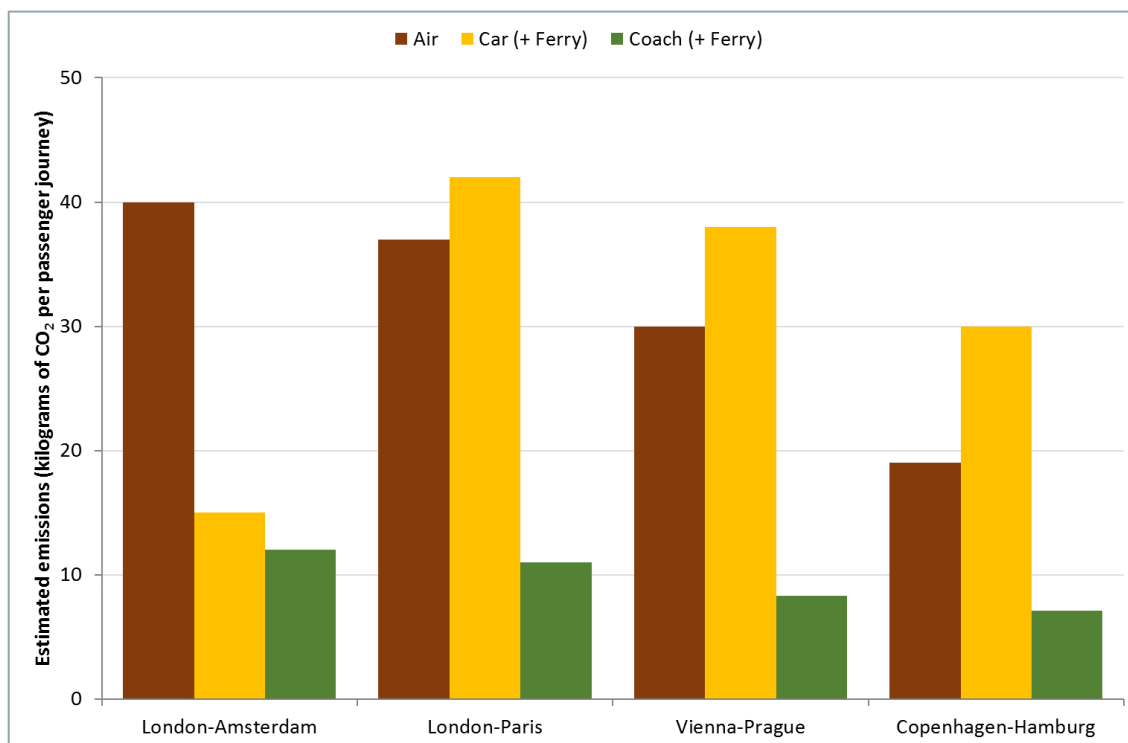
travel conditions, and all passengers are guaranteed the same level of quality and assistance throughout the network.

F.447 Eurolines advertises that its members use modern coaches with reclining seats, large picture windows, washroom facilities and comfortable legroom. All services are non-smoking.

Environment

F.448 Eurolines has presented estimates of carbon dioxide (CO₂) emissions for sample routes, shown in Figure F.49, assuming a loading of 38 passengers per journey⁹⁵. It estimates that each coach emits around 20 grams of carbon dioxide per passenger-kilometre.

Figure F.49: Eurolines' estimates of comparative CO₂ emissions



Source: Eurolines.

F.449 It has also argued that coaches can complement travel by electric cars, which are limited in the distance they can travel, and that the coach network can support electric cars by allowing people to use public transport when travelling long distances and cars when travelling locally.

Employment and social issues

F.450 Eurolines' website provides a list of major city coach terminals at which wheelchair assistance is provided. However, Eurolines cannot guarantee a consistent level of facilities for disabled passengers across the network, because of variations between the operators of their routes and the terminals at which they call.

⁹⁵ We have seen no evidence that Eurolines achieves this average loading, and it does not state what load per car has been assumed.

- F.451 Tickets for all routes on the network can be booked online, at a dedicated Eurolines shop or by phone. This means that all passengers have the same access and level of service no matter which Member State they reside in.
- F.452 To facilitate an affordable way to travel across Europe, Eurolines offer a Eurolines pass. The Pass is valid for unlimited travel in Europe for either a 15-day or 30-day period.

Figure F.50: Eurolines pass destinations



Source: UK Student Life.

Terminals

- F.453 National Express informed us that in London, Eurolines operates international services from National Express’s principal terminal, Victoria Coach Station owned by Transport for London. This provides connections between international and domestic coach services. For Eurolines services in Spain and Germany, National Express stated that 30-40% of passengers make onward connections.
- F.454 Table F.10 summarises information on terminals at the points covered on the Eurolines pass.

Table F.10: terminals at points covered on the Eurolines pass

Member State	City	Terminal?	Nearest mode interchanges
Spain	Alicante	Yes	Railway station

Member State	City	Terminal?	Nearest mode interchanges
	Barcelona North	Yes	Metro
	Barcelona South	Yes	Metro
	Madrid	Yes	Metro
Belgium	Brussels North	No	Tram and metro
Croatia	Novi Vinodolski	Yes	
	Pula	Yes	
Czech Republic	Brno	No	
	Prague	Yes	Metro
Denmark	Copenhagen	Yes	
France	Bordeaux	No	Railway station
	Clermont-Ferrand	No	
	Dijon	Yes	Railway station and tram
	Grenoble	Yes	
	Lille	No	Railway station
	Lyon	Yes	Metro
	Marseille	Yes	Railway station
	Montpellier	Yes	Tram
	Nantes	Yes	Tram
	Nice	Yes	Urban bus
	Nimes	Yes	Railway station
	Paris Gallieni	No	Metro
	Rennes	Yes	Metro
	Strasbourg	Yes	Metro and tram
	Toulouse	Yes	Train and metro
Tours	No		
Germany	Belin	Yes	Metro
	Cologne	No	
	Frankfurt	No	Metro
	Hamburg	No	Metro
	Munich	Yes	Tram
	Stuttgart	Yes	Railway station and urban bus
Hungary	Budapest	Yes	Metro
Ireland	Dublin	Yes	Railway station
Italy	Florence	No	Railway station and tram
	Milan	No	Metro
	Rome	Yes	Metro
	Venice	No	Railway station
Latvia	Riga	No	
Lithuania	Kaunas	No	
	Vilnius	No	Railway station
Netherlands	Amsterdam	Yes	Railway station, metro and tram

Member State	City	Terminal?	Nearest mode interchanges
Portugal	Lisbon Oriente	No	Railway station
	Lisbon Sete Rios	Yes	
	Porto	No	Railway station
Romania	Bucharest	No	Railway station and tram
Slovakia	Bratislava	No	Railway station and urban bus
	Kosice	No	Tram
UK	Edinburgh	Yes	
	London	Yes	Railway station and metro

Source: Eurolines.

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