

Comprehensive Study
on Passenger Transport
by Coach in Europe

Final Report
April 2016

DG MOVE, European
Commission

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Executive Summary

Introduction

On 4 December 2011, Regulation 1073/2009 came into force, replacing Council Regulation (EEC) 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 unnecessary administrative burden.

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 up to non-resident carriers (“cabotage”);
- authorisation could be refused if the service would seriously affect the viability of a comparable service operated under one or more public service contracts (PSCs); and
- administrative formalities should be reduced as far as possible.

In March 2015, the European Commission commissioned this study to provide a thorough review and analysis of the European coach industry, including domestic long and medium distance and international services.

Our approach

We examined international coach services, the subject of Regulation 1073/2009, and developed case studies of the domestic coach industry in ten Member States and shorter fiches on the remaining Member States, which are attached as Appendices A and B.

In July 2015 we contacted 159 stakeholders in the Member States and, by the end of November 2015, had received 73 complete or partial responses, an overall response rate of 46%. We continued to contact and seek responses from stakeholders until April 2016, a few days before this report was finalised. The report reflects all the stakeholder comments which we have received.

Given the problems encountered in the past in the collection of detailed statistical transport data, the collection of such data was excluded from the scope of the study. However, we have sought to identify data on the market, coach fleets and employment across the European Union from a number of sources.

Operators

Coach operators may provide both coach and bus services, and may combine reporting of these operations in a given Member State with data on the operation other modes or operations in other countries. This has the effect that their annual reports rarely identify the size and performance of the coach part of the business.

Many coach brands are a marketing alliance or partnership, managed by one operator and operated by several companies or by subcontractors. Many coach companies are domestic subsidiaries of foreign owning groups, and the ultimate ownership of individual coach operators may depend on mergers and acquisitions activity among a more limited number of parent companies, including national rail operators such as Deutsche Bahn AG, ÖBB and SNCF, and major transport groups such as Arriva, National Express, Stagecoach and Transdev.

In some Member States, there is clear dominance in certain markets. National Express emerged as a dominant operator shortly after liberalisation in the UK, and within two years of German liberalisation, in January 2013, the two largest players merged to create a business with over 50% market share.

Hence, while the sector is commercially focused and responsive to new market opportunities, in particular opportunities arising from liberalisation, it is important to recognise the potential for market dominance and distortion of competition. Constraints on competition can be a particular feature of coach markets in which access to key infrastructure, notably coach terminals, is restricted. We discuss the implications of constrained infrastructure throughout our report and summarise them further below.

Fleets

The EU statistical pocketbook reports that the European bus and coach fleet amounted to 822,900 vehicles in 2013. We have been able to estimate the number of coaches in some Member States but not in others.

Many transport statistics (and languages) do not distinguish between buses and coaches, and no set of rules consistently applies to all Member States. For example, although in most EU-15 Member States standing passengers are not permitted on inter-urban bus/coach services, this is not the case in all Member States. Similarly, vehicles with a separate luggage compartment which might usually be considered ‘coaches’ are used on urban and rural bus services in some Member States.

The European Automobile Manufacturers Association (ACEA) provides data on new bus and coach registrations within the EU. We found no consistent evidence that liberalisation has led to a growth in new vehicle registrations across the EU. However, there is evidence that registrations increased in France, Italy and Sweden when Regulation 1073/2009 came into force. Registrations fell in Germany after domestic liberalisation led to a major growth in coach services, but this is consistent with a more effective deployment of a fleet that was previously underutilised following recession.

Employment

Eurostat reports employment in “other land passenger transport n.e.c. (not elsewhere classified)” including coach but also other minor modes. We estimated that employment in the domestic and international coach industry is slowly declining and by 2014 was around 0.55 million, with a margin of error of $\pm 10\%$. This decline may conceal a mixture of growing volumes and increasing productivity. It is also consistent with our view that the sector has remained relatively stable in the face of recession, and an indication of the responsiveness and flexibility of commercially focused operators across the EU.

The domestic coach markets

The regulatory frameworks for domestic coach services vary widely between the Member States. For example:

- Some have created a number of regional concessions, either by direct award or competitively, with exclusive rights to operate services.
- Some permit commercial operations, subject to rules designed to protect PSO services.
- Some permit commercial operations carrying passengers beyond a minimum distance.
- Some delegate responsibility to regional, County or municipal authorities.

The result is that the regulatory framework may vary not only between Member States but also within Member States between regions, within regions between municipalities, and within municipalities between coach terminals or even between bus stops. This patchwork of regulatory frameworks may present a deterrent to prospective operators seeking to provide services which straddle municipal, regional and national boundaries. This disproportionately affects small and medium-sized enterprises (SMEs) which may not necessarily have the resources needed to develop consistent business strategies throughout the EU.

Member States monitor domestic services to different extents. For example, better data are available in Spain, which has regional concessions, than in other Member States with liberalised markets. From the information available, we estimated that the volume of travel in the domestic coach markets of the EU was 285 billion passenger-kilometres in 2014, with a margin of error of $\pm 25\%$. This is consistent with our estimates, in a 2009 report for the Commission, of the volume of travel in 2008 (263 billion passenger-kilometres), and a subsequent pattern of recession and slow recovery.

Over the period since 2012, there is evidence that average yields have been rising for operators of public service contracts or concessions (such as ALSA in Spain) and falling for those in competitive markets (such as Swebus in Sweden), although it is not possible to draw firm conclusions as we have estimates for only one company in each category. This tends to support our view that operators have exploited opportunities to respond to market conditions and to capture market share from other modes through price competition. Again, the evidence from Spain, where passenger kilometres have fallen by an average of 4% per annum since 2009, suggests that transport authorities specifying concessions have been slow to react to the changing economic climate.

Even where markets are liberalised and in principle open, we identified a number of barriers to entry including arrangements which favour an incumbent, and either restricted access to, or limited capacity at, terminals.

The international coach market

The international coach market is small compared to the domestic markets but appears to be growing. Few Member States produce separate statistics on international services, and the use of inconsistent definitions limits the availability and reliability of the information produced. Nevertheless, we estimate that international coach passenger numbers grew by 40-60%, and international coach passenger-kilometres grew by 0-40%, between 2009 and 2014. Stronger growth in international markets relative to the overall market suggests that operators have responded to opportunities provided by international liberalisation although, as discussed below, it is difficult to draw firm conclusions on the basis of the limited data available.

Regulation 1073/2009's impact on administrative burden

Stakeholders did not explicitly attribute to Regulation 1073/2009 either a change in the cost of oversight and compliance or a change in their number of employees. The workload of operators and national competent authorities is likely to have been standardised and streamlined, but none reported any quantified saving in administrative burden. Nonetheless, we estimate that there may have been a net saving of staff across the European Union.

At the same time, the Regulation requires competent authorities requesting refusal of an application to operate an international service to support their request with a detailed analysis rather than a direct refusal. Competent authorities choosing to challenge applications, which

many do not (we have only identified evidence of applications being challenged in two Member States), may therefore face a high or increased workload of preparing these analyses.

Domestic liberalisation in some Member States can be expected to have reduced the administrative burden for international regular services. However, the patchwork of domestic regulatory frameworks which has resulted from domestic liberalisation may also be expected to increase the administrative burden for operators (especially SMEs) seeking access to more than one domestic market for regular services since such access depends on different access rules of each Member State.

Nonetheless, by introducing a maximum time-frame for consideration of applications beyond which the application is approved by default, we consider that the Regulation is likely to have resulted in more rapid authorisation of new international services, enabling operators to exploit market opportunities more rapidly and offer new services of benefit to passengers.

Regulation 1073/2009's impact on travel markets

We found a range of evidence that the market for regular international coach travel, as measured by the number of international routes, service frequencies and/or passenger numbers, has expanded over the last five years. It has proved difficult, however, to find evidence which directly links this increase in activity to the introduction of Regulation 1073/2009.

On the limited and emerging evidence, domestic liberalisation appears to have created a critical mass of operators who also introduce international services, resulting in a greater impact on the number of international routes and service frequencies than pan-European legislation alone. Following liberalisation of the German market in 2013, for example, local start-up FlixBus has opened international routes to Denmark, Sweden and Belgium and entered the domestic markets of Italy, France and the Netherlands. Some of its international services do not have an origin, destination or intermediate stop in Germany. This suggests that further liberalisation of domestic markets would strengthen the development of international markets, quite apart from any benefits for passengers making domestic journeys.

There have been 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 serving both international and domestic passengers.

Regulation 1073/2009's categorisation of coach services

Regulation 1073/2009 categorises international coach services as either regular, special regular and occasional:

- Regular services are scheduled services open to all passengers.
- Special regular services are regular services not open to all passengers, such as those taking people to school or to work.
- Occasional services are all other services operated on the initiative of the customer or the operator.

These definitions also appear to be well-understood in domestic markets, although the exact boundary between them can be unclear. This may allow special regular services to compete with regular services, despite in principle not being open to all passengers, or occasional

services to be operated at high frequencies and regular intervals, effectively becoming regular services.

Member States are not obliged to classify, regulate or monitor domestic services in this way and do not always even distinguish coach and bus vehicles, let alone the many different types of services provided by them. One consequence is that much of the data related to the industry does not distinguish coach services from bus services, which are typically dominated in urban and suburban areas by Public Service Obligation (PSO) operations.

Regulation 1073/2009's reporting and monitoring arrangements

Regulation 1073/2009 introduced standardised documentation including Community licences, required by each operator, and certified true copies of them, carried on each relevant vehicle, and included a model of a Community licence. Member States may accept the Community licence as valid for domestic transport operations. It also introduced standard authorisation processes for regular international services and journey forms for occasional international services. Model applications for authorisations and journey forms were provided in the subsequent Regulation 361/2014.

Article 28 of Regulation 1073/2009 requires Member States to communicate to the Commission the number of authorisations for regular services issued the previous year, the number valid at the end of that reporting period, and the number of Community licences and certified true copies.

In practice, this information is of little value in monitoring the market, as it indicates permissions granted in the past, rather than either services operated in the present or the extent to which they are used. The same international route may be authorised in some or all the Member States through which it passes but still not be in operation in practice. For example, there are 150 valid authorisations for routes to and from Sweden, but Swedish statistics report that there are only seven international services.

These features of the liberalising approach of Regulation 1073/2009 contributed to the difficulty of identifying the size of, or trends in, the international coach sector.

A wider issue is that liberalisation, including Regulation 1073/2009's provision for the abolition of control documents, tends to involve the simplification and removal of paperwork which forms the basis of statistical analysis and reporting. In the long-deregulated regimes in Sweden and the UK, and the newly-liberalising Germany, little reliable market data is available as a consistent time series. In our view, there is a case for any further liberalisation to be accompanied by measures to establish a harmonised, non-discriminatory and proportionate system of collection, collation and reporting of industry data.

Terminals

Coaches are a flexible transport mode and, unlike trains and aircraft, are broadly able to pick up and set down passengers anywhere with minimal provision of fixed infrastructure. Some regular services make use of on-street stops to provide a range of pick-up and set-down points. Others either find it commercially advantageous, or are required by local law, to pick up and set down passengers in fixed terminals.

Few data are available on the number of coaches, or passengers, using terminals, and it is not therefore possible to identify their relative importance on a consistent basis. Nonetheless, we identified nearly 60 terminals, including at least one in each Member State, and found that all

were served by local bus services and some were also served by, or close to, tram, metro or rail services. Among the sample we examined, locations included the main railway station, elsewhere in the city centre, by a suburban transport hub or railway station, and adjacent to the motorway network, as well as some locations with no obvious relationship either to the city centre or to other transport.

The range of facilities and onward connectivity which the majority of coach terminals provide makes them particularly attractive (and important) for operators of long-distance coach services where catchment areas for access and egress may be large, and where the propensity for passengers to interchange between services is greater. In light of this, where access to terminals is restricted whether through capacity constraints, secondary legislation (such as low emission zones) or discriminatory practices this is likely to disproportionately impact upon international operators.

Terminals are not defined in Regulation 1073/2009 but Regulation 181/2011 defines a staffed terminal as “where according to the specified route a regular service is scheduled to stop for passengers to board and alight, equipped with facilities such as a check-in counter, waiting room or ticket office”. In practice, the facilities available at terminals vary and are often poor.

Some terminals appear to have adequate capacity for current services, particularly if they were built at times when car ownership was lower. Others, such as in Germany, have found that existing capacity has been rapidly exhausted following liberalisation. Some Member States and cities, however, have no consistent provision of terminals and rely in whole or in part on on-street stops.

Terminals may be combined with another transport facility such as a railway station, airport or ferry terminal, or another building such as a shopping centre or office complex. They may also offer a wide range of local bus services and long distance coach services and, at locations such as airports, shuttle services to the city centre, between terminals, and to car parks, car hire facilities and hotels.

Terminals may be owned and/or operated by national, regional or local competent authorities, by coach operators, by railway infrastructure managers, ferry terminals and airports, or by other private businesses. Their regulation may depend on national law, rules set by national or local transport authorities, a local planning authority or a sector regulator. In a case study we described how the coach terminals owned by Heathrow Airport Limited are regulated, by a variety of mechanisms, by all these different agencies.

Stakeholders in a number of Member States have complained of potential, or actual, abuse of dominance to limit access to terminals to provide international or domestic services. In some cases an operator may be denied access to a terminal owned or controlled by an operator of coach or rail services with which it might compete. Whether alternatives are either unavailable or less attractive, this constitutes a barrier to entry to the market.

Persons with reduced mobility

One in six Europeans suffers from a disability and around one in twenty, or 5%, requires assistance at transport terminals and on board vehicles. This includes between three and five million people in each of France, Germany, Italy, Spain and the UK. These figures suggest that PRM coach travel is a significant potential market, which could be exploited more effectively if barriers to travel identified to us by stakeholders were addressed.

In practice, disabled passengers' rights to assistance under Regulation 181/2011 remain theoretical as long as vehicles and the transport infrastructure are not accessible:

- A number of Member States have set deadlines by which all coaches will need to be accessible. There is, however, a risk that a requirement for higher standards results in withdrawal of coach services, or closure of coach terminals, if the parties concerned are not willing or able to fund and make the necessary investment.
- All Member States have now designated at least one terminal at which assistance is provided, although a passenger might require assistance at both ends of a journey and would, ideally, have access to assistance at all terminals and stopping points.
- The provision of assistance in terminals may be of limited value if it is still not possible to make connections with other modes within the area within which assistance is provided.

We identified information, from a number of sources, on progress with the equipment of coach fleets in some Member States. The proportion of these fleets equipped with PRM facilities ranged from 32% to 89%, but most of the Member States had set deadlines of 2022 or earlier by when all coaches must be compliant and, by implication, existing fleets will have to be modified, replaced or withdrawn from service. A possible concern is that some commercial services will be withdrawn at the deadline if operators cannot make a commercial case, or cannot procure financing, for fleet renewal.

While every PRM may require access to a coach, due to the range of individual conditions and capabilities among this group, only a small proportion of them will require access to a terminal. Regulation 181/2011 requires Member States to designate bus and coach terminals where assistance for disabled persons and PRM shall be provided, but several Member States have only designated one terminal. The quality of PRM provision varies widely between Member States and between terminals within a Member State or even within a city. We identified terminals at which assistance would be of little value if it did not extend to connecting transport facilities which may be several hundred metres away.

It is not clear whether operators or terminal owners will find it commercially attractive to invest in facilities for PRM, or whether it will be necessary for competent authorities to provide investment, either by contributing to the cost of terminal facilities or by increasing PSO payments to cover the cost of PRM-equipped coaches. However, the proportion of the population requiring assistance suggests that PRMs represent a significant potential market. We consider that further investigation of the barriers to investment in both on-board and terminal facilities is required. This would inform consideration of the balance between encouraging greater coach travel by PRMs and ensuring that any associated costs of compliance for operators are proportionate.

International coach fares

We compared the cheapest coach and rail fares available on a number of international routes. Most international coach services are cheaper, on a fare per kilometre basis, than the equivalent rail service. This may be because rail often offers faster journeys and can therefore act as a market 'price-maker'. However, in two corridors between Romania and Hungary, and Bulgaria and Greece, coach fares are between two and three times greater than the equivalent rail fare, despite average speeds being similar between modes. In this case it is likely that there are additional factors such as service frequency and quality which permit coach operators to charge a much higher fare.

Where one mode offers more frequent and faster services, the other may have the characteristics of an “inferior good” and have to accept lower fares. Nonetheless, coach operating costs are often less than those of rail, and coach fares can be less than €0.05 per kilometre. At long distances, where air services are available, coach services can attract passengers by not charging for heavy baggage, and may be viable when rail services are not.

1 Introduction

Purpose and scope of this report

Objectives

- 1.1 The European Commission (the Commission) commissioned this study in March 2015 to provide a thorough review and analysis of the European coach industry, including domestic long- and medium-distance services, international regular services, special regular services and occasional transport. The study builds on the work and findings of the "Study on passenger transport by coach in Europe" which we carried out for the Commission in 2009 through an in-depth examination of the coach market supported by a structured programme of stakeholder engagement and case-studies¹. As far as possible, we build upon evidence gathered in the previous study and draw comparisons in order to examine changes in the coach market through time.
- 1.2 On 4 December 2011, shortly after the 2009 study, Regulation 1073/2009 came into force, providing a set of common rules for access to the international market for coach and bus services, and replacing Council Regulation (EEC) 684/92 and Council Regulation (EC) No 12/98. Regulation 1073/2009 was intended to clarify and simplify rules and to improve enforcement and avoid unnecessary administrative burden.
- 1.3 This study focuses on the coach market in all the 28 Member States of the European Union (EU)², describing the legislation and administrative practices defining the regulatory framework for the sector and key elements of its structure and operation. More specifically, it provides analysis of the following for each Member State:
 - the coach market including international and domestic routes;
 - the regulatory framework;
 - infrastructure issues, in particular concerning terminals for interurban coach transport; and
 - issues related to disabled persons and persons with reduced mobility (PRM).
- 1.4 Given the problems encountered in the past concerning the collection of detailed statistical transport data, this was excluded from the scope of the study.

¹ The study reported in July 2009 and was based, wherever possible, on data for 2008.

² Throughout this report, we refer to all 28 Member States of the EU as the "EU28". Those countries joining before 2004 are referred to as the "EU15" and those joining thereafter as the "EU13" or, excluding Cyprus and Malta, islands with no international coach services, the "EU11".

Our approach

1.5 Our approach attempted to identify and gather detailed quantitative and qualitative evidence against each of the headings in paragraph 1.3, and the specific requirements set out by the Commission. We sought to:

- Identify the main operators of inter-urban coach services, their characteristics (including ownership and possible links to the rail sector), their size and their market shares, by market segment.
- Identify the main national and international routes, in terms of passenger-kilometres, for regular and occasional services.
- Determine the level of competition faced from operators not established in the same Member State.
- Analyse the regulatory framework (both in terms of legislations and administrative practices) governing domestic services (e.g. the level of liberalisation, existence of long-term contracts, public service obligations (PSO), cabotage operations etc.)
- Analyse the observed obstacles for the development of the inter-urban coach market at national or EU level, including obstacles in entering the market as well as possible administrative burden.
- Identify the most important coach terminals in terms of transport volumes and their characteristics including the quality of the services provided, proximity to city centres and connections to other modes of transport.
- Analyse the regulatory framework and administrative practices regarding the use of terminals by operators at local, regional or national level.
- Understand the ownership of terminals and rules concerning the access to them, including the identification of possible discriminatory practises.
- Gather data on:
 - the number or percentage of disabled passengers transported by coach;
 - major obstacles to the transport of disabled passengers; and
 - good practices related to the access of disabled persons to coach.

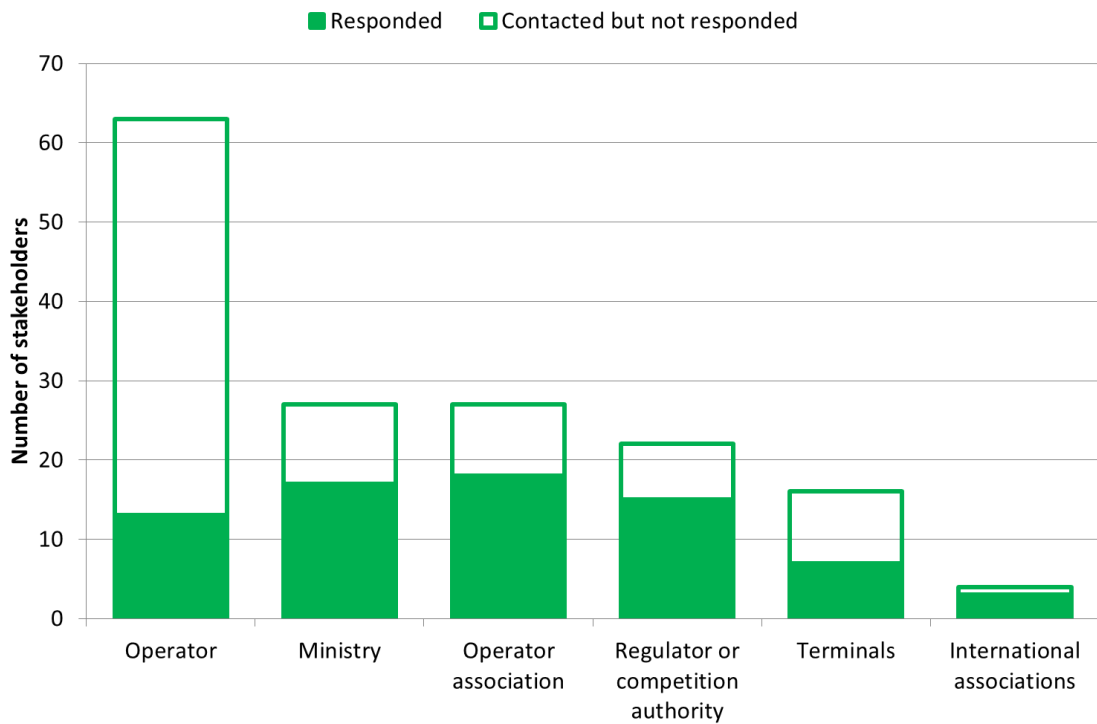
1.6 Our approach included two principal strands of data gathering and analysis:

- We carried out desk research and telephone interviews covering all 28 Member States.
- We prepared more detailed case studies in ten Member States.

1.7 In addition to extensive and exhaustive desk research, we sought information from, and the views of, the competent national authorities, operators and other stakeholders in all 28 Member States. Where specific data is not provided within this report, either it is commercially confidential, would be disproportionately expensive and/or time-consuming to compile, or does not exist.

1.8 Figure 1.1 summarises the responses we received from stakeholders in the four month period to the end of November 2015.

Figure 1.1: Stakeholders contacted and responding, July to November 2015



- 1.9 We contacted a total of 159 stakeholders in July 2015, at the beginning of the summer break. In September we re-contacted stakeholders who had not yet responded, and by the end of November we had received 73 complete or partial responses, an overall response rate of 46%.
- 1.10 As Figure 1.1 shows, response rates varied from over 65%, among operator associations and regulator and competition authorities, to just over 20%, among operators³. Information provided and issues raised by stakeholders have been included in the Member State case studies and fiches attached as Appendices to this report. Additional detail regarding the stakeholder engagement exercise is provided in Appendix D.

³ We did not ask stakeholders to provide an explanation for their decision not to participate in the survey exercise. However, we expect the low response rate from coach operators may be due to a combination of concerns regarding commercial confidentiality and an expectation that operator associations would respond on their behalf.

Organisation of this report

1.11 This report is organised as follows:

- Chapter 2 provides an overview of bus and coach services in Europe and the extent to which they have been categorised for regulatory and reporting purposes.
- Chapter 3 examines inputs to the industry, in the form of operators, fleets and employment.
- Chapter 4 examines the domestic regulatory frameworks in the Member States, and outputs in the form of domestic services.
- Chapter 5 examines the European regulatory framework, including the definition of domestic and international regular, special regular and occasional services, and in particular Regulation 1073/2009 on common rules for access to the international market for coach and bus services, and outputs in the form of international coach services.
- Chapter 6 provides a more detailed analysis of coach terminals as infrastructure, the potential issues of providing terminals, facilities and sufficient capacity, and of ensuring access to them.
- Chapter 7 deals with the rights of Persons with Reduced Mobility (PRM), set out in Regulation 181/2011, and the extent of provision within the wide range of exceptions it permits.
- Chapter 8 summarises our findings.

1.12 The main report is followed by a number of Appendices:

- Appendix A includes case studies on ten Member States.
- Appendix B includes shorter fiches on other Member States.
- Appendix C expands our analysis, in Chapter 8, of the issues associated with further market integration.
- Appendix D provides further information on the stakeholder engagement exercise.
- Appendix E provides a glossary.

2 Bus and coach markets in Europe

Bus and coach services: categorisation

2.1 Europe has a wide range of bus and coach services, and the Commission has taken steps to define and categorise the market as follows:

- Regulation 684/92, on common rules for the international carriage of passengers by coach and bus, subdivided them into four groups: regular services, special regular services, shuttle services and occasional services.
- Regulation 1073/2009, which repealed Regulation 684/92 and came into force on 4 December 2011, removed the category of shuttle services and subdivides coach services as shown in Table 2.1.

Table 2.1: Categories of coach services used in Regulation 1073/2009

Type	Definition	Typical examples
Special regular services	Services which provide for the carriage of passengers at specified intervals along specified routes, passengers being picked up and set down at predetermined stopping points, by whomsoever organised, which provide for the carriage of specified categories of passengers to the exclusion of other passengers.	Regular, scheduled service not open to all passengers, such as: <ul style="list-style-type: none"> • school services serving only those attending a school; and • staff services serving only those working at a location.
Regular services	All other services which provide for the carriage of passengers at specified intervals along specified routes, passengers being picked up and set down at predetermined stopping points.	Regular, scheduled service open to all passengers, such as Eurolines services between Member States.
Occasional services	All other services, the main characteristic of which is the carriage of groups of passengers constituted on the initiative of the customer or the carrier himself.	Multi-day visit or tour requested by a customer or offered by a carrier. Excursion or day trip requested by a customer or offered by a carrier. Local excursion or day trip offered to those already on a multi-day visit or tour.

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

2.2 Regulation 1073/2009 further liberalised the provision of international coach services of each of these types within the EU, through a number of procedures including Community licences, authorisations and journey forms, which we discuss in detail in Chapter 5. It also permits Member States to extend this liberalisation further, either unilaterally, bilaterally or multilaterally, but leaves it to the Member States to decide the breadth and depth of any further change.

Bus and coach services: provision

2.3 Table 2.2 lists examples of transport services which can be provided by bus or coach and the extent to which they correspond to the Regulation 1073/2009 definitions listed in Table 2.1.

Table 2.2: Transport services provided by bus and coach

Description	Examples or issues	Bus or coach	Typical classification in EU and national laws
Not coach services (see paragraph 2.6)			
Urban or suburban bus	Specified by an urban authority.	Bus	Public service contract (PSC)
Regional bus	Service specified by a regional, provincial or county authority.	Either	Public service contract (PSC)
May be coach services			
Regular international coach service	Eurolines Paris to London service.	Coach	Regular
Regular domestic coach services	Ouibus Paris to Lyon route.	Coach	Regular
Regular service for employees		Either	Special regular
Regular service for schoolchildren		Either	Special regular
Scheduled day excursions to a tourist site	Passengers use a coach which remains at the destination until it brings them back.	Coach	Occasional, organised by operator
Paid excursions	Office or school excursion.	Coach	Occasional, organised by customers
Commuter club	A group of customers forms a club and procures a regular service open to anyone buying a ticket or "membership".	Coach	Unclear (see 8.71)
Scheduled day shuttles to a tourist sight	Coaches travel backwards and forwards and do not wait at the destination.	Coach	Unclear
Rail replacement services	May be regulated and reported as rail operations and revenue.	Either	
Scheduled tours around a city	Coaches depart and complete a tour.	Either	
Inter-county or inter-province	Regular service crossing internal administrative boundaries, often between competent authorities.	Either	
City to airport service	May be by PSC or commercially, and in some cases with competition between operators.	Either	
Scheduled "hop on hop off" tours within a city	Coaches circulate round a number of stops. Passengers can alight and re-join the tour.	Bus	
Airport hotel and car hire shuttles	Multiple shuttles at one airport.	Bus	
Temporary shuttle between two points	Shuttles to major sporting events, which may operate on a "depart when full" basis.	Bus	

Source: Steer Davies Gleave analysis, categorisation and examples are illustrative.

Note: "bus or coach" column shows the typical vehicle type. Blank cells correspond to services that are not typically classified in either EU or domestic legislation.

- 2.4 As the table suggests, services may be operated by buses in some locations and coaches in others, or by a mix of vehicles. This leads to a number of difficulties in locating and interpreting data.
- 2.5 First, domestic “bus” services and “coach” services are defined or categorised differently in some Member States, and not distinguished at all in others. This means that European legislation, and statistics estimated, collected and available at the European level, frequently refer to bus and coach together.
- 2.6 We agreed with the Commission that, for the purposes of this study, the definition of coach services would cover all bus and coach services other than urban and rural regular scheduled services, the top two rows in Table 2.2. This would mean that regular interurban, regular international, special regular and occasional services would be regarded as coach services, regardless of the type(s) of vehicle used.
- 2.7 Second, none of the Member States either formally distinguishes, collects data on, or provides statistics on all the different types of bus and coach services listed in Table 2.2.
- 2.8 Third, international bus and coach vehicle-kilometres and passenger-kilometres are estimated and reported in different, and mutually inconsistent, ways by different Member States. For example:
- Most Member States report, at most, “international vehicle-kilometres”.
 - Austrian statistics state that they cover only coaches operated by Austrian companies.
 - The Netherlands, uniquely, distinguishes vehicle-kilometres in the Netherlands by Dutch vehicles and foreign vehicles, and vehicle-kilometres by Dutch vehicles in the Netherlands and abroad (see Appendix B, Table B.37).
- 2.9 If each Member State reported operations by its national operators, as Austria has done, the Netherlands would report 190.6 million vehicle-kilometres in 2014. If each Member State reported operations in its territory (which would need to include services which did not even stop there), the Netherlands would report 130.7 million vehicle-kilometres in 2014. In practice, without evidence that the Member States have reported on a consistent basis, it is not possible to compare directly, or add together, statistics on international services from Member States.
- 2.10 In the next chapters we discuss in turn:
- in Chapter 3, inputs to the European coach industry, in the form of operators, fleets and employment;
 - in Chapter 4, outputs in the form of domestic coach services; and
 - in Chapter 5, outputs in the form of international coach services.

3 Operators, fleets and employment

Introduction

- 3.1 In this chapter we summarise information we identified on operators, the coach fleets they operate and the staff they employ.

Operators

- 3.2 We identified a number of operators in our research, and list examples in Table 3.1 below. We were not always able to identify their size or domestic market share. Links to rail operations have also been identified since coach services may either compete with rail services or, where provided by the same operator, provide a differentiated product which can be used to segment the market for travel and capture additional revenue from passengers.

Table 3.1: Operators identified in the Member States

MS	Operator	Share of routes/fleet	Ownership	Links to rail operations
AT	ÖBB Postbus	60%	ÖBB	Dominant rail operator
BE	TEC	100% of domestic regular services	Public sector regional operators	None identified
	De Lijn			None identified
CY	Intercity Buses	100%	Private	None, no rail operations in Cyprus
	KAPNOS			None, no rail operations in Cyprus
CZ	STUDENT AGENCY			Not investigated
	Asiana			Not investigated
DE	MeinFernbus GmbH	29%	Agreed to merge in January 2015	None identified
	FlixBus GmbH	24%		None identified
	Berlin Linien Bus BLB	18%	Marketing grouping	Includes DB AG companies
	DeinBus.de	5%		None identified
	Deutsche Touring	5%		None identified
	ADAC Postbus	4%	Deutsche Post AG	None identified
	Deutsche Bahn IC-Bus	4%	Deutsche Bahn AG	Dominant rail operator
	City2City	2%	National Express, UK (since withdrawn)	Parent operates rail services in other Member States
	Other operators	9%	N/A	N/A
DK	Gråhundbus			Not investigated
	Abildskous Rutebiler			Not investigated
	Thinggaard Express			Not investigated
	Eurolines		Pan-European marketing grouping	N/A
EE	Lux Express		Private	Not investigated

MS	Operator	Share of routes/fleet	Ownership	Links to rail operations
ES	Also		National Express, UK	Parent operates rail services in other Member States
	Avanza		ADO, Mexico	Not investigated
EL	KTEL	100%	Cooperatives	None
FI	Express Bus			Not investigated
	Onnibus			Not investigated
FR	Isilines/Eurolines France	160 routes	Pan-European marketing grouping	Isilines is a subsidiary of Transdev and partners with Eurolines.
	Starshipper	20 routes		None identified
	iDBUS/Ouibus	6 routes	SNCF	Dominant rail operator
	Stagecoach France (Megabus)	1 route (fast expansion since)	Stagecoach, UK	Parent operates passenger rail services in other Member States
	FlixBus	No domestic route yet		None identified
HR	Autotrans			Not investigated
	Croatia Bus			Not investigated
	AP Varazdin			Not investigated
IE	Bus Éireann		Irish government	Parent CIÉ also owns national rail operator Iarnród Éireann.
IT	Baltour Sena			Not investigated
	Megabus		Stagecoach, UK	Operates rail services in other Member States
	FlixBus		Germany	None identified
LT	Kautra			Not investigated
	Toks			Not investigated
	Ecolines		Private, Latvia	Not investigated
	Eurolines		Pan-European marketing grouping	N/A
LU	No long-distance domestic services			N/A
LV	Ecolines		Private	Operator originates in Latvia
MT	No long-distance services			None, no rail operations in Malta
NL	Connexxion			Operates passenger rail services
PL	PolskiBus		Souter Investments	Not investigated
SE	Swebus	19% of fleet	Nobina	None identified
	Flygbussarna	Airport only	Transdev	Transdev also owns small passenger rail operator Snälltåget
	Ybuss		Private	None identified
	Airshuttle	Airport only	Private	None identified
UK	National Express	75-87% (reported, may be less)	National Express	National Express was previously the largest passenger rail operator
	Megabus		Stagecoach	Large passenger rail operator
	Greyhound		FirstGroup (since withdrawn)	Large passenger rail operator
	Scottish CityLink		Stagecoach (part)	Large passenger rail operator
	Greenline brand		Managed by Arriva	Arriva operates passenger rail services

Source: various, with some updating during February 2016. List of operators is not exhaustive. Detailed investigation only undertaken for case-study Member States.

Note: shares estimated from routes/services, passengers, passenger-kilometres, vehicle-kilometres or fleet size.

Note: DE market share based on number of routes on 1 August 2014, source Bundesamt für Güterverkehr.

Note: FR market share based on number of routes, source goeuro.fr, August 2015.

Note: UK market share based on secondary sources.

Market share and dominance

- 3.3 In some Member States we could identify the market shares of operators, on one or more measures, and in some cases there is evidence of monopoly, dominance or oligopoly in the market.
- 3.4 A potential issue of market liberalisation is that, while in the short term it leads to market entry by a large number of new operators, there is a rapid period of consolidation before either an oligopoly of operators, or a dominant operator, appear.
- 3.5 This issue was identified in the liberalisation of domestic air travel in the United States in 1978, with the effective number of carriers peaking before stabilising at a relatively small number, and consolidation of the former national carriers in the EU air transport market since liberalisation in 1993⁴. In domestic coach markets:
- Belgium, not liberalised, has direct awards for the two major regions, with the effect that regular domestic coach services are dominated by two operators.
 - Spain, not liberalised, offers concessions for interregional services. One operator, Alsa, carries over 50% of interregional passenger-kilometres, and the three largest groups carry over 70% of interregional passenger-kilometres.
 - Italy is seeing continued consolidation, as we set out in Appendix A.
 - Great Britain, liberalised in 1980, saw the rapid emergence of a dominant long-distance operator, National Express.
 - Sweden's largest operator Swebus directly controls only 19% of the coach fleet, but "partners" with other operators, reducing the effective number of independent players.
 - Germany, liberalised in January 2013, saw the merger of the two largest players, with a joint market share of over 50%, in January 2015, within only two years.
- 3.6 In other Member States, patterns of subcontracting may mean that the market is more concentrated than it appears from the number of operators.
- 3.7 Table 3.1 also identifies the ownership of the operators, where this is readily identifiable. A number of operators are owned by major European transport operators including:
- national rail operators, such as Deutsche Bahn AG, ÖBB and SNCF; and
 - independent groups, including First Group, National Express, Stagecoach and Transdev.
- 3.8 This ownership structure also means that many operators are partly or wholly foreign-owned, and the Member State in which they are registered may not be the Member State of their parent or ultimate owner.

⁴ See, for example, EU Air Transport Liberalisation: Process, Impacts and Future Considerations, International Transport Forum, Discussion Paper No. 2015-04, January 2015.

Fleets

- 3.9 Estimates of the size of coach fleets in the Member States may be available by at least two means:
- Member States sometimes identify the numbers of vehicles authorised or licensed to provide domestic services.
 - Operator associations sometimes identify the total fleet size of their members.
- 3.10 We gathered information on the size of national coach fleets, summarised in Table 3.2.

Table 3.2: Operator fleet size estimates (2013)

MS	Data on fleet obtained, and definition or description		
	Buses and coaches (EU Statistical Pocketbook)	Coaches (Steer Davies Gleave)	Notes
AT	9,580		
BE	16,260		
BG	23,300	9,800	National Statistical Institute of Bulgaria.
CY	3,500	70	Planned fleet of "Intercity Buses" which operates the interurban coach concession.
CZ	20,320		
DE	76,790		
DK	13,270		
EE	4,500		
EL	26,780	11,530	4,230 KTEL providing regular services, and 7,300 tourist providing other services. There was major investment in new fleets before the 2004 Athens Olympics.
ES	59,890	9,941	Vehicles in concessions let by national government or Autonomous Communities. 1,193 coaches are used for scheduled intercity services.
FI	15,540	700+	Express Bus fleet of over 700 long-distance coaches.
FR	95,190		
HR	4,790	2,118	Vehicles used on "inter-county" services in 2013.
HU	17,570		
IE	8,490	2,422	Licensed and PSO coach service vehicles from NTA Statistical Bulletin Number: 05 / 2014.
IT	98,550	1,200	Long-distance coach sector vehicles.
LT	13,060		
LU	1,760		
LV	4,990		
MT	1,710	344	There are no scheduled services: these vehicles are for private hire and tourism.
NL	9,920		
PL	102,600	62,200	Number of permits to operate vehicles in 2014: may exceed fleet size.
PT	14,800		
RO	42,840		
SE	13,990	256	Number of vehicles used in domestic and international services in 2013.
SI	2,470		
SK	8,820		
UK	111,620	13,000	Steer Davies Gleave estimate based on historic mix of coaches and buses.

Source: Steer Davies Gleave analysis, see Appendices A and B.

Note: Stock of buses and coaches in 2013 from EU Statistical Pocketbook 2015.

3.11 However, the same vehicle may be authorised or licensed to provide many of the types of service listed in Table 2.2, and so the number of vehicle authorised or licensed may exceed by a large margin the number of vehicles required to provide any specific category of service.

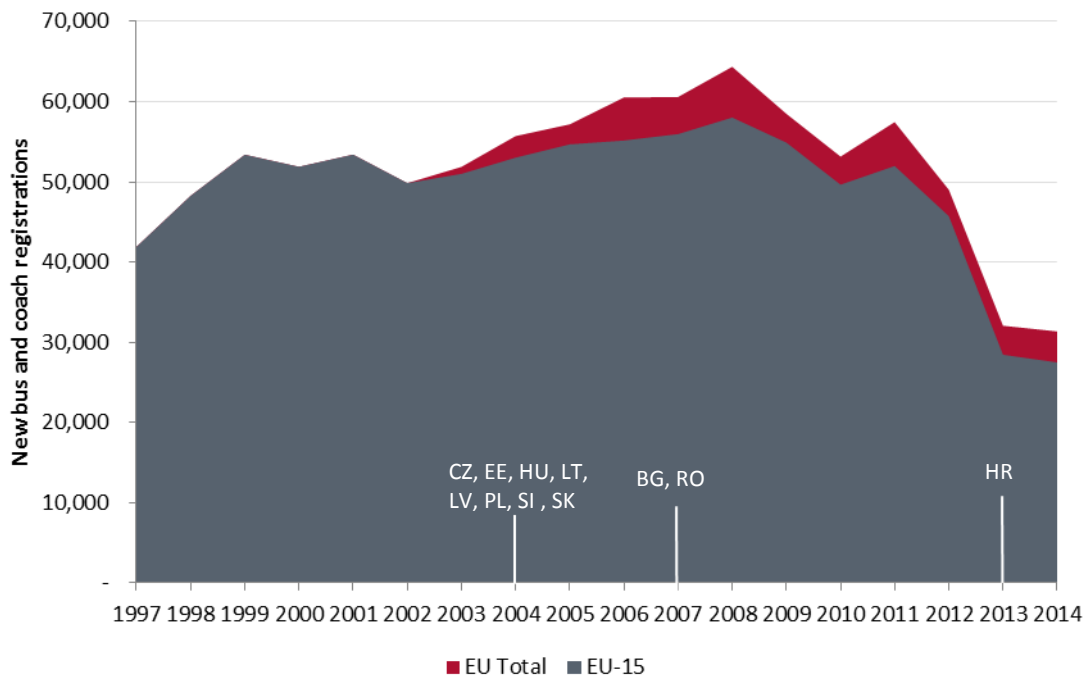
Vehicle registrations

3.12 The European Automobile Manufacturers Association (ACEA) provides data on new vehicle registrations within the EU⁵, distinguishing medium buses and coaches, between 3.5 and 16 tonnes, and heavy buses and coaches, over 16 tonnes. ACEA also distinguishes EU15 and EU11 (EU-13 excluding Malta and Cyprus for which data is unavailable) Member States.

3.13 Vehicle registration data only provide information on the flow of new vehicles into the market, rather than the absolute size of vehicle fleets. Nonetheless, the registration data give an indication of the level of investment in different Member States over time.

3.14 Figure 3.1 shows the number of new buses and coaches registered within the EU between 1997 and 2014. Data for the EU11 are only included from the year prior to EU accession, which has been labelled along the horizontal axis, although in practice we found no data for Bulgaria.

Figure 3.1: EU and EU15 new vehicle registrations of buses and coaches over 3.5 tonnes



Source: European Automobile Manufacturers Association (ACEA). No data for Bulgaria, Cyprus or Malta.

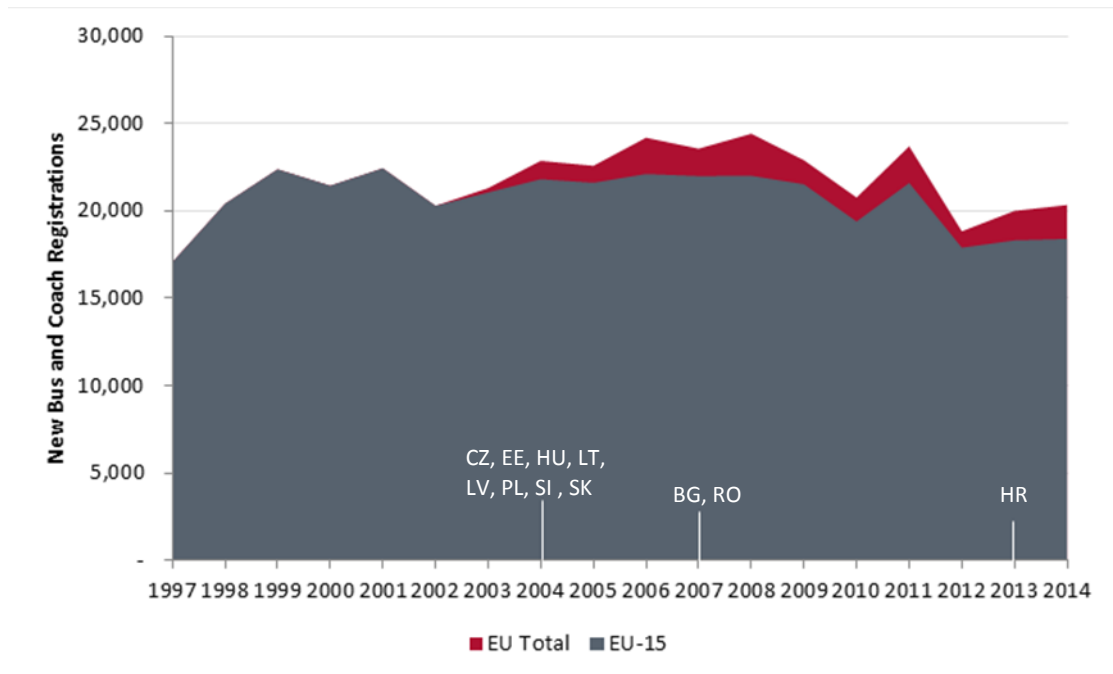
3.15 The number of vehicle registrations increased between 1997 and 2008, with a slight decline in the early 2000s coinciding with a slowdown in economic activity. New registrations have declined more substantially since the 2008 financial crisis and subsequent recession, and have not yet started to recover. This is likely, in part, to be indicative of excess orders before 2008, and we would expect that excess vehicles ordered prior to the economic slowdown are now

⁵ <http://www.acea.be/statistics/tag/category/by-country-registrations>.

being brought into operational use from storage and therefore the demand for new vehicles is being satisfied from existing stocks rather than from new orders.

3.16 Figure 3.2 provides equivalent data for buses and coaches exceeding 16 tonnes, which is likely to be more representative of the coach market within the EU⁶.

Figure 3.2: EU and EU15 new vehicle registrations of buses and coaches over 16 tonnes



Source: European Automobile Manufacturers Association (ACEA). No data for Bulgaria, Cyprus or Malta.

3.17 The indicator shows far less volatility in the number of vehicles registered through time. This is likely to reflect:

- the greater influence of public sector funding on the bus market;
- the substitution of travellers to coach from other modes during the recent economic downturn; and/or
- operators opting for smaller vehicles in response to the economic downturn and its impact on the demand for coach travel.

3.18 New registrations within the EU15 Member States, which account for over 80% of all new vehicle registrations, follow a similar trend to the EU total. A fall in registrations, however, does not necessarily imply that the total stock of coaches is falling: it is equally possible that the average age of the fleet has risen, with implications for fleet quality, as less new stock is procured to replace the old.

⁶ Most Member States favour full size buses and coaches over 16 tonnes, which is therefore our preferred pan-European indicator. The UK is unusual in having large numbers of 12-16 tonne single decker vehicles (midi-buses), which may still seat 40-45 passengers.

3.19 A detailed disaggregation of new vehicle registrations is only available for some Member States, and is usually provided by representatives of vehicle manufacturers. Table 3.3 summarises data from the UK Society of Motor Manufacturers and Traders (SMMT).

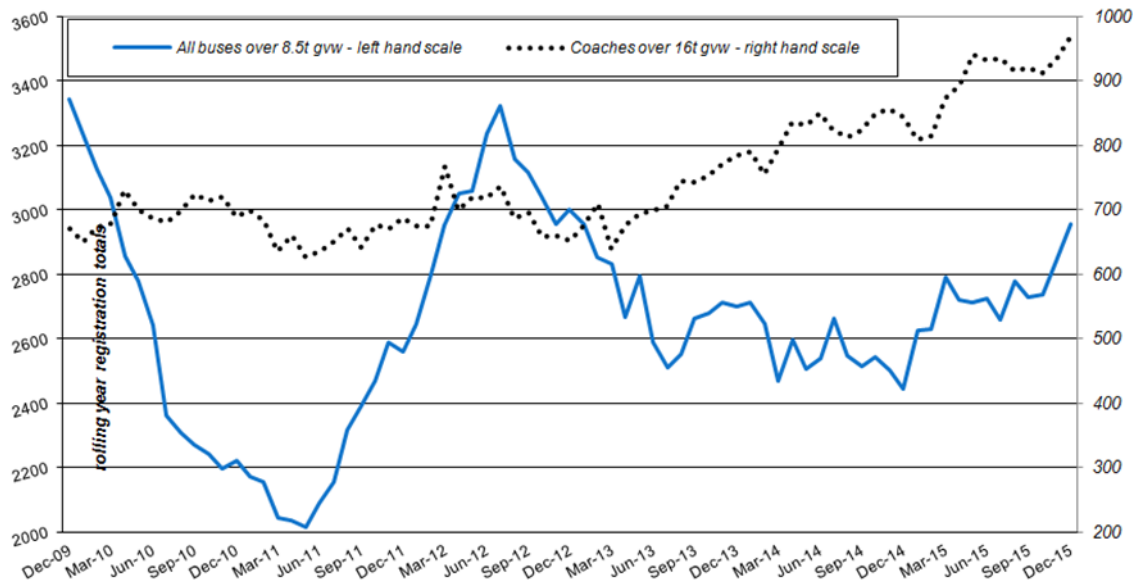
Table 3.3: UK bus and coach registrations (2014 and 2015)

	2015 vehicle registrations	Percentage change on 2014
Purpose-built single-deck buses under 8.5 tonnes	109	-8%
Purpose-built single-deck buses 8.5-12 tonnes	226	-14%
Purpose-built single-deck buses 12-16 tonnes	1102	27%
Purpose-built single-deck buses over 16 tonnes	149	-47%
Purpose-built double-deck buses	1375	35%
Purpose-built bus total	2961	16%
Purpose-built coaches 3.5-16 tonnes	80	63%
Purpose-built single-deck coaches over 16 tonnes	874	13%
Purpose-built double-deck coaches over 16 tonnes	94	31%
Purpose-built coach total	1048	18%

Source: UK Society of Motor Manufacturers and Traders (SMMT).

3.20 Figure 3.3 shows SMMT’s time series of UK bus and coach registrations by quarter.

Figure 3.3: UK big bus and coach registrations by quarter (2009-2015)



Source: SMMT Bus and Coach Registrations Monthly Report (7 January 2016).

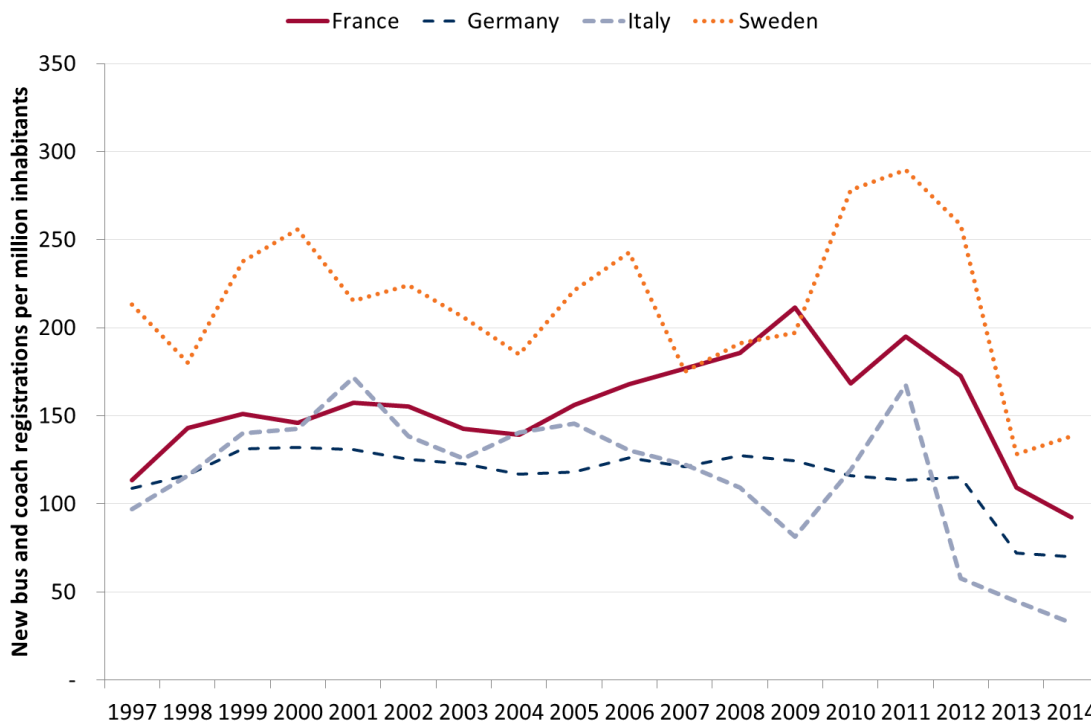
Notes: big buses are defined as being over 8.5 tonnes, and coaches are defined as being over 16 tonnes.

3.21 This is consistent with the hypothesis that, at the EU level, coach registrations may have been more stable than bus registrations during the economic downturn. In many Member States, particularly in western Europe, where coach travel is often less attractive than rail travel, and

may be an “inferior good”⁷, the economic downturn may have increased the demand for coach travel as real household incomes fell and individuals switched from other modes to coach. Alternatively, the financial crisis might have reduced prices and encouraged operators to bring forward fleet renewal.

3.22 Figure 3.4 shows the number of new vehicle registrations per head of population for selected EU15 Member States.

Figure 3.4: EU15 selected new vehicle registrations per inhabitant



Source: European Automobile Manufacturers Association (ACEA).

3.23 For the EU as a whole, new registrations did not significantly increase or decrease until 2008, and they declined significantly after this date. However, as the figure shows, the trends vary by Member State:

- In Italy and Sweden, there was a peak in new registrations in 2010/11, which coincided with the implementation of Regulation 1073/2011.
- In France, there was a more prolonged peak ending around 2011, which could also be interpreted as coincident with preparation for implementation of the Regulation.
- In Germany, in contrast, there was a sharp decline in new registrations after 2012, despite domestic liberalisation on 1 January 2013, and despite a rapid growth in the number of authorised long-distance regular coach services, shown in Appendix A (Figure A.1).

3.24 We conclude that it is difficult to interpret data on new vehicle registrations as evidence of fleet expansion in preparation for, or in response to, liberalisation.

⁷ We have used the term “inferior good” here as defined strictly within economic terminology. In economics, an inferior good is one for which demand falls when consumer income rises, and vice versa.

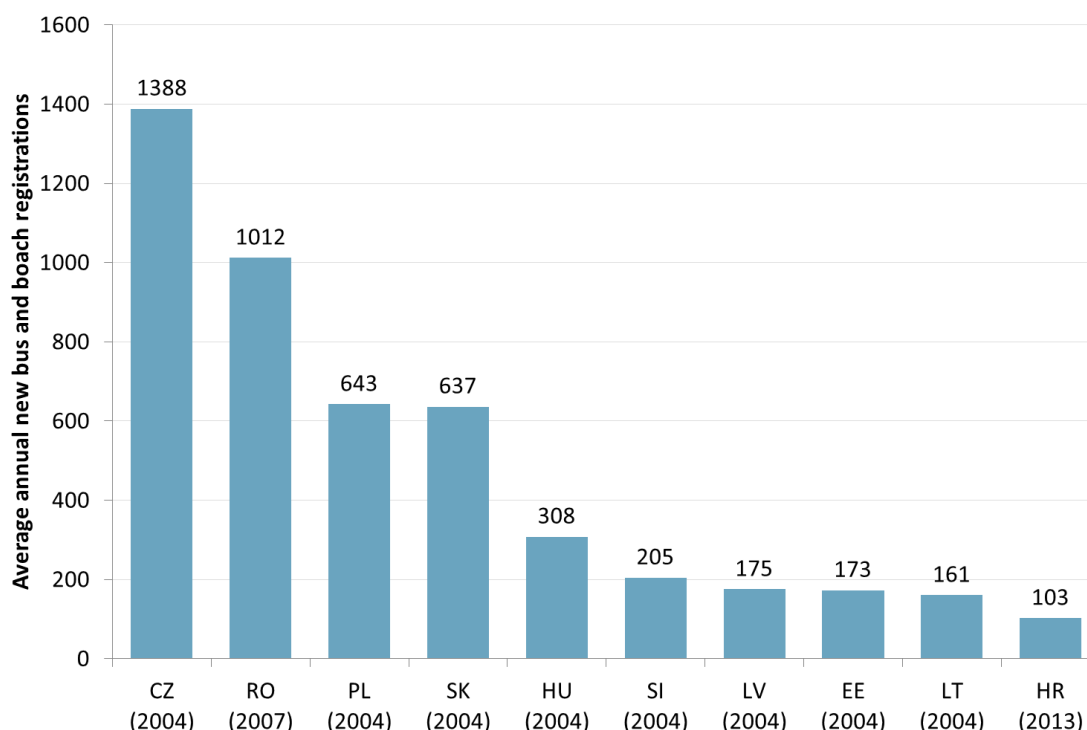
3.25 Numbers of new vehicle registrations in the EU11 are relatively small and volatile and, as we noted in paragraph 3.14, are only included from the year prior to EU accession. This makes it difficult to examine them as a time series, but the data suggest that, for the EU11 as a whole:

- There was a rapid increase in new registrations between 2003 and 2008 to a peak of over 6,300.
- There was a fall to just over 3,500 after the financial crisis in 2008.
- There has no evidence in the EU11 of the decline observed in EU15 since 2008.

3.26 A possible interpretation is that the recession has had little effect on the coach market in the EU11. This is consistent with the number of new companies that have been established in recent years including PolskiBus in Poland in 2011 and SuperBus in Estonia in 2015.

3.27 Figure 3.5 shows the average annual vehicle registrations in EU11 Member States, with the year of EU accession shown in brackets.

Figure 3.5: EU11 new vehicle registrations, buses and coaches under 3.5 tonnes (2004-2014)



Source: European Automobile Manufacturers Association (ACEA). No data for Bulgaria.

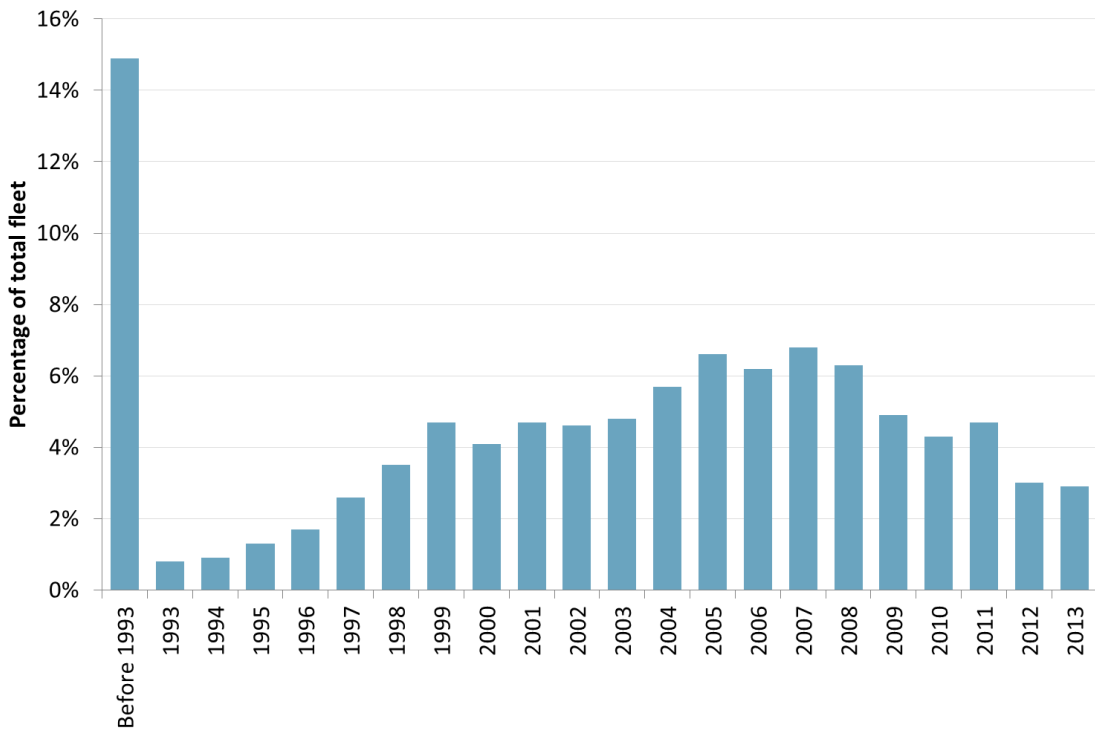
Fleet age

3.28 We have only found data on the age of bus and coach fleets for two Member States, the UK and Spain, and the UK data only covers municipal bus fleets and is not relevant to this study.

3.29 Figure 3.6 shows the distribution of the Spanish bus fleet by year of registration.

3.30 The average age of the fleet is 13.1 years, and for national concessions the average age of the fleet is 6.6 years. This suggests that the concession system results in, and may require, a younger average fleet than would be provided in the market.

Figure 3.6: Spain: distribution of the bus fleet by registration year



Source: Observatorio del transporte de viajeros por carretera.

3.31 We discuss our findings on the extent of provision for Persons with Restricted Mobility (PRM) in Chapter 7.

Employment

3.32 We examined data from Eurostat from 2012, the most recent year with consistent data, on employment in:

- “Road passenger transport”: we understand that this includes all bus and coach operations described in Table 2.2 and is often dominated by urban and suburban bus services.
- “Other passenger land transport n.e.c.”: this is reported as NACE 49.39.

3.33 However, we had two concerns about the “other passenger land transport n.e.c.” data.

3.34 First, it includes not only “scheduled long-distance bus services” (regular services), “the operation of school buses and buses for transport of employees” (special regular services) and “charters, excursions and other occasional coach services” (occasional services) but also airport shuttles, operation of cable cars, funiculars, ski and cable lifts which are not part of urban or suburban transit systems, and passenger transport by man- or animal-drawn vehicles. We were concerned that it might include significant numbers of staff not involved in the provision of coach services.

3.35 Second, it is possible that operators of a mixture of coach services and PSO local and regional services allocate all their staff to one of these categories, which could materially distort the overall data.

- 3.36 We therefore also made “bottom-up” estimates of employment for the more narrowly-defined coach industry which is the subject of this study. In some cases we estimated employment from the size of fleet, assuming that operators have between three and four employees per vehicle, and in other cases from aggregation of enterprise-level employee numbers or estimates of full-time equivalent employees. Table 3.4 summarises the Eurostat data and our own estimates.

Table 3.4: Estimates of coach sector employment

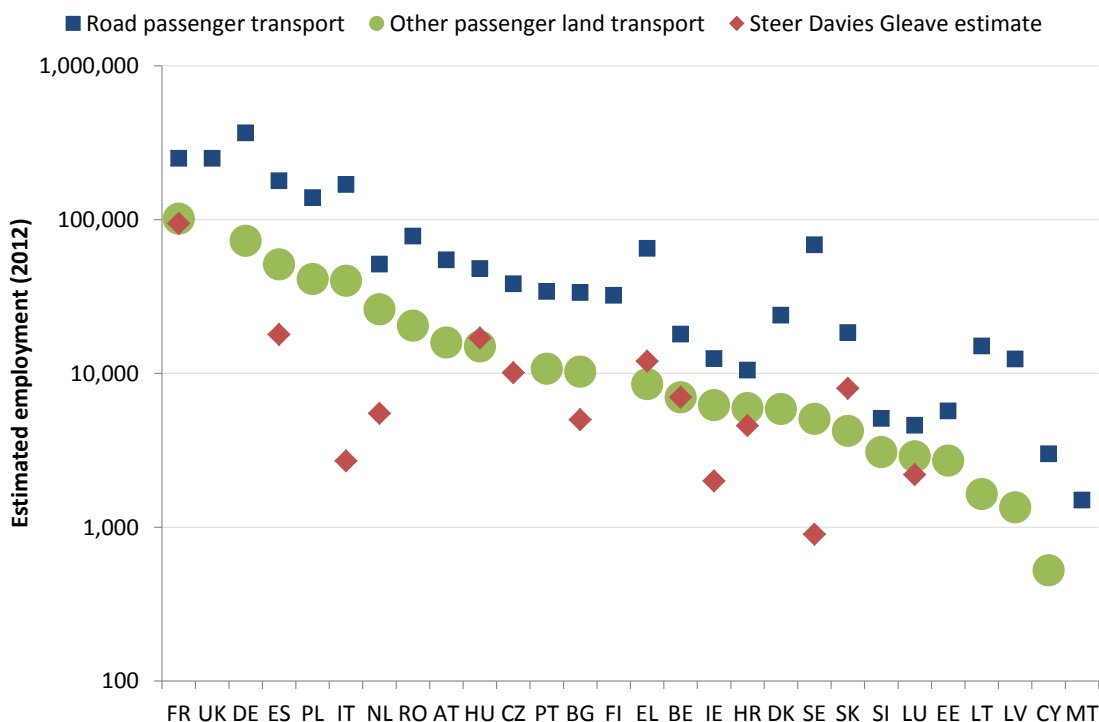
MS	Data from road passenger transport (2012)	Other passenger land transport n.e.c. (2012)	Data on employment obtained or estimated, and definition or description	
AT	54,700	15,904		
BE	18,000	7,002	7,000	Steer Davies Gleave estimate from TEC fleet (5,018) and employment (72%).
BG	33,600	10,276	5,000	Steer Davies Gleave estimate based on total bus and coach fleet size.
CY	3,000	526	250	Steer Davies Gleave estimate of Intercity Buses' employees from fleet size.
CZ	38,300		10,107	Total number of "drivers" reported in 2012.
DE	366,100	72,836		
DK	23,900	5,872		
EE	5,700	2,714		
EL	65,000	8,527	12,000	Steer Davies Gleave estimate based on total bus and coach fleet size (KTEL and tourist coaches).
ES	179,100	51,170	17,896	Confefbus estimates of direct employment in bus and coach sector, including 10,512 employed providing regular interurban coach services, and 7,384 providing occasional transport services.
FI	32,200			
FR	250,400	101,335	94,300	"The road passenger transport sector" in 2013.
HR	10,500	5,956	4,573	Inter-county (not urban/suburban) employees in road transport in 2012.
HU	48,000	14,979	17,000	Domestic regional and long-distance bus and coach transport.
IE	12,500	6,236	2,000	Estimated from reported employees of Bus Éireann Expressway and members of the Coach Tourism & Transport Council of Ireland.
IT	169,200	40,063	2,700	Ministry for Infrastructure and Transport estimates (2012) comprises 2,000 employees providing domestic services and 700 providing international services. This figure is similar to the ANAV estimates (2012) of employment within the long-distance coach sector (1,600 employees).
LT	15,100	1,648		
LV	12,400	1,346		
LU	4,600	2,890	2,200	FLEAA estimate of employment by coach and bus operators.
MT	1,500			
NL	51,300	26,176	5,500	Drivers employed in private transport activities.
PL	138,900	41,147		
PT	34,100	10,729		
RO	78,100	20,496		
SE	68,500	5,067	900	Steer Davies Gleave estimate of direct employees of coach operators.
SI	5,100	3,084		
SK	18,400	4,229	8,000	Bus and coach company employees.
UK	250,100			

Source: Steer Davies Gleave analysis.

Note: Road passenger transport employment 2012 from Eurostat.

3.37 As a consistency check, we compare the data in Table 3.4 in Figure 3.7, which sorts the Member States in descending order of number employed in other passenger land transport. Note that, because of the wide variation between the largest and smallest estimates of employment, the figure uses a logarithmic scale. This also means that an equal percentage difference in two estimates results in an equal vertical spacing.

Figure 3.7: Estimates of coach sector employment



Source: Eurostat, Steer Davies Gleave estimates.

Note: scale is logarithmic: an equal percentage difference in two estimates results in an equal vertical spacing.

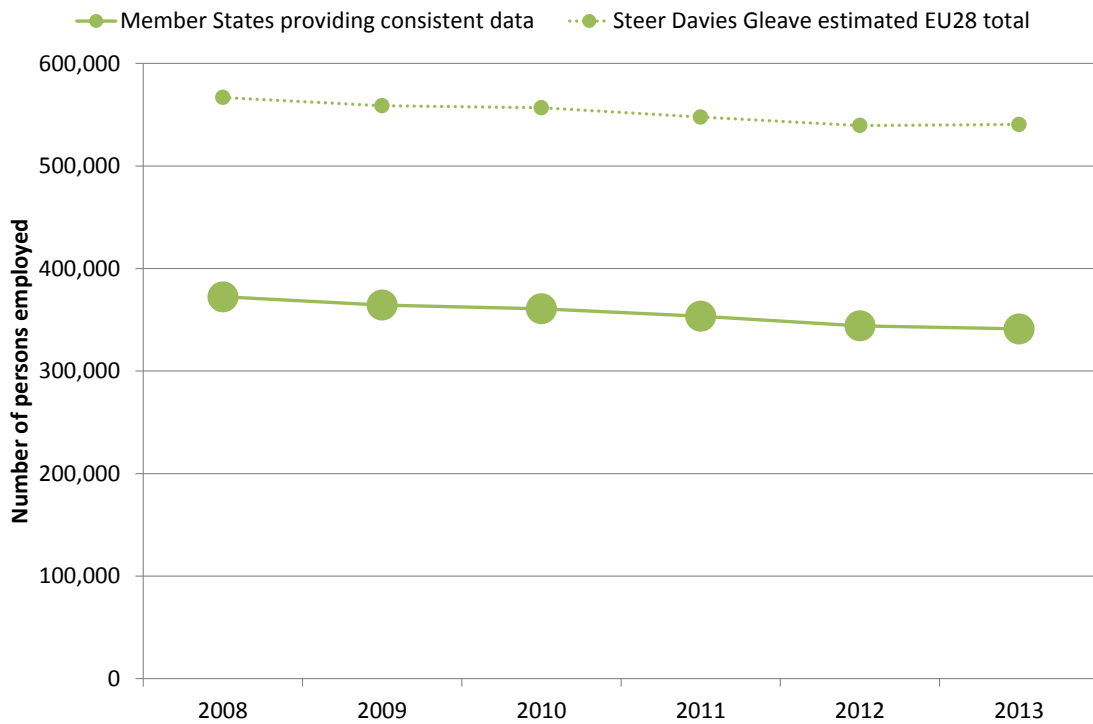
3.38 The chart suggests that other land passenger transport employs around one-quarter of the number in road passenger transport. It also suggests that at least some of our “bottom-up” estimates of employment are consistent with the other land passenger transport data. On balance we concluded that the “other passenger land transport” data may be a reasonable estimate of the numbers effectively employed in the coach industry.

3.39 In Figure 3.8 we estimate the trend in total employment in the coach industry over the period 2008 to 2013. The chart distinguishes two types of Member State:

- For some Member States, data are provided in every year, and we have plotted as the lower line the total reported employment from them.
- For other Member States, data are only provided in some years, so we have extrapolated or interpolated values from other years.

3.40 Note also that, in the case of the Czech Republic, we had no data, and therefore included the number of coach “drivers” reported in 2012 and extrapolated from it values for other years.

Figure 3.8: Estimates of coach sector employment trend (2008-2013)



Source: Eurostat “Other passenger land transport” “Number of persons employed”.

Note: some Member States provided consistent data 2008 to 2013, remainder estimated by Steer Davies Gleave.

3.41 Figure 3.8 suggests that overall employment in the coach industry was in slow decline, at least until 2013, the year in which the large German market was liberalised.

Key findings and conclusions

Operators

3.42 A number of operators are owned by major European transport or passenger transport groups including:

- national rail operators, such as Deutsche Bahn AG, ÖBB and SNCF; and
- independent groups, including First Group, National Express, Stagecoach and Transdev.

3.43 Operators in many coach markets work through marketing alliances, partnerships, groupings and subcontracting. The effective levels of dominance in states such as Sweden are therefore higher than indicated by the largest operator share.

3.44 The extent of foreign operation of domestic services is obscured by the tendency of operators entering a market to establish local subsidiaries or joint ventures. Patterns of ultimate ownership, control, or the allocation of risk and profit can be complex, particularly if the companies which own coach operators, in whole or in part, are themselves subject to merger and acquisition activity.

3.45 There is clear evidence that liberalisation can lead to the rapid emergence of a dominant operator or alliance, as happened in the UK after 1980 and appears to have happened within two years in Germany. This, in turn, demonstrates a need for continued and careful monitoring of domestic markets after liberalisation, if the benefits of liberalisation are to be realised. At the same time, the challenges of monitoring markets effectively, given the lack of

reliable data, in particular time series data collected on a consistent basis, suggests a need for a well-defined reporting framework, possibly analogous to the Rail Market Monitoring Scheme (RMMS) undertaken annually by the Commission. We return to this issue in the context of the discussion of national regulatory frameworks in the next chapter.

Fleets

- 3.46 Operators can vary the size of their fleets either by buying new vehicles or by selling or scrapping old ones. This provides them with flexibility, for example to deal with seasonal variations in demand, by adjusting the relative scale and timing of additions to, or removals from, the fleet.
- 3.47 For some Member States, estimates of the size of the active coach fleet have been made by the national competent authority or by industry bodies. In others, the only source of information is data on new bus and coach registrations collated by Eurostat.
- 3.48 These registrations of new buses and coaches in the EU appear to have fallen since the 2008 financial crisis. However, evidence from the UK suggests that falls in procurement of new buses for the public sector may have concealed stable or growing purchases of new coaches. Growth in new coach registrations after the financial crisis can be explained by a number of factors:
- The economic downturn may have increased demand where coach is an “inferior good”, as travel shifts from other modes to coach.
 - The reduced demand for buses is likely to have depressed the prices of new vehicles, enabling operators to bring forward renewal of coach fleets.
- 3.49 Within the overall trend, the apparent effects of liberalisation on new registrations are mixed:
- In France and Sweden, new registrations peaked as Regulation 1073/2009 came into force.
 - In Germany, new registrations fell rapidly after domestic liberalisation.
- 3.50 However, while the data examined demonstrate no clear relationship between liberalisation and fleet size, we note that recent trends in fleet investment have been complicated by a period of major recession at the beginning of the period investigated. The evidence from France and Sweden suggests that liberalisation can encourage, or at least reinforce, plans for investment. In addition, while the recession appears to have led to an excess stock of vehicles in some Member States, we would expect those countries that have recently liberalised their domestic markets to have generated more opportunities to increase fleet utilisation.

Employment

- 3.51 Eurostat data on “other passenger land transport n.e.c.” appears to provide a good indicator of the volume of employment in the coach sector. Making some assumptions about missing data, this appears likely to be in the range 0.5-0.6 million people across the EU, with a slow trend decline over the period 2008 to 2013, as shown in Figure 3.8. This is consistent with market growth being offset by productivity gains, and also implies that market growth is required to sustain employment.

4 Domestic coach services

Introduction

4.1 In this chapter, we discuss in turn:

- the national regulatory frameworks which govern the operation of domestic coach services;
- information on domestic coach operations published in or by the Member States or provided by stakeholders;
- our estimates, from this data, of the size of the domestic coach markets;
- our examination of average coach yields, derived from operator accounts, and of coach fares, on a sample of routes; and
- our findings on levels of competition and barriers to entry.

The national regulatory frameworks

4.2 As we set out in Table 2.2, a wide range of services are provided by bus and coach, and the extent to which these are distinguished in national regulatory frameworks varies considerably.

4.3 In Member States with a regional, provincial or county level of government, there is often a subdivision of responsibility between national and other authorities. Often, in these circumstances:

- Regular international coach services, and those crossing internal boundaries, are the responsibility of the relevant national ministry.
- Regular intraregional coach services are the responsibility of the regional authority.

4.4 However, there are in practice wide variations in how responsibilities are subdivided. In some Member States, for example, different regional authorities may have different powers or interpret their powers in different ways..

4.5 Table 4.1 overleaf summarises our findings on the regulatory frameworks in each Member State from data collected through our desk research and from stakeholders.

Table 4.1: Domestic regulatory frameworks

Member State	Liberalisation			Obligatory use of terminals	Barriers to entry reported
	Latest local law	Summary	Largest operator share		
AT		Not liberalised: all services are either PSCs or five-year concessions.	60%	No	Yes
BE		Direct award of regional concessions to two incumbents.	100% in each region	No, as few terminals exist.	
BG	1999	Fully liberalised.		When no terminal space available, mayors allocate locations to operators.	
CY	2009	Not liberalised.	100%	N/A	
CZ		Fully liberalised. Community licences and authorisations are issued by regional authorities.		Other than at motorway services, restrictions only on safety grounds.	Yes
DE	2013	Liberalised if over 1 hour by rail or “50 kilometres between stops”.	53% (by 2015)	No	Yes
DK	2005	Liberalised if no infringement of a public services.			
EE	2000	Not liberalised.		Stops are Tallinn are permitted, subject to the agreement of the city government.	
EL	1996	Not liberalised.	100%	N/A	
ES	2009	Competition for national and regional concessions.	54% of national concessions	Yes, unless negotiated with municipalities.	Yes
FI		Liberalised.			
FR	2015	Liberalised if over “100 kilometres between stops”, otherwise assessed.	Insufficient market stability to provide meaningful estimate	No, as few towns have terminals.	Yes
HR	2013	Regular at Counties’ discretion. Special regular liberalised. Occasional liberalised.			Yes
HU	2012	Not liberalised.		Any stops can be used if safe, with landowner’s permission, and if clearly marked.	
IE	2009	Liberalised.			
IT	2005	Regular services are liberalised, but regional services within one or two NUTS2 regions are subject to authorisation.		Illegal loading and unloading outside terminals has been reported.	Yes
LT		Regular services are subject to authorisation at national or municipal level.		No, except at route end points.	
LU		Too small for a commercial interurban market.			

Member State	Liberalisation			Obligatory use of terminals	Barriers to entry reported
	Latest local law	Summary	Largest operator share		
LV	2007	All interurban services are concessions.		Stopping points may be agreed with the competent municipal authorities.	
MT	2011	Too small for coach services.	N/A	N/A	
NL	2000	Regular and special regular are all concessions: exemptions are permitted but have not been sought. Occasional liberalised.		Yes	
PL	1988	Regular and special regular services require authorisation.			
PT	1990	Interurban services are liberalised. Urban, suburban and regional services are concessions.			
RO	2011	Fully liberalised.		No	
SE	1993 to 1999	Liberalised if over 100 kilometres or inter-county.	19% plus "partners"	No	Yes
SI	2006	Regular only by PSO. Special regular liberalised. Occasional liberalised.		Varies between urban areas.	
SK	2012	Interurban services are liberalised subject to protection of PSO services.			Yes
UK	1980	Liberalised fully, except within London.	75-87%	No	Yes

Source: Steer Davies Gleave desk research and stakeholder responses.

4.6 The date of the most recent legislation relating to domestic coaches varies widely, from 1980 in the UK to 2015 in France. Partly as a consequence, both the types of services which have been liberalised and the extent of liberalisation vary widely between Member States. For example:

- Some have created a number of regional concessions, either by direct award or competitively, with exclusive rights to operate services (e.g. Spain).
- Some permit commercial operations, subject to rules designed to protect PSO services (e.g. France).
- Some permit commercial operations carrying passengers beyond a minimum distance (e.g. United Kingdom).
- Some delegate responsibility to regional, County or municipal authorities (e.g. Germany).

4.7 In addition, in different Member States, special regular and occasional services may variously be liberalised, a national responsibility, or a regional responsibility with varying degrees of liberalisation in different regions. For regular and some special regular services, for example, variations include:

- whether regional authorities consider regional coach services to be an extension of urban and suburban services, operated by bus and other modes, or a distinct mode;

- where regional coach services are seen as a distinct mode, whether they are let as an area-wide concession, procured through PSO contracts, or allowed to operate commercially; and
- whether local or urban authorities provide and/or designate terminals, or require operators to use them, or permit them to stop on street, as we discuss further in Chapter 6.

- 4.8 This means that barriers to market entry can exist at a number of levels, ranging from tight national control of services, through regional awards of concessions with exclusive rights (whether directly awarded or competitively tendered), to local requirements for, or prohibitions on, stopping in particular locations. We discuss barriers to entry further in Table 4.10.
- 4.9 Moreover, this patchwork of domestic regulatory frameworks may restrict the emergence of a genuine internal market for road passenger transport services, may impose asymmetric requirements upon domestic and non-domestic operators and, in the absence of reciprocity, may permit operators extracting monopoly rents in closed domestic markets to cross-subsidise (and potentially engage in predatory pricing practices) operations in liberalised markets.
- 4.10 The number and diversity of regulatory frameworks across the EU deters coach operators from providing international services. In particular, SMEs which have limited resources to develop EU-wide business strategies will be disproportionately affected. Furthermore, since domestic access rules in each Member State differ, the patchwork of regulatory frameworks will impose an administrative burden on those operators seeking to provide regular services in more than one domestic market.
- 4.11 In our desk research and stakeholder engagement we collected a wide range of information from different sources including national, regional and local governments, stakeholders and interviewees.
- 4.12 However, the variety of national regulatory frameworks results in a wide range of approaches to the monitoring and reporting of the coach industry at the level of the Member States or the regional or local competent authorities. In particular:
- There is no consistent requirement for Member States, competent authorities or operators to publish information on coach operations, other than as required by Eurostat.
 - Where Member States, competent authorities or operators do publish information, there is no obligation for them to distinguish bus and coach services, or suburban and other services, or PSO and commercial services, or regular, special regular and occasional services.
- 4.13 In this section we summarise our findings and the extent to which we have been able to characterise domestic services on a consistent basis. We discuss in turn information on:
- the number of coach routes operated;
 - the disaggregation, where it exists, of data relating to bus and coach; and
 - the disaggregation, where it exists, of coach data to regular, special regular and occasional services as defined for international services in Regulation 1073/2009 (see Table 2.1).
- 4.14 We then use this information to develop, to the extent possible with the data available, estimates of market growth and market size.

Domestic coach routes

- 4.15 A number of Member States' regulatory regimes enable them to report the number of domestic coach routes operated, whether authorised by competent authorities at the national or regional/provincial/county level, as shown in Table 4.2. In practice, however, the definition of a "route" may vary between Member States, depending on local licensing arrangements.

Table 4.2: Domestic coach routes

Member State		Data	Details and definition, if provided
CY	Cyprus	7	Numbers of routes operated by Intercity Buses, the sole interurban concession
DE	Germany	86	Number of authorised long-distance regular services at end of 2012
		221	Number of authorised long-distance regular services at end of 2013
		285	Number of authorised long-distance regular services at end of 2014
FR	France	187	Number of routes by major operators, goeuro.fr (2015)
IE	Ireland	30	Number of routes operated by Bus Éireann Expressway services
LT	Lithuania	367	Domestic routes
PL	Poland	608	Long-distance routes at the end of 2013
		2879	Regional routes at the end of 2013
SE	Sweden	107	"Commercial" routes at the end of 2012
		69	"Commercial" routes at the end of 2013

Source: Steer Davies Gleave analysis.

Note: definitions of a route vary between Member States.

- 4.16 The only time series data that we have found, for Germany, shows that domestic liberalisation on 1 January 2013 was followed by rapid expansion in the number of domestic long-distance regular routes, as we discuss in greater detail in Appendix A.

Domestic coach passengers

- 4.17 In Appendices A and B, we report a range of data on domestic coach passengers, provided by the Member States, either as a time series or disaggregated by market sector. We understand that estimates of coach passengers using regular services are normally based on either:
- coach driver counts of the number of passengers boarding each service; or
 - operator records of the number of tickets sold.
- 4.18 For special regular and occasional services, however, there may be no need to issue tickets to individual passengers, and the only record of passenger numbers may be if driver counts are made.

4.19 In Table 4.3 and Table 4.4 we summarise data which we are able to present on a comparable basis.

Table 4.3: Domestic passengers by year (thousands)

Member State		2009	2010	2011	2012	2013	2014	Average percentage annual change	Services as described in the source data
BG	Bulgaria	112,314	103,987	104,107	101,390	100,798		-3%	Long-distance and international transport
HR	Croatia		56,419	52,561	52,293	54,292	54,000	-1%	Interurban and international and occasional services
CZ	Czech Republic		39,590	38,338	34,576	37,225	34,832	-3%	Interregional (non-PSO) services
		33,365	33,051	35,462	29,310	26,434	38,375	3%	Occasional
EE	Estonia	4,725	4,495	4,462	4,586	4,584	4,437	-1%	Regular "highway" lines
		2,134	2,192	3,204	3,869	3,195	4,466	16%	Non-scheduled transport
IT	Italy			7,040	6,826			-3%	National regular services
PT	Portugal			14,518	10,019	10,665	10,439	-10%	Special regular
				10,079	7,243	9,031	10,249	1%	Occasional
ES	Spain	19,857	18,874	18,483	18,189	16,809	16,075	-4%	Long-distance regular
		668,099	659,453	651,132	659,318	647,045	635,914	-1%	Suburban and medium distance
		383,852	361,071	337,588	332,444	347,233	325,335	-3%	Special regular
		185,672	180,139	175,618	158,492	156,327	162,852	-3%	Occasional

Source: Steer Davies Gleave analysis of Member States' data.

4.20 As we set out in paragraph 4.13:

- Member States are not obliged to collect or publish such statistics, but we have found time series data for seven of the 28 Member States. In practice, only four of these seven states have consistent data extending back to 2009.
- Member States are not obliged to distinguish bus and coach services, or to adhere to the definitions for international coach services set out in Regulation 1073/2009.

4.21 The final column of Table 4.3 describes how the services are defined in the source documents. In some cases there is clear reference to regular, special regular and occasional services, but in other cases there is not. At first sight Spain distinguishes long-distance regular, special regular and occasional services, but the special regular category of school transport and transport of workers (see Appendix A, A.106) appears extremely large in relation to other coach services, and is over half the size of suburban and medium distance bus segment. We understand that it includes all school transport, including by bus in urban areas, and cannot therefore be taken as indicative of special regular coach services in other Member States.

4.22 In general, Table 4.3 shows only small changes in the sizes of the reported segments, with two notable exceptions:

- In Portugal, the volume of special regular services declined by an average rate of 10% per annum from 2011 to 2014.
- In Estonia, the category of “non-scheduled transport”, which may approximate to occasional services, more than doubled in size between 2009 and 2014.

4.23 The general decline in demand indicated by these data is consistent with the impact that we would expect from the combination of a major recession at the start of the period and both slow and variable rates of recovery thereafter. However, as shown in Figure 3.8, employment in the coach industry has been relatively stable during the recession.

Domestic coach passengers by market sector

4.24 Table 4.4 focuses on the information in the latest available year in each Member State, including the most recent data available in Table 4.3. It summarises any market disaggregation between bus and coach, or within coach, that we have been able to deduce from the source data.

4.25 We found at least some disaggregation of information in 13 of the 28 Member States, although the levels of both disaggregation and completeness vary widely:

- Only six Member States, Austria, Germany, Estonia, Spain, Latvia and Poland, claim to distinguish regular urban bus services from coach services.
- Of these, only Spain reports regular, special regular and occasional services.
- In practice, as we noted in paragraph 4.21, Spain includes all school services as “special regular”, resulting in an apparent volume six times larger than any other Member State which reports special regular services.
- We are also concerned that the large reported coach totals in Poland may in practice include, and potentially be dominated, by urban buses, which are not reported separately.

4.26 We note in particular that only five of the Member States report a number of occasional passengers and only four Member States report a number of special regular passengers. As we set out in paragraph 4.18, this may be because no tickets are issued, and passenger numbers can only be identified from driver counts. Neither competent authorities nor Member States can report data on passenger number unless such counts are both made and collated.

Table 4.4: Domestic passengers by market sector (thousands)

Member State and year of data		Bus	Coach data as interpreted by Steer Davies Gleave				
		Regular	Regular		Special regular	Occasional	Total
		Urban	Regional, Provincial or County	Interregional or Long-distance			
AT		311,200	356,600				
BG	2013	325,965		100,798			
CZ	2014	274,220		34,832		38,375	
DE			12,000				
EE	2014	122,543	16,973	4,437		4,466	25,876
ES		1,632,261	635,914	16,075	325,335	162,852	1,140,176
HR	2014	196,396					54,000
IT	2012			6,826			
LT		145,900	9,451				
LV		316,579			2,250	2,622	
PL			354,577		57,951		431,516
PT	2014	386,965		67,575	10,439	10,249	475,227
SI	2014	26,448					

Source: Steer Davies Gleave analysis of Member States' data for the latest year available.

Note: in some Member States we found data on some coach markets but not on the total market.

Domestic coach passenger-kilometres

- 4.27 In Appendices A and B we also summarise a range of data on domestic coach passenger-kilometres, provided by the Member States, either as a time series or disaggregated by market sector. The distances travelled by passengers are not normally recorded directly, and hence must be estimated from:
- coach driver counts of the number of passengers boarding each service, combined with estimates of the average journey length;
 - operator reports on the number of tickets sold, combined with estimates of the average journey length; or
 - operator reports on the value of tickets sold, combined with an assumption of the average yield per passenger-kilometre.
- 4.28 For this reason we stress that reported data on passenger-kilometres are almost invariably estimates based on assumptions, and have in some cases been derived directly from reported passenger numbers, by multiplying them by an assumed journey length. Where available these assumptions may be derived from operator or administrative survey data and are typically applied at a national or market segment level.
- 4.29 In Table 4.5 and Table 4.6 below we summarise estimates of passenger-kilometres which can be presented on a comparable basis.

Table 4.5: Domestic passenger-kilometres by year (million)

Member State		2009	2010	2011	2012	2013	2014	Average percentage annual change	Services as described in the source data
BG	Bulgaria	6,931	7,041	7,515	7,112	7,527		2%	Long-distance and international transport
CZ	Czech Republic		1,734	1,647	1,539	1,502	1,551	-3%	Interregional (non-PSO) services
			2,992	2,873	2,895	2,902	3,800	6%	Occasional
DK	Denmark	3,748	3,835					2%	Coaches and non-scheduled buses
EE	Estonia	598	607	546	569	587	662	2%	Regular "highway" lines
		275	236	286	360	315	270	0%	Non-scheduled transport
ES	Spain	6396	6,004	6,150	5,946	5,599	5,289	-4%	National concessions
HR	Croatia		3,284	3,145	3,249	3,507	3,648	3%	Interurban and international and occasional services
IT	Italy			3,431	3,728			9%	National regular services
LT	Lithuania	527	495	506	528	542	536	0%	Regular long-distance services
		62	72	111	80	60	59	-1%	Special regular services
		282	266	266	284	321	331	3%	Occasional services
NL	Netherlands		4,506	4,425	4,533	4,077	3,921	-3%	Occasional services, estimated assuming an average load factor of 30
PL	Poland	24,386	21,600	20,651	20,012	20,040	21,449	-3%	Non-urban bus and coach services
PT	Portugal			245	435	385	317	9%	Special regular
				635	630	793	950	14%	Occasional

Source: Steer Davies Gleave analysis of Member States' data.

4.30 The estimates we found, for 11 of the 28 Member State, appear to be more stable than the estimate of passenger numbers shown in Table 4.3. With the exception of "national" regular services in Italy, for which we found only two years' data, the major changes appear to be in Portugal:

- Estimated passenger-kilometres on special regular services almost doubled between 2001 and 2012, before declining to 2014.
- Estimated passenger-kilometres on occasional services rose sharply after 2012.

4.31 Data reported by Lithuania are sufficient to allow us to estimate the mix of regular, special regular and occasional passenger kilometres, which is shown in Figure 4.1.

Figure 4.1: Domestic coach travel: mix of services in Lithuania (2009-2014)



Source: Lithuanian Statistics Department.

4.32 This suggests that there has been a broadly stable mix between regular and occasional services, with some volatility in the estimated use of special regular services.

Domestic coach passenger-kilometres by market sector

4.33 Table 4.6 focuses on the information in the latest available year in each state, including the most recent data available Table 4.5. It summarises any market disaggregation between bus and coach, or within coach, that we have been able to deduce from the source data.

Table 4.6: Domestic passenger-kilometres by market sector (million)

Member State and year of data		Bus		Coach data as interpreted by Steer Davies Gleave				
		Regular		Regular		Special regular	Occasional	Total
		Urban	Regional, Provincial or Country	Interregional or Long-distance				
BG	2013			7,527				
CZ	2014	3,579		1,551			3,800	
DK	2010	3,049			3,835			
EE	2014	664	262	662			270	1,194
ES	2014			5,289				
HR	2014							3,648
IT	2014	29,081		3,728			69,968	73,696
LT	2014	1,623		536		59	331	926
LV			630					
PL	2014		16,083		1,780			21,449
PT	2014	1,897		1,246		317	950	4,409
SI	2014	462						

Source: Steer Davies Gleave analysis of Member States' data for the latest year available.

Note: in some Member States we found data on some coach markets but not on the total market.

4.34 We found data for a total of 12 Member States, although only Latvia both distinguishes regular urban bus service and provides estimates for regular, special regular and occasional services. These suggest that the mix of services in Latvia is similar to that in Lithuania shown in Figure 4.1.

Estimates of market characteristics

4.35 We examined the extent to which the Member States' data in Table 4.3 to Table 4.6 could be used to examine trends in market growth over the period 2009 to 2014. We found that there was insufficient information to attempt to estimate the mix of regular, special regular and occasional services, for which there is credible data for only one small Member State, Lithuania (see Figure 4.1).

4.36 After review of the data for inconsistent or implausible values, we concluded that it would be possible to make the following estimates:

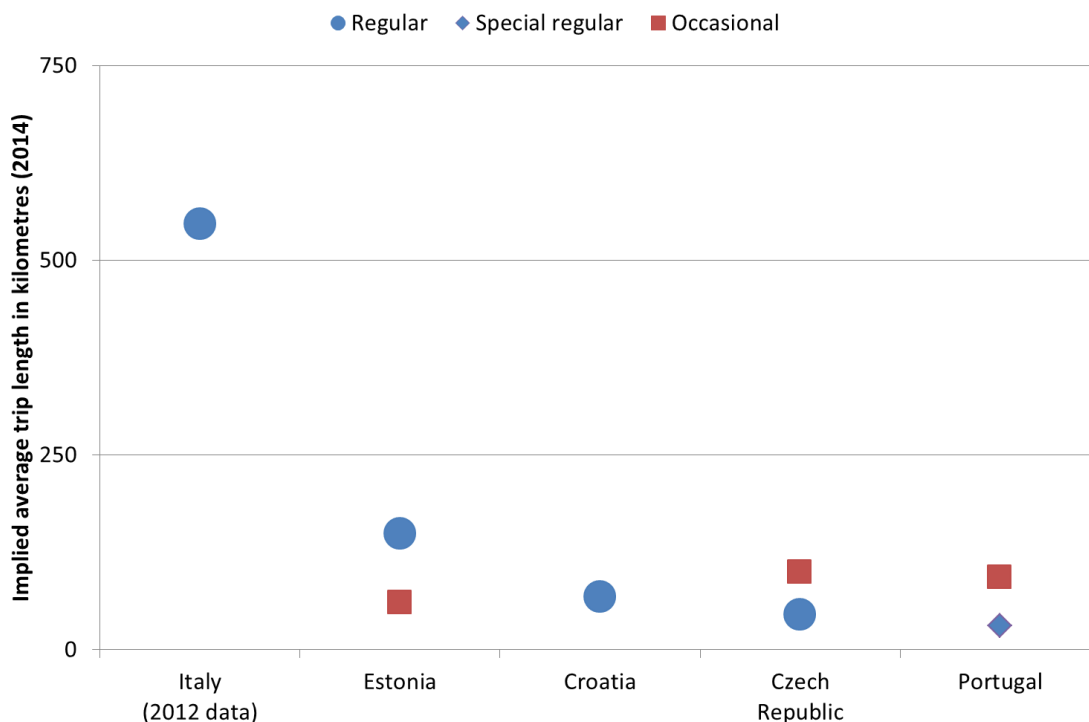
- Estimation of average 2014 domestic trip lengths in five Member States: Italy (using 2012 data), Estonia, Croatia, the Czech Republic and Portugal.
- Estimation of average 2009-2014 growth in domestic regular services for three Member States: Slovenia, Estonia and the Czech Republic.
- Estimation of average 2009-2014 growth in domestic occasional services for six Member States: Estonia, the Czech Republic, Portugal, Spain, Lithuania and the Netherlands.

4.37 We discuss our estimates and findings in turn below.

Estimates of trip lengths

4.38 Our findings on average trip lengths are shown in Figure 4.2.

Figure 4.2: Domestic coach travel: estimated average trip length



Source: Steer Davies Gleave analysis of Member States’ data and additional assumptions for missing years.

4.39 The average domestic passenger trip length implied by the Member States’ data are typically in the range of 50 – 150 kilometres. In Portugal the average journey on special regular services is just 30 kilometres which appears broadly plausible if, for example, it relates to school services in rural areas. In Italy, however, the implied average domestic passenger trip is almost 550 kilometres (in 2012) which should be considered unreliable⁸.

Estimates of growth in domestic regular services

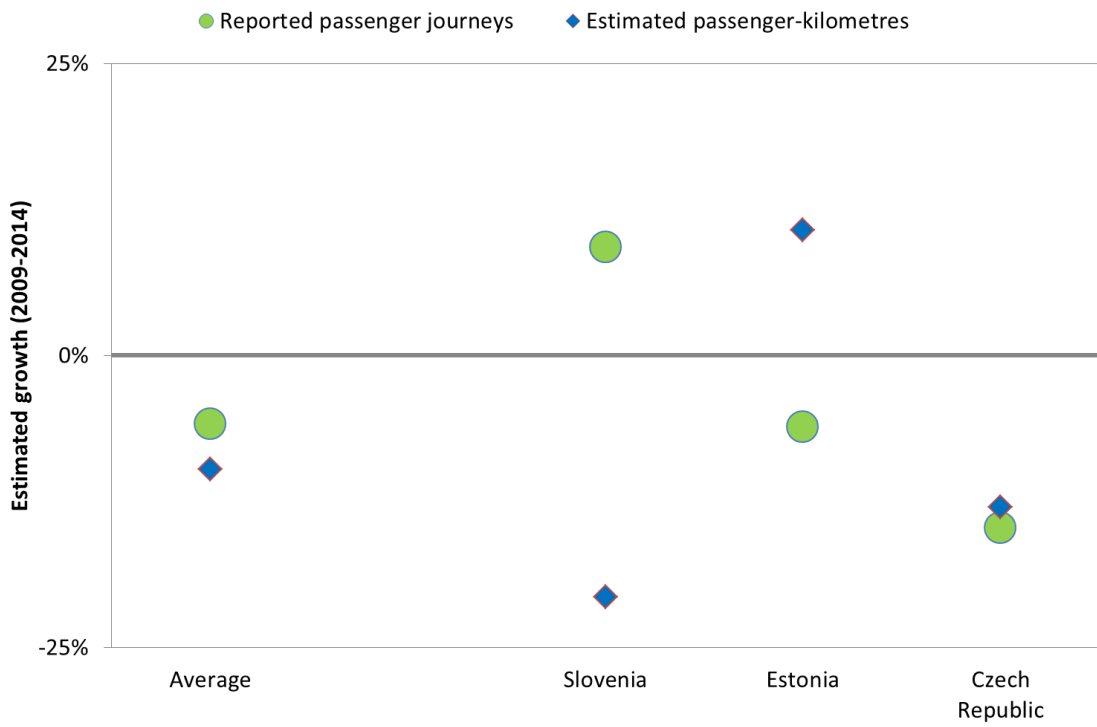
4.40 Figure 4.3 overleaf shows our estimates of the growth in domestic regular services, where possible in both reported passenger journeys and estimated passenger-kilometres.

4.41 In Slovenia, the reported number of passengers grew, but the estimated passenger-kilometres fell, implying a much shorter average trip length. In the other Member States, the reported number of passengers fell, but the implied average trip length rose slightly.

4.42 For the three Member States as a whole, we estimate that the reported passenger journeys fell by 7% and the estimated passenger-kilometres fell by 10%.

⁸ This is almost the distance from Rome to the Swiss border and would imply that large numbers of passengers were travelling much of the length of the country, which maps of the long-distance network (see Appendix A, A.231) suggest is unlikely to be the case.

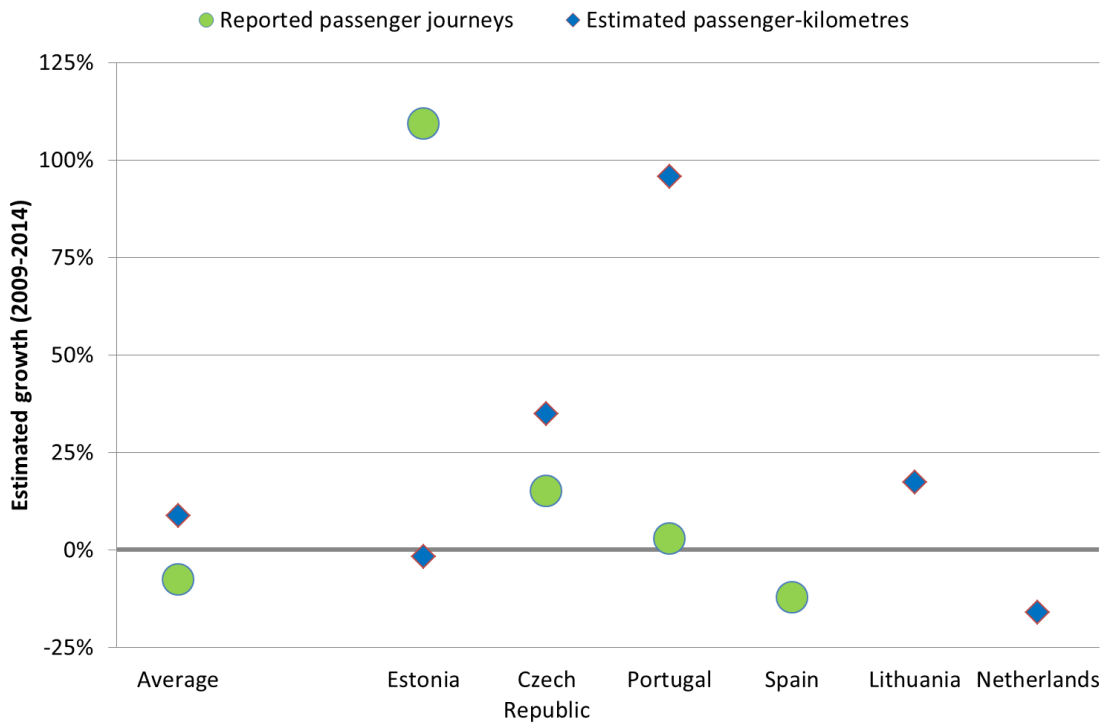
Figure 4.3: Domestic regular services: growth in reported passengers (2009-2014)



Source: Steer Davies Gleave analysis of Member States' data and additional assumptions for missing years.

4.43 Figure 4.4 shows our estimates of the growth in domestic occasional services, again where possible in both reported passenger journeys and estimated passenger-kilometres.

Figure 4.4: Domestic occasional services: growth in reported passengers (2009-2014)



Source: Steer Davies Gleave analysis of Member States' data and additional assumptions for missing years.

- 4.44 Estonia reported a more than doubling of passenger journeys, with a slight decline in estimated passenger-kilometres, on “non-scheduled transport”, which we have taken to mean occasional services. This implies that average passenger trip lengths have more than halved in length. In Portugal, in contrast, there has been an implied near doubling in passenger-kilometres but little change in passenger journeys, suggesting that they have almost doubled in length. It is difficult to be confident that trip lengths halving in Estonia and doubling in Portugal are plausible, or to identify what may account for them.
- 4.45 For the six Member States as a whole, we estimated that the reported passenger journeys fell by 8% and the estimated passenger-kilometres rose by 9%, implying that the average trip length rose by almost 18%.

Estimates and comparisons with 2008

- 4.46 We attempted to estimate the total size of the domestic markets of the Member States using the data reported by them but, as Table 4.3 and Table 4.5 show, few Member States provide any means of estimating total activity in the coach market.
- 4.47 The only source of coach-related data which we have for nearly all Member States is the estimate of 2012 employment in Table 3.4, based on Eurostat’s “other passenger land transport n.e.c.” data⁹. We attempted to use this as a basis to estimate EU28 passenger-kilometres, vehicle-kilometres, passenger journeys and fleet size, as we describe below.

Estimate of EU28 passenger-kilometres

- 4.48 We compared this estimate of total coach sector employment with the 2014 market size for the four Member States (Estonia, Croatia, Lithuania and Poland) for which we had an estimate of the domestic coach market size. We calculated that the average estimated passenger-kilometres per employee was around 525,000 (although it varied between them by a factor of almost two to one). We made assumptions regarding the number of employees in the Czech Republic, Finland, Malta and the UK, for which no data were available for Table 3.4.
- 4.49 Multiplying our estimates of employment by our estimates of passenger-kilometres per employee, we estimated the size of the 2014 domestic market as 285 billion passenger kilometres, with a margin of error of at least $\pm 25\%$.

Estimate of EU28 vehicle-kilometres, passenger journeys and fleet size

- 4.50 We attempted to use the same approach to estimate EU28 vehicle-kilometres, passenger journeys and vehicles per employee, but found that these could vary by a factor of ten or more among the Member States for which we had data. We concluded that the methodology used to derive the estimate of market size could not be used to produce estimates of these market characteristics.

Summary of estimates

- 4.51 In Table 4.7 we summarise the estimates we were able to make, and compare them with the central estimates for 2008 shown as Table 1.2 of the 2009 report.

⁹ This disaggregate employment data series was not available at the time of our 2009 report.

Table 4.7: Summary of indicative estimates of European coach market statistics

Metric	Units	2008 (EU25) central estimate		2014 (EU28)	
Passenger-kilometres	billion	Domestic and international	263	Domestic	285±25%
Vehicle-kilometres	billion	Domestic and international	10	Domestic	No basis found for estimate
Passenger journeys	billion	Domestic and international	6.6	Domestic	No basis found for estimate
Fleet size	million	Domestic and international	0.25	Domestic and international	No basis found for estimate
Employees	million	Domestic and international, bus and coach	1.55	Domestic and international, coach only	0.55±10%

Source: Steer Davies Gleave analysis, 2009 and 2016, all estimates are indicative.

Note: employees in coach from Table 3.4 and Figure 3.8.

4.52 Our estimates of passenger-kilometres in the domestic market in 2008 and the domestic and international markets in 2014 are similar. This indicates that the size of the market has remained broadly constant. This is consistent with the pattern of recession and slow recovery observed since 2009 and with the slight decline in employment over the same period. It suggests that the coach market has been relatively stable during the recession, although suppression of income levels across much of Europe is likely to have limited the ability of the industry to exploit the benefits of international and, in some Member States, domestic liberalisation since 2009.

4.53 Our estimates suggest that employment in the domestic and international coach industry in 2014 was approximately one-third of the employment in the domestic and international bus and coach industry in 2009.

Domestic coach fares

4.54 We found no time series data on either fares or yields for any specific coach journey. We therefore attempted to examine fares in domestic coach markets by two means:

- estimating changes in average yield per passenger-kilometre; and
- examination of actual fares on a sample of routes.

Changes in average yield

4.55 One potential source of time series data on coach fares is passenger revenue and estimated passenger-kilometre data reported by operators. In practice, however these data are rarely reported and, where they are, they may be misleading for a number of reasons. For example:

- They may include all operations, rather than just coach services.
- Aggregate coach revenues and passenger volumes may conceal variations in yields between services and routes.
- Trends in average yield may not reflect trends in average fares.

4.56 Historic average yield data is difficult to obtain for European coach companies. Many do not provide annual reports which report both revenue and passenger numbers, and where this information is provided it often includes not only coach but other transport services. However, Table 4.8 and Figure 4.5 show our estimates of average coach yield data for ALSA (Spain), ÖBB Postbus (Austria) and Swebus (Sweden).

Table 4.8: Domestic services: examples of change in average yield

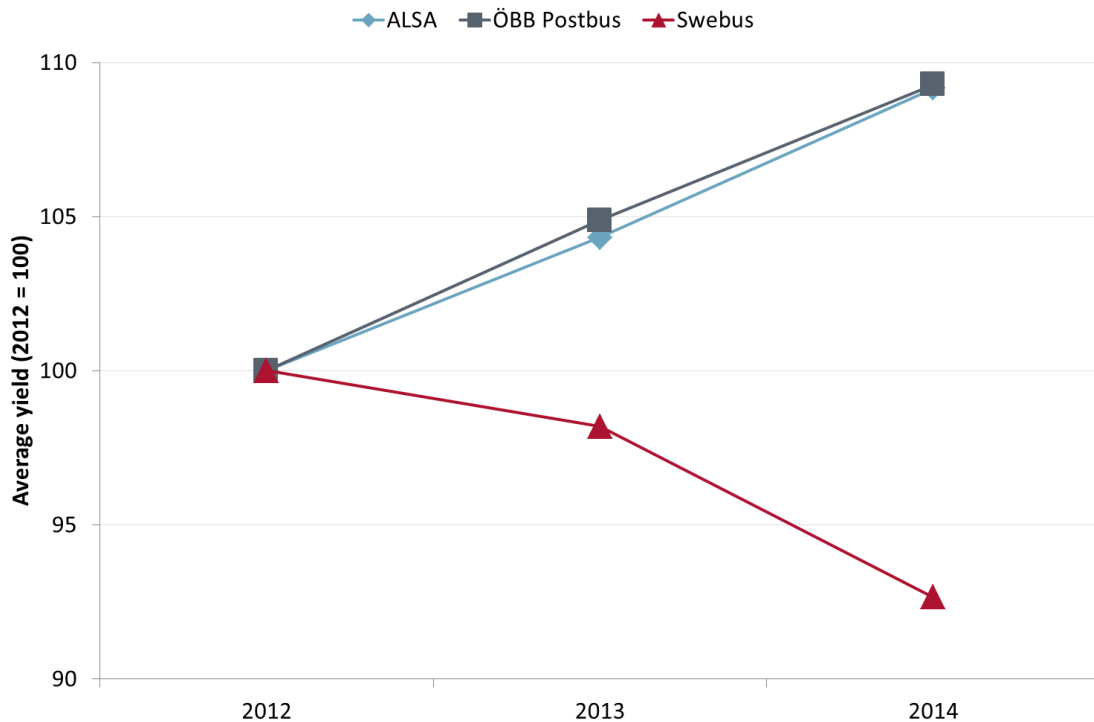
Operator		2012	2013	2014
ÖBB Postbus (Austria)	Revenue (€ million), estimated	616	633	648
	Passengers (thousand)	240,000	235,000	231,000
	Average yield (€ per passenger), estimated	2.57	2.69	2.81
ALSA (Spain)	Revenue (€ million)	654	676	687
	Passengers (thousand)	12,869	12,754	12,381
	Average yield (€ per passenger)	50.81	53.01	55.46
Swebus (Sweden)	Revenue (€ million)	43	39	33
	Passengers (thousand)	2,100	1,968	1,756
	Average yield (€ per passenger)	20.41	20.04	18.91

Source: National Express Group, Nobina and ÖBB Annual Reports, Ministerio De Fomento.

Note: We estimated ÖBB Postbus revenue from ÖBB-Personenverkehr revenue and an assumed ratio between typical train and bus fares.

4.57 A large proportion of ÖBB Postbus’ services are short distance services in rural areas, many of which have no other means of public transport. The average yield is significantly lower than Swebus and ALSA, who operate longer-distance intercity services. Without estimates of passenger-kilometres it is not possible to infer the actual relative levels of fares.

Figure 4.5: Index of growth in average yield (2012-2014)



Source: Steer Davies Gleave analysis of owning group annual reports.

4.58 ALSA and ÖBB Postbus largely operate services under public service contracts with limited competition within the market and increased average yield by approximately 5% per year over the same period.

4.59 In contrast only Swebus, which provides services in a liberalised domestic coach market, experienced a fall in average yield between 2012 and 2014. It is not possible, however, to identify whether this reduction in yield resulted from either:

- the operator lowering fares; or
- a larger proportion of passengers on journeys with lower fares per passenger-kilometre.

4.60 This evidence is consistent with a hypothesis that market liberalisation reduces fares, but we stress that we have only estimates of the average yield for three operators operating in environments where a range of other factors may have affected trends in average yield. However, coach services in Sweden have long been deregulated, and Swebus and partners are the dominant operator. The recent fall in yields may be an effect of the recession rather than a result of a change in levels of competition.

Evidence of actual fares

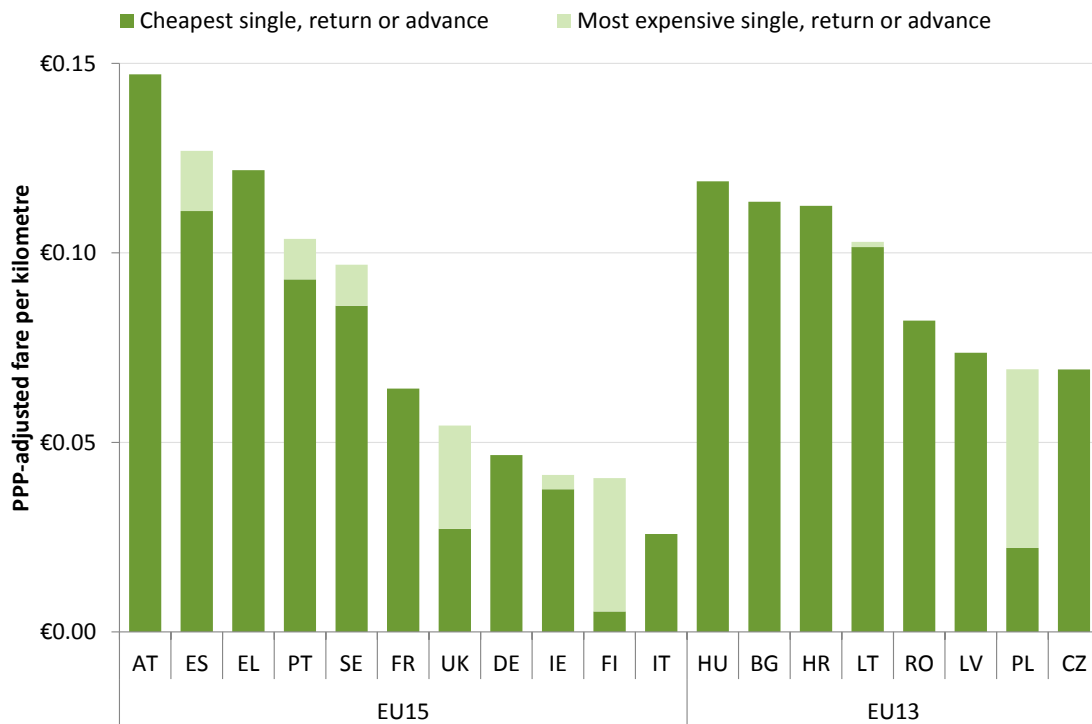
4.61 We sampled fares for a number of interurban routes, which we defined as involving a journey from the capital city to another major urban area over a distance less than 300 kilometres, listed in Table 4.9.

Table 4.9: Domestic services: sample of interurban coach journeys

Member State	Origin	Destination
Austria	Vienna	Graz
Spain	Madrid	Cuenca
Greece	Athens	Patras
Portugal	Lisbon Oriente	Faro
Sweden	Stockholm	Örebro
France	Paris	Reims
UK	London Victoria	Cardiff
Germany	Munich	Stuttgart
Ireland	Dublin	Cork
Finland	Helsinki	Turku
Italy	Rome	Naples
Hungary	Budapest	Szeged
Bulgaria	Sofia	Plovdiv
Czech Republic	Zagreb	Osijek
Lithuania	Vilnius	Klaipėda
Romania	Bucharest	Constanța
Latvia	Riga	Daugavpils
Poland	Warsaw	Lublin
Czech Republic	Prague	Brno

4.62 We included both peak single fares and off-peak return fares and recorded data for booking one day, one week and one month ahead. Our findings on interurban coach fares, which we stress are for a single illustrative point-to-point journey and may not be representative, are summarised in Figure 4.6.

Figure 4.6: Domestic regular services: fares for interurban coach journeys

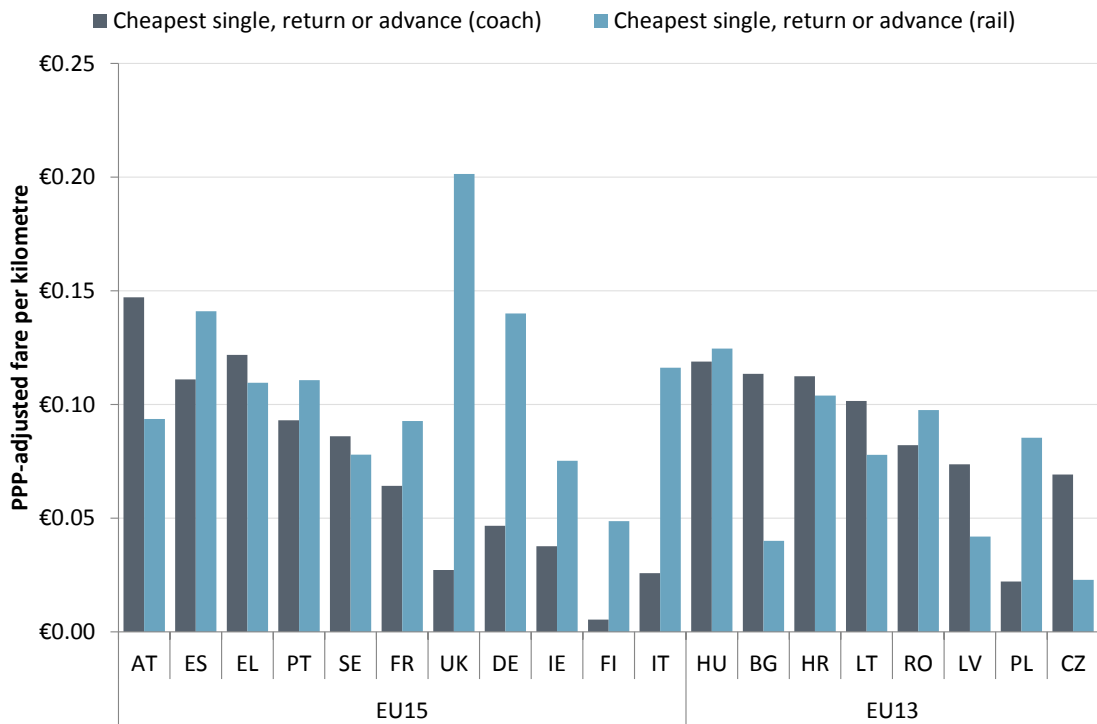


Source: coach operator websites, Steer Davies Gleave analysis.

Note: fares are for a single illustrative station-to-station journey and may not be representative.

- 4.63 Fares per kilometre, expressed in purchasing power parity (PPP) adjusted euros, varied from €0.15 in Austria to less than €0.01 in Finland, on the Helsinki-Turku corridor. The small differences between the cheapest and most expensive fares suggest very little variation by time of day, few discounts for return travel and/or limited yield management. Poland is the only Member State outside the EU15 in which our searches found a wide variation in fares.
- 4.64 Figure 4.7 overleaf compares the cheapest coach and rail fares for the routes listed in Table 4.9. In many Member States, the cheapest PPP-adjusted coach and rail fares per kilometre are similar. In the UK, Germany, Finland and Italy, among the EU15, and Poland, among the EU13, coach fares can be considerably lower than rail fares. In most other EU13 Member States, coach fares can be higher than those of rail, particularly in Bulgaria, Latvia and the Czech Republic. These findings are broadly consistent with our comparison of the cheapest coach and rail fares for international journeys, in Figure 5.15 and Figure 5.16, which suggested that either mode may be more expensive where it offers faster or more frequent services and hence has market power.

Figure 4.7: Cheapest fares for interurban coach and rail journeys under 300 kilometres



Source: coach and rail operator websites, Steer Davies Gleave analysis.
 Note: fares are for a single illustrative station-to-station journey and may not be representative.

Competition and barriers to entry

Levels of competition

- 4.65 We sought to identify competition on routes and in particular any evidence of competition between operators from different Member States. In practice:
- Member States do not normally report either how many operators serve the same “route” (see Table 4.2), although terminals may do so (for example, as shown in Appendix A, Figure A30), or by whom operators are owned.
 - The data on authorisations for cabotage by regular services, shown in Table 5.6, suggest that there are few such services.
 - Our identification of a sample of operators (see Table 3.1) suggests that many operators in one state may have parent companies or shareholders in others, but it has not been possible to trace the ownership of every operator on every route.
- 4.66 Nonetheless, we did identify a number of specific examples of direct competition between companies with ultimate ownership in different Member States. For example, in Sweden, between Stockholm and Arlanda airport, local entrant Airshuttle competes directly with Flygbussarna, owned by Transdev of France.

Barriers to entry

4.67 Our research, and comments from operators, operator associations and competent authorities revealed a number of barriers to entry in Member States, summarised in Table 4.10. We discuss issues of access to terminals further in Chapter 6.

Table 4.10: Domestic services: barriers to entry by Member State

Member State		Barrier to entry			Commentary
		Unfair PSC terms	Access to terminals	Capacity limited	
AT	Austria	Yes	Yes		<p>ÖBB Postbus is owned by the national rail operator ÖBB:</p> <ul style="list-style-type: none"> For PSCs, one new entrant claimed that competitive tenders favour ÖBB Postbus, as services must begin in a short period which in practice only it can meet. Commercial services are permitted where rail operator ÖBB does not object, giving it the power to permit services by ÖBB Postbus but not by other operators, creating scope for discrimination.
CZ	Czech Republic		Yes		Anecdotal evidence of complaints and disputes arising between operators and terminal owners regarding the level of fees.
DE	Germany			Yes	Since liberalisation, there has been widespread lack of terminal capacity.
ES	Spain	Yes			Concessions are long and stakeholders argue that incumbents have better access to market information and tend to be favoured.
FR	France		Yes		The only suitable terminal space in many towns and cities is the railway station operated by SNCF, which may refuse access to potential competitors.
HR	Croatia		Yes		Many terminals are operator-owned and they may deny access to potential competitors. The number of complaints and proceedings has increased recently because terminal owners will not publish timetables or sell tickets for other operators.
IT	Italy	Yes			Regional authorities both fund PSCs and approve any competition to them.
SE	Sweden			Yes	Stockholm’s main terminal Cityterminalen is congested and, while it is operated independently of operators and without discrimination, this limits scope for new entry.
SK	Slovak Republic	Yes			Discriminatory practices intended to protect incumbent operators have been reported.
UK	UK		Yes		Disputes related to access to London Luton Airport resolved in the courts. Dispute related to access to Stansted Airport being examined by the competition authorities.
				Yes	London’s Victoria Coach Station, also operated independently of operators and without discrimination, is congested.

Source: Steer Davies Gleave analysis, stakeholder comments.

Note: lack of terminals, or lack of terminal capacity, has been reported as an issue in other Member States.

4.69 In addition, some Member States appear to require that operators of domestic coach services are locally established, constituting a further potential barrier to entry for operators from other Member States.

- 4.70 We note a diverse range of concerns raised by operators, operator associations and, in some cases, competent authorities regarding access to terminals:
- In Austria and France, it was argued that a terminal owner who was also an operator might discriminate against other operators, although no specific claims were made that this had happened.
 - In Croatia, terminal operators may deny access to potential competitors, although no specific claims were made that this had happened.
 - In the UK, there have been complaints about airports terminal operators granting access rights to some operators but not to others, which have been pursued in the courts or with the competition authorities^{10,11}.
 - In the Czech Republic, there were disputes relating to fees.
 - In Germany, Sweden and the UK, there were observations that terminals with non-discriminatory access criteria were now having to exclude operators through lack of capacity.
- 4.71 Other than in relation to terminals, the European Association for Coach Tourism (EACT) claimed that a number of artificial barriers currently limit the expansion of tourism by coach across the EU, and in particular:
- At tourist attractions or coach parks across the EU, very few facilities exist for the safe loading and unloading of passengers with reduced mobility (PRM) from coaches that have been built to carry wheelchair passengers. We discuss this further in Chapter 7.
 - In central city tourist areas, coach operations are often restricted and are unable to use bus only lanes. There is also a lack of dedicated coach parks close to tourist attractions and of dropping off/picking up locations outside hotels.
- 4.72 EACT also pointed out that, in contrast to air and sea passenger transport, international coach and rail transport is not exempt from VAT provisions.

Key findings and conclusions

The national regulatory frameworks

- 4.73 Member States have adopted a number of approaches to how domestic coach markets, where they exist, are regulated, categorised and monitored. In different Member States, coach

¹⁰ London Luton Airport 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. (Source: Oxera)

¹¹ London Stansted Airport has recently withdrawn access rights to its coach terminal for operator Terravision. The company has launched a legal action in an effort to have its access rights restored, accusing the airport of abusing its dominant position under the 1998 Competition Act and restricting competition to the detriment of consumers. The company has also lodged complaints with the Competition and Markets Authority (CMA) and the Civil Aviation Authority (CAA).

services may variously be liberalised, a national responsibility, or a regional responsibility with varying degrees of liberalisation in different regions or urban areas.

- 4.74 Some Member States have a system of concessions awarded by national or regional authorities, which may be by direct award or by competitive tender or “competition for the market”. Other Member States allow competition in the market.
- 4.75 As we noted in paragraph 4.8, this means that barriers to market entry can exist at a number of levels, ranging from tight national control of services, through regional awards of concessions with exclusive rights (whether directly awarded or competitively tendered), to local requirements for, or prohibitions on, stopping in particular locations.
- 4.76 We have found little evidence of systematic collection by regulatory authorities of data that would allow a rigorous assessment of market trends and developments. Moreover, where data is collected, it is based on inconsistent market definitions across Member States, making it difficult to determine and assess trends at the EU level.
- 4.77 As already noted, in our view there is a case for intervention at the EU level to ensure that information is available to enable the Commission and national governments to monitor market developments more effectively. Reporting requirements could be developed over time, but initially might cover key statistics of the kind discussed above (such as passenger kilometres by type of service, numbers of passengers, size of operational fleet and numbers of employees). Inconsistencies in both the level and type of data currently collected reinforce the case for an EU-level monitoring initiative following the precedent set by the RMMS in the rail sector. In particular, while the RMMS has not resolved all of the issues relating to consistency of data, it provides a framework in which such issues can be identified and addressed.
- 4.78 We also consider that the need for such a framework will increase as markets become more liberalised. This is illustrated by our experience of investigating the market in different Member States, in particular the extensive data available in Spain (where service provision is restricted to a number of public sector-specified concessions) as compared with the limited data available in liberalised countries such as the UK and Sweden. In the absence of EU-wide reporting arrangements, Member States implementing greater liberalisation may elect not to collect data and, even where they continue to monitor market developments, are unlikely to apply common measures and metrics. At the same time, higher quality and more comparable data will be essential if the effects of further liberalisation measures are to be assessed.
- 4.79 However, we also recognise that data collection and monitoring must be proportionate and should not unduly add to the administrative burden of either Member State authorities or operators. We suggest that the RMMS is likely to provide a useful benchmark, and that the development of an equivalent monitoring framework for the coach markets should take account of experience in rail reporting.

Domestic coach operations

- 4.80 National statistics on domestic coach passenger numbers over the period 2009 to 2014 suggest that demand has been falling in a significant number of Member States, although some have experienced a substantial increase in certain types of traffic. In particular, we have identified that:
- Reported numbers of domestic passengers on special regular services in Portugal declined at an average rate of 10% per annum from 2011 to 2014.

- Reported numbers of domestic passengers carried on occasional coach services in Estonia more than doubled between 2009 and 2014.

- 4.81 Decline, where it has occurred, is likely to reflect the economic depression beginning in 2009 and the slow and variable recovery observed across the EU in subsequent years. At the same time, there has been growth in a limited number of markets, evidence that coach services in some Member States are viewed as an “inferior good” used more as incomes fall.
- 4.82 National estimates of domestic coach passenger-kilometres similarly suggest falling demand in many cases with some notable exceptions. In Lithuania, estimates of passenger-kilometres are available for regular, special regular and occasional services and suggest a broadly stable mix.
- 4.83 Our own estimate of the overall EU28 market, based on observation of employment trends and a calculation of average output per employee, indicates that the domestic market in 2014 is broadly similar, and possibly slightly larger, than the EU25 domestic and international market in 2009. This, in turn, suggests a degree of stability in an adverse economic climate, the result of operators in a dynamic market able to respond to changes in demand by modifying price and exploiting opportunities arising from passengers prepared to trade down from more expensive modes. In our view, commercial behaviour of this kind is likely to have been reinforced in liberalised markets such as the UK and Germany, although services subject to specification in a concession agreement, as in Spain, may also support relatively stable employment despite a fall in demand.

Domestic coach fares

- 4.84 Evidence on average coach and rail fares suggests that:
- Fares for both modes vary widely between routes in different Member States.
 - In the EU15, there is often a wide range between highest and lowest coach fares, and coach is normally cheaper than rail.
 - In the EU13, coach is normally more expensive than rail.
- 4.85 Over the period since 2012, there is some evidence that average yields have been rising for ALSA in Spain (an operator of public service concessions in Spain) and falling for Swebus (which faces competition in the market). This tends to support our view that operators may have exploited opportunities to respond to market conditions and to capture market share from other modes through price competition. Again, the evidence from Spain, where passenger kilometres have fallen by an average of 4% per annum since 2009, suggests that transport authorities specifying concessions have been slow to react to the changing economic climate.

Competition and barriers to entry

- 4.86 Competition exists on some domestic routes, and in at least some cases the parent companies of the competing operators are of different nationalities.
- 4.87 Several stakeholders identified barriers to entry, in addition to the issues of access to suitable terminals which we discuss in greater detail in Chapter 6. These barriers to entry can exist at a number of levels, ranging from tight national control of services, through regional awards of concessions with exclusive rights (whether directly awarded or competitively tendered), to local requirements for, or prohibitions on, stopping in particular locations. Specific issues reported to us include:
- unfair PSC terms, which appear to favour an incumbent;

- prohibitions on the use of local bus stops for coach services;
- lack of facilities for safe loading and unloading at tourist attractions and coach parks;
- restrictions in central city tourist areas; and
- where coach terminals exist, either lack of capacity at, or difficulties in gaining access to, them, which we discuss further in Chapter 6.

4.88 It is difficult to generalise about the impact of barriers to entry, because their scale and impact vary significantly between markets. Nevertheless, we consider that these stakeholder concerns provide clear evidence that the development of services is being unduly constrained in some markets.

4.89 The number and diversity of regulatory frameworks across the EU impose an administrative burden on those operators seeking to provide regular services in more than one domestic market. Furthermore, the range of access arrangements deters coach operators from providing international services. This disproportionately affects SMEs which have limited resources with which to develop EU-wide business strategies.

5 International coach services

Introduction

5.1 In this chapter we discuss in turn:

- case studies of two international coach routes;
- the framework of European regulation of international coach services within the EU;
- the framework's distinction between regular, special regular and occasional services;
- the framework's supporting Community licences, certified true copies, authorisations and journey forms;
- the framework's reporting requirements, and an analysis of them;
- information on international coach operations published in or by the Member States or provided by stakeholders;
- our estimates, from this data, of the size of the international coach markets;
- a comparison of international coach and rail fares
- competition and barriers to entry; and
- our findings on activity in the international coach market.

International case studies

5.2 To illustrate some of the features of the international coach market, we examined market evolution through the entry and exit of coach operators through two case studies:

- The Baltic corridor between Tallinn and western Europe is well-established.
- The corridor between Paris and Milan has seen recent growth following the liberalisation of international and national coach markets.

The Baltic corridor and western Europe

5.3 Despite the limitations of the highway network, coaches are the most developed and popular mode of intercity public transport within and between the Baltic States and Poland. Since the early 1990s, when rules governing rail-coach competition were relaxed, a number of privately-owned coach companies have offered international services connecting the Baltic countries with central and western Europe. Coach services now provide the most attractive public transport offer between most Baltic city pairs.

5.4 Currently, direct international coach routes from the Baltic States to Europe can be divided into two groups:

- Medium distance routes, such as frequent services to Warsaw and less frequent services to other regional destinations such as Białystok, Augustow and Ostrow Mazowiecka in Poland, and Kaliningrad in Russia, are subject to competition from car and to a lesser

extent from air and rail. They have many stops in the Baltic States and are operated by companies including Ecolines, Lux Express and PolskiBus.

- Long-distance routes, such as to and from Germany, the Netherlands and Belgium, are almost all provided by carriers operating under the Ecolines brand. These routes face strong competition from airlines that outperform Ecolines on frequency, seat capacity, and travel time, and therefore coach services must compete on price.

5.5 Over the long-distance corridor crossing the Baltic States and extending to western Europe, rail competition is weak. This is due to a range of factors, including the following:

- The “lumpiness” of rail capacity means that trains provide excessive capacity and/or a low frequency.
- The dominance of rail freight services, particularly within the Baltic States, limits capacity for passenger services and extends journey times.
- The quality of service is often outdated, with old rolling stock, poor station facilities and limited interchange opportunities.

5.6 International rail services also suffer from additional competitive disadvantages, in particular infrastructure issues which adversely affect operators’ ability to provide rail services. For example, differences in railway gauge between Poland and the Baltic countries introduce barriers to through traffic to/from western Europe. Cross-border rail services between Poland and Lithuania are very limited and, as a consequence, international rail passenger journeys require more interchanges and longer journey times than direct coach connections. On a number of domestic routes in Latvia (such as between Riga and Liepaja, Ventspils, Renge and Gulbene) coaches have therefore replaced rail services.

5.7 However, both domestic and international rail may become competitive against coach again when the Rail Baltica project, one of the priority projects within the EU TEN-T programme of initiatives, is completed. The project is intended to upgrade the rail link between Finland, the Baltic States and Poland, with the aim of improving the connection between Central and Northern Europe. It will enable a continuous high speed rail link from Tallinn to Warsaw via Riga and Kaunas. The project is estimated to be completed by 2024.

5.8 Over longer distances, coach services face competition from airlines that can offer better journey time, seating capacity and often frequency. Coach services, however, have a number of competitive advantages over air travel:

- Coach services are likely to serve locations closer to the origin and destination of passengers, as they connect many more pairs of cities and towns than air services. For example, almost all coaches departing to the west of Riga make a detour to Vilnius and stop at all major towns en route to Warsaw.
- Coach travel is generally cheaper than air travel for travel at short notice, when airfares, including those of the low cost airlines, are generally high. For example, air fares between Berlin and Riga at short notice are close to €200, while coach fares are typically €50-75. Moreover, there is evidence that some airlines restrict online booking for travel to and from the Baltic States for departures within a week due to credit card fraud risk.
- While charging for checked-in luggage is a major revenue source for most airlines, coach companies do not currently charge for luggage and the luggage size regulations are less strict. This results in a large travel cost saving for those passengers planning a longer duration visit, such as guest workers and students.

5.9 A number of companies operate international coach services over the corridor from Berlin to the Baltic States. The most important are Ecolines, Lux Express and PolskiBus, which we discuss in turn below.

Ecolines

5.10 In 2013, Ecolines carried approximately 500,000 passengers on an international network connecting more than 150 destinations, mainly in Central and Eastern Europe (see Figure 5.1) and with a fleet of more than 200 vehicles.

Figure 5.1: International networks: Ecolines



Source: www.ecolines.net

5.11 Ecolines is a long-distance coach service provider founded in Latvia as Norma-A in 1993, when the rules on domestic coach competition with rail were relaxed. The relevant legislation, the *Law of the Republic of Latvia on Competition and Restriction of Monopolies*, was passed in December 1991 and amended in 1993. This provided the basis for competition legislation and described the responsibilities of the major competition authority, the State Anti-Monopoly Committee. Norma-A introduced the brand “Ecolines” in 1997 after various bus companies based in Russia, Belarus, Bulgaria, Estonia, Lithuania and Ukraine joined the organisation.

5.12 Table 5.1 sets out a brief chronology of the evolution of Ecolines services.

Table 5.1: International coach services by Ecolines

Year	Event
2000s	Ecolines began the provision of services to West Europe with services to Germany, the Netherlands, Belgium, France and the UK.
2004	After the enlargement of the EU to include ten new Member States including the Baltic States, Ecolines expanded its offer to Western Europe. To meet the demand for travel by citizens of the Baltic States in looking for work in the UK and Ireland, a route was launched serving London, Birmingham, Nottingham, Leeds, Manchester, Liverpool, Holyhead and Dublin.
2004	Ecolines introduced other major changes in its business strategy, including online ticket sales, expansion of services within the Baltic market, and a “one-price policy” for international trips, setting the same ticket price for all the cities in one destination country regardless of distance from the starting point.
2005	The link to the UK was further expanded when a route from Riga was launched serving Preston, Carlisle, Glasgow and Edinburgh. These routes have since been discontinued and the only UK city currently served is London.
2009	Ecolines launched more than 100 new intercity services.
2011	After labour market opening in Germany, Ecolines substantially increased services to Germany, with 25 services per week to each of 40 German cities to meet the higher demand for travel from the Baltic countries to Germany. A new route from Riga via Berlin to Aalborg in Denmark was also launched.

Lux Express

- 5.13 Lux Express was established in Estonia in 1993 as MootorReisi AS, to operate services in Estonia, Latvia, Lithuania and Germany. From 2010, it has operated under the name of Lux Express Group and focuses its offering on international coach routes. At present, the company serves more than 50 destinations to and from Central and Eastern Europe (see Table 5.2 and Figure 5.2). Over the four years from 2010 to 2013, Lux Express almost doubled its patronage from approximately 375,000 to 720,000 passengers.

Table 5.2: International coach destinations served by Lux Express

Country	Number of destinations served	Number of stops
Estonia	13	14
Latvia	2	7
Lithuania	5	6
Russia	5	6
Poland	8	12
Czech Republic	1	1
Belarus	1	1
Germany	2	2
Finland	3	3
Hungary	1	1

Source: www.luxexpress.eu.

Figure 5.2: International networks: Lux Express



Source: www.luxexpress.eu.

- 5.14 Lux Express Group also operates a low-cost service under the brand Simple Express. The decision to differentiate the brand to provide low-cost services was driven by evidence that demand for trips by bus was substantially increasing in two main markets: small and medium enterprises looking for ways to reduce the cost of business trips, and young people seeking to travel for as little as possible. Simple Express was launched in April 2010 on the Riga-Kaunas-Warsaw route. Table 5.3 summarises recent developments.

Table 5.3: International coach services of Simple Express

Date	Event
2010, summer	Simple Express began offering services from Tallinn and on the Riga-Tartu route.
2010, December	A new route between Riga and St. Petersburg was launched.
2011, February	Services began on the new route between Riga and Vilnius.
2012, June	After the December 2011 entry into force of Regulation 1073/2009, Simple Express began providing services to/from Germany on the new Warsaw-Berlin route, which carried 92,000 passengers in 2013.
2014, May	A new route from Vilnius, via Warsaw and Wrocław, to Prague was launched.
2015, October	The domestic network was enlarged to serve 18 towns in Estonia.

- 5.15 Simple Express specialises in providing low-cost international bus services from/to the Baltic States. Riga-Kaunas and Riga-Tallinn fares are around €10 and Riga-Warsaw fares are around

€20. In June 2011, Simple Express began a price war against its competitors, lowering the fare on the Vilnius-Warsaw route to less than €3, and this price was also offered to the first five passengers on each coach on all routes. At the end of 2015 the company introduced a new dynamic pricing model inspired by the practice of low cost airlines, offering tickets starting from €1.

- 5.16 Cabotage operations by Simple Express services are currently cheaper than heavily subsidised domestic Latvian services and almost twice as cheap as Lithuanian domestic services. It is unclear whether the Simple Express fare schedule represents a long term profit maximising strategy, or whether in the short term fares are being offered below costs in order to capture market share. If such fares are sustainable in the long term, however, this pricing strategy is likely to result in a further decrease of average fares on international routes along the corridor.

PolskiBus

- 5.17 PolskiBus is an express coach operator controlled by Souter Investments (the private investment office of the Scottish coach operator Stagecoach Group), which began services in June 2011, broadly concurrent with Regulation 1073/2009 entering into force. PolskiBus started operations on eight routes serving 16 towns in the domestic Polish market and four international capitals (Berlin, Bratislava, Prague and Wien). It currently operates services on 19 routes including international services to/from destinations now including also Budapest, added in December 2015 (see Figure 5.3).

Figure 5.3: International networks: PolskiBus



Source: www.polskibus.com

- 5.18 When the service was launched in June 2011, PolskiBus had a fleet of 18 coaches. The fleet was enlarged to 68 coaches in February 2012, when the domestic offer was enlarged and a new connection between Warsaw and Berlin Schönefeld airport was introduced. The fleet was further expanded to 132 coaches between 2013 and 2014. PolskiBus' coaches are capable of carrying up to 70 passengers, feature Euro 5 emissions standards and offer free WiFi, leather seats and air conditioning. Its passenger numbers reached 1 million in its first year, 3 million in its second year and 8 million in its third year.
- 5.19 PolskiBus uses pricing methods employed by low cost airlines. Tickets can only be bought online and prices begin at €1. In March 2015, Lux Express Group started to operate cabotage services in the Polish domestic market and currently offers a number of services. In response to the entry of Lux Express in March 2015 on six domestic routes in Poland, PolskiBus lowered the fare on the Warsaw-Krakow route. This prompted a further response by Lux Express, initiating a price war between the two companies. Fare competition is expected to continue as Lux Express plans further expansion in Poland.
- 5.20 PolskiBus launched the Warsaw-Vilnius route in September 2014, and the frequency was increased to three services per day in July 2015. In September 2015 the route was lengthened to serve Riga and Tallinn from Warsaw, and a new sister company called SuperBus was created to operate the service. In January 2016, however, the service was suspended due to limited patronage. It has since been announced that SuperBus will focus on Estonian domestic routes and it is not clear whether the Warsaw-Vilnius connection will be restored.

The Paris to Milan corridor

- 5.21 Paris in France and Milan in Italy lie 640 kilometres apart, but 850-900 kilometres apart by road because of the topography of the Alps. The cities are connected well by air and rail:
- There are currently 18 flights per day in each direction, down from 20 in 2014 and 23 in 2011.
 - There are three direct TGV train services per day, with a journey time of 7 hours 10 minutes, and a daily sleeper service provided by Thello.
- 5.22 Before 2011, only the incumbent international coach operator Eurolines, established in 1985, provided regular coach services. The market was restricted to cross-border traffic, and no cabotage was permitted within France.
- 5.23 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 France. Competing with French domestic rail services for the first time, it supplemented cross-border traffic with domestic passengers, such as between Paris and Lyon.
- 5.24 However, additional conditions imposed on cabotage operations in France were that, over a year:
- Domestic passengers carried through cabotage could not contribute more than 50% of the passengers or 50% of the turnover on any given route.
 - Cabotage operations were not allowed between stops located within the same region.
- 5.25 In July 2012 SNCF, the French state railway, established a coach subsidiary iDBUS (now OUIBUS) and began commercial services. In December 2012, after securing a second hub at Lyon-Perrache, it began to operate three Paris-Lyon-Milan services a day, since reduced to two.

- 5.26 Despite Regulation 1073/2009's creation of cabotage rights, in 2013 the French Autorité de la concurrence (the competition authority) recommended modernisation of the system of administrative approvals for cabotage operations. It argued that the system was inefficient and lacked transparency and, given that the French state is also the main shareholder of SNCF, proposed an independent regulator for the coach sector.
- 5.27 The French domestic coach industry remained tightly regulated until the August 2015 Macron Law¹², which liberalised the long-distance coach market for journeys of more than 100 kilometres between stops. For journeys under 100 kilometres the newly-appointed independent regulator (ARAFER) must assess whether the service poses an economic threat to existing rail or road PSCs.
- 5.28 In July 2015, in anticipation of this liberalisation of the French domestic market, two new operators began services on the Paris to Milan corridor:
- From 8 July 2015, Megabus, a subsidiary of British operator Stagecoach, introduced two through services per day serving London, Lille, Paris, Lyon, Turin and Milan.
 - Shortly afterwards, following its simultaneous entry to the Italian and French markets, FlixBus, a privately-owned German business¹³, introduced three indirect services per day between Paris and Milan requiring interchange at Strasbourg, Zurich or Frankfurt. We note that end-to-end journey times via Frankfurt are long and this connection may attract few passengers.
- 5.29 While new entry has increased passenger choice of journey times, service quality and fares, it is not yet clear whether and how patterns of demand will change in response. There may also be consequential impacts on the expansion, withdrawal or consolidation of coach operations. Current and prospective operators identified a number of concerns regarding access to the Paris to Milan corridor:
- Outside France, there is an impression that the Macron Law will effectively favour French companies, through retaining the requirement that revenue generated by domestic use of an international service cannot exceed 50%.
 - In Italy, there is concern with the time required first to establish a new operator and then to obtain the Community licence, certified true copies and route authorisations necessary for international operations, which one stakeholder told us could take a cumulative total of eight months.

Key findings from case studies

- 5.30 Taken together, the case studies illustrate a number of points.
- 5.31 First, coach operators can add and remove routes relatively easily, allowing them to enter markets on a trial basis, or to modify services rapidly as markets change.

¹² “Loi pour la croissance, l’activité et l’égalité des chances économiques” (Law for growth, activity, and equal economic opportunities)

¹³ See also Appendix A. FlixBus does not own any coaches or employ any drivers. Instead it cooperates with regional bus companies that are responsible for the day-to-day running of routes. FlixBus provides the administration and permissions required to operate long-distance and international services alongside network planning, marketing, pricing, quality management and customer service.

- 5.32 Second, and as with domestic coach services, operators may act in partnerships, groups or alliances if this enables them to offer a more effective network. Operators may provide, under subcontract, international or cabotage services in a number of Member States.
- 5.33 Third, the provision of coach services, and their relative success, may depend on the characteristics of competing modes including car, rail and air. These may change with further investments in road, rail or airport infrastructure. However, coach is often able to serve more stopping points than rail or air, because it need not be constrained by the need for expensive fixed terminals.
- 5.34 Fourth, barriers such as the change of rail gauge, between the Baltic States and Poland, and the Alps, between France and Italy, can hinder or help coach as a mode. However, even where coach is slower, less frequent and less comfortable than other modes, its lower costs mean that it can often remain in the market by offering lower fares, or by not charging for heavy baggage.
- 5.35 Fifth, domestic coach market liberalisation in one or more of the Member States involved can be the catalyst for the provision of new international services. Once a domestic coach market has been established, some operators may choose to exploit their domestic position through offering services to neighbouring countries. This allows them to differentiate their product from domestic competitors and to encourage higher load factors which improve the efficiency with which assets are deployed.
- 5.36 Sixth, coach services and networks can be dynamic, with competition sometimes leading to price wars and the subsequent withdrawal of one or more operators.
- 5.37 In the following paragraphs we discuss the background European regulatory framework within which the developments in these two case studies have taken place.

The European regulatory framework

- 5.38 Europe has a wide range of bus and coach services and, before either regulation or liberalisation of the industry could be applied, it was necessary for the Commission to take steps to define and categorise the market. Accordingly, and as already noted:
- Regulation 684/92, on common rules for the international carriage of passengers by coach and bus, subdivided them into four groups: regular services, special regular services, shuttle services and occasional services.
 - Regulation 1073/2009, which repealed Regulation 684/92, removed the category of shuttle services.

Regular, special regular and occasional services

5.39 For regulatory purposes, international coach services within the EU are therefore now categorised as shown in Table 5.4 (which repeats Table 2.1).

Table 5.4: Categories of coach services used in Regulation 1073/2009

Type	Definition	Typical examples
Special regular services	Services which provide for the carriage of passengers at specified intervals along specified routes, passengers being picked up and set down at predetermined stopping points, by whomsoever organised, which provide for the carriage of specified categories of passengers to the exclusion of other passengers.	Regular, scheduled service not open to all passengers, such as: <ul style="list-style-type: none"> • School services serving only those attending a school. • Staff services serving only those working at a location.
Regular services	All other services which provide for the carriage of passengers at specified intervals along specified routes, passengers being picked up and set down at predetermined stopping points.	Regular, scheduled service open to all passengers, such as Eurolines services between Member States.
Occasional services	All other services, the main characteristic of which is the carriage of groups of passengers constituted on the initiative of the customer or the carrier himself.	Multi-day visit or tour requested by a customer or offered by a carrier. Excursion or day trip requested by a customer or offered by a carrier. Local excursion or day trip offered to those already on a multi-day visit or tour.

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

5.40 Unlike the inconsistent approaches to reporting domestic services, highlighted in Table 4.4 and Table 4.6, Regulation 1073/2009 provides a broadly clear and stable categorisation of international services. We discuss next in turn below:

- the standardised control documents provided for in the Regulation;
- Member States' reporting to the Commission, based on these control documents; and
- other information on the scale and characteristics of the international coach market.

Community licences, copies, authorisations and journey forms

Regulation 1073/2009

5.41 Regulation 1073/2009 further liberalised the provision of international coach services of each of these types within the EU, through a number of procedures including Community licences, authorisations and journey forms, summarised in Table 5.5.

Table 5.5: Community licences, authorisations and journey forms

Document	Required for	One per ...	Notes	Reporting to Commission (Article 28)
Community licence (Article 4)	All international carriage	Carrier	Issued subject to meeting conditions in Article 3. Issued in the name of a carrier and non-transferable. Valid for up to 10 years. Member States may accept Community licences for national transport operations. Recorded in national electronic register of road transport undertakings (Regulation 1071/2009 Article 16).	Annually, by 31 January, the Community licences held at 31 December.
Community licence certified true copy (Article 4)	Vehicles used for international carriage	Vehicle	Copy must be kept in the vehicle and presented on request. Recorded in national electronic register of road transport undertakings (Regulation 1071/2009 Article 16).	Annually, by 31 January, the certified true copies held at 31 December.
Authorisation (Article 6)	Regular international services, including some cabotage	Regular service	Issued subject to agreement by Member States affected. Not required for special regular international services covered by a contract between organiser and carrier. Issued in the name of a carrier and non-transferable, but subcontractors may be used. Specifies the type of service, route, period of validity, stops and timetable. Valid for up to 5 years. Member States may agree to liberalise the authorisation process (Article 25).	Every two years: authorisations in the last year and remaining valid, by destination country.
Journey form (Article 12)	Occasional services	Journey	Completed by operator. Contains at least the type of service, the main itinerary, the carrier(s) involved. Member States may agree not to require journey forms (Article 25).	

Source; Steer Davies Gleave analysis of Regulation 1073/2009.

5.42 Regulation 1073/2009 also permits Member States to extend this liberalisation further, whether unilaterally, bilaterally or multilaterally:

- Article 4 (8) allows that “Member States may decide that the Community licence shall also be valid for national transport operations.”
- Article 25 (1) allows that “Member States may conclude bilateral and multilateral agreements on the further liberalisation of the services covered by this Regulation, in particular as regards the authorisation system and the simplification or abolition of control documents, especially in border regions.”

- 5.43 In summary, while the Regulation leaves it to the Member States to decide the breadth and depth of any further change, it permits further or even complete liberalisation, including the abolition of control documents.

Regulation 361/2014

- 5.44 Regulation 361/2014 lays down detailed rules for the application of Regulation 1073/2009 as regards documents for the international carriage of passengers by coach and bus. Annexes to the Regulation set out models for:

- I. journey forms;
- II. cover pages for books of journey forms;
- III. application forms for authorisations;
- IV. authorisations;
- V. certificates for international own account operation; and
- VI. model communication for numbers of cabotage authorisations.

Reporting of statistics on Community licences and control documents

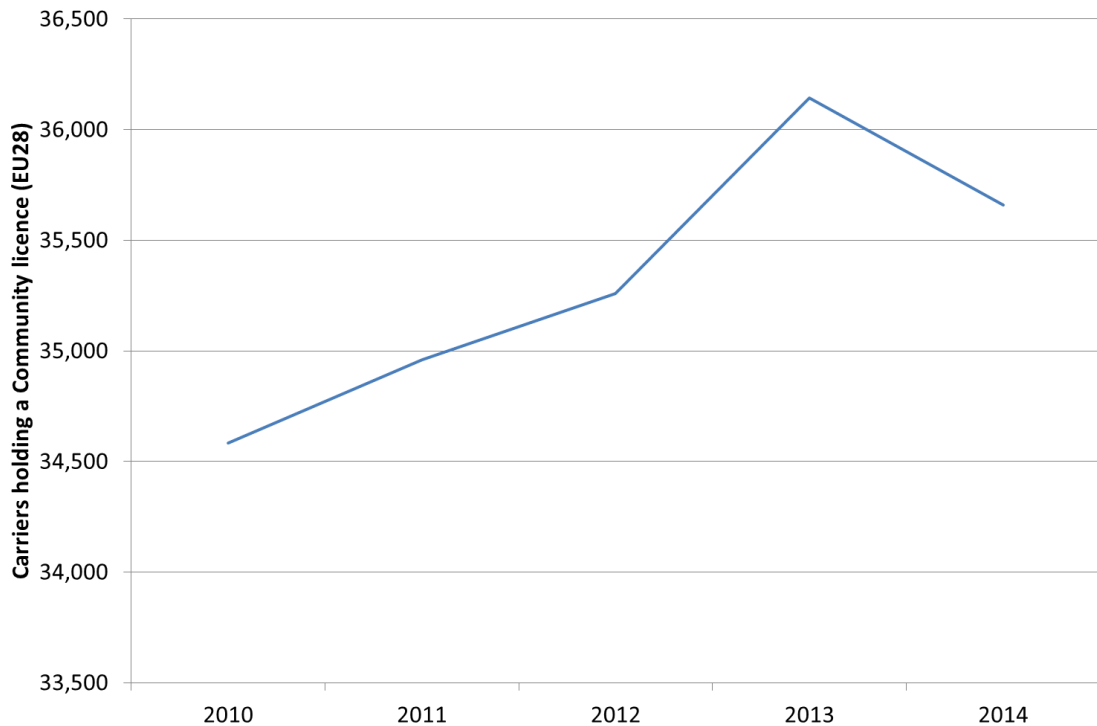
- 5.45 As we noted above, Regulation 1073/2009 specifically permits Member States to conclude bilateral and multilateral agreements on the further liberalisation of the services covered by the Regulation, in particular as regards the authorisation system and the simplification or abolition of control documents. Where documents exist, however, Article 28 requires the Member States to provide the Commission with regular returns, which we summarise below.

Community licences

5.46 Each carrier wishing to provide international carriage of passengers by coach and bus requires a Community licence issued by a competent authority in a Member State (see Table 5.5). Their number can be seen as a measure of the number of operators wishing to operate international services.

5.47 Figure 5.4 shows the number of Community licences held at the end of each year for the period 2010 to 2014, as reported by Member States to the Commission.

Figure 5.4: Community licences (end 2010 to end 2014)



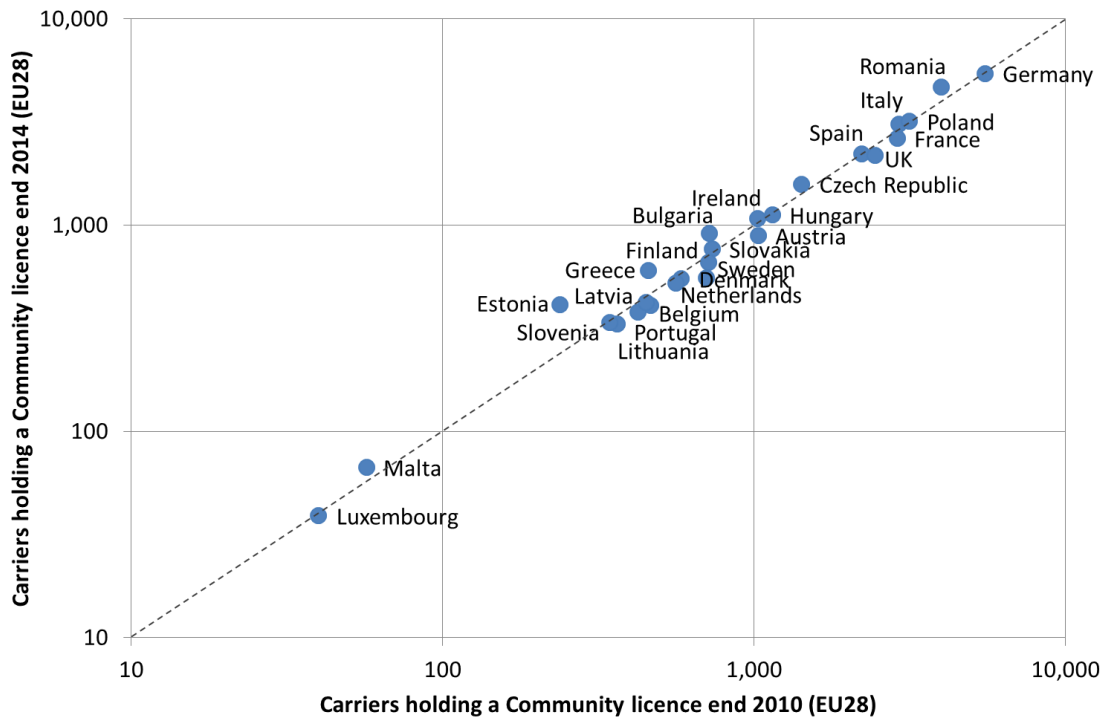
Source: Member States' returns to the Commission.

Note: EU27 until 1 July 2013, when Croatia joined the EU to create the EU28.

5.48 Community licences may be issued for renewable periods of up to ten years, and the change over any period reflects not only new licences issued but also old ones expiring. The fall in numbers between 2013 and 2014 is driven largely by falls in the number of licences in the Czech Republic, Spain, France, Poland and Sweden, some of which may have been issued as early as 2003. Nonetheless, the overall number of Community licences held has grown by around 3% since 2010, with around 36,000 licences at the end of 2014, despite a period of slow growth or even economic contraction in some Member States.

5.49 Figure 5.5 compares the number of Community licences held in each Member State at the end of 2010 and the end of 2014.

Figure 5.5: Community licences by Member State (end 2010 and end 2014)



Source: Member States' returns to the Commission.

Note: scales are logarithmic: equal percentage change results in equal distance from the dotted line.

Note: Croatia (not shown) had no Community licences at the end of 2010 and over 582 at the end of 2014.

- 5.50 While there has been a slow upward trend in the number of carriers holding a Community licence, the most notable increase has been in Croatia which had no licences at the end of 2010, as it was not a member of the EU until 2013, and over 500 at the end of 2014. In Romania almost 700 more Community licenses were held in 2014 than in 2010. During this period Ordinance no. 27/2011 liberalised access to the road transport market based on the principles of non-discriminatory and free competition.
- 5.51 The greatest percentage change (deviation from the diagonal line) in the number of Community licences was in Estonia, where numbers rose from 238 in 2010 to 413 in 2014, an increase of almost 75%. This may represent an increase in the number of licensed operators, or may represent existing operators replacing a domestic licence with a Community licence.

Community licences: certified true copies

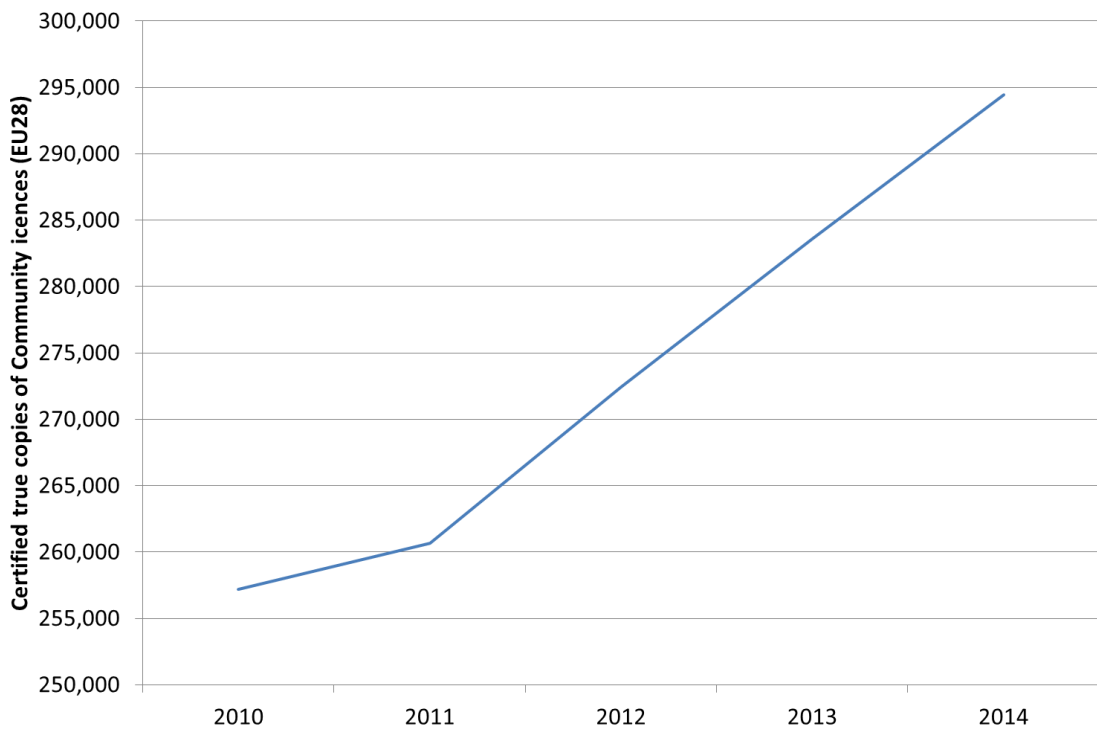
5.52 Each vehicle used to provide international carriage of passengers by coach and bus must carry a certified true copy of a Community licences (see Table 5.5). Their number can be seen as a measure of the number of coaches required to operate international services.

5.53 Figure 5.6 shows the number of certified true copies held at the end of each year, and suggests that the number has been steadily rising, with sufficient copies for almost 300,000 vehicles to provide international services. Comparing the overall increase of 14% with the 3% increase in number of Community licences, suggests that:

- There has been 3% growth in the number of licenced operators.
- There has been 11% growth in the average number of copies per operator.

5.54 In other words, most of the growth has come from expansion and/or consolidation of operators, rather than an increase in the number of operators.

Figure 5.6: Certified true copies (end 2010 to end 2014)

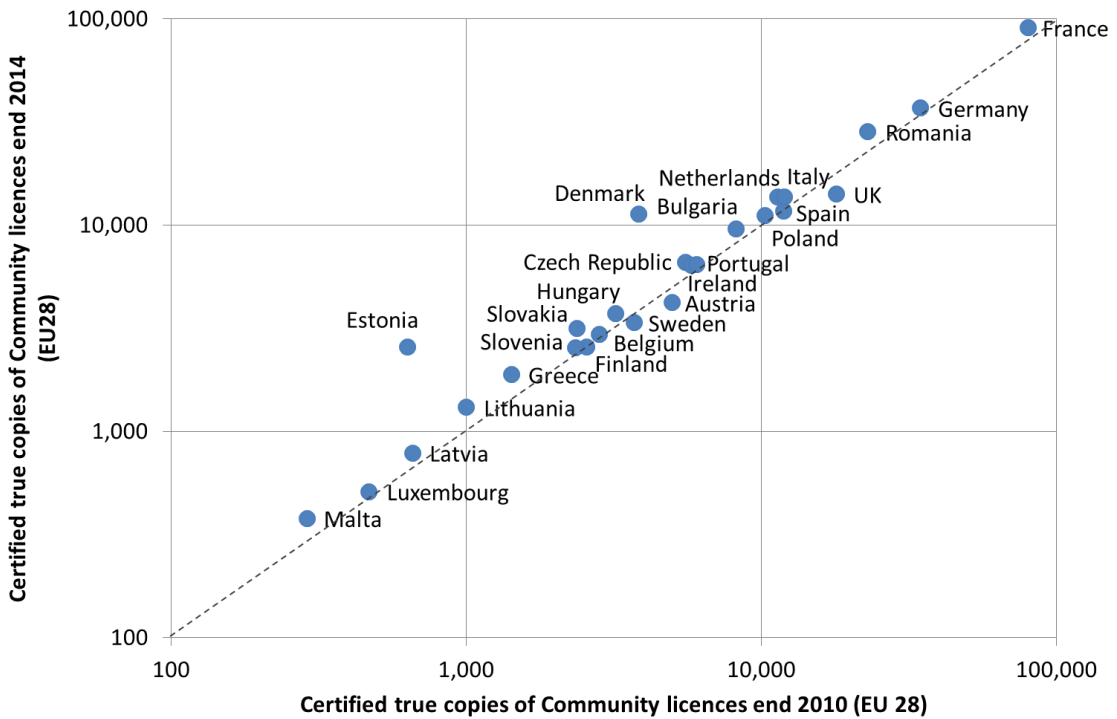


Source: Member States’ returns to the Commission.

Note: EU27 until 1 July 2013, when Croatia joined the EU to create the EU28.

5.55 Figure 5.7 compares the number of certified true copies held in each Member State at the end of 2010 and the end of 2014. The scales are logarithmic, so that equal percentage change between 2010 and 2014 results in equal distance from the dotted line.

Figure 5.7: Certified true copies by Member State (end 2010 and end 2014)



Source: Member States' returns to the Commission.

Note: EU27 until 1 July 2013, when Croatia joined the EU to create the EU28.

Note: scales are logarithmic: equal percentage change results in equal distance from the dotted line.

5.56 There have been no major changes in most Member States, although we identified a number of outliers:

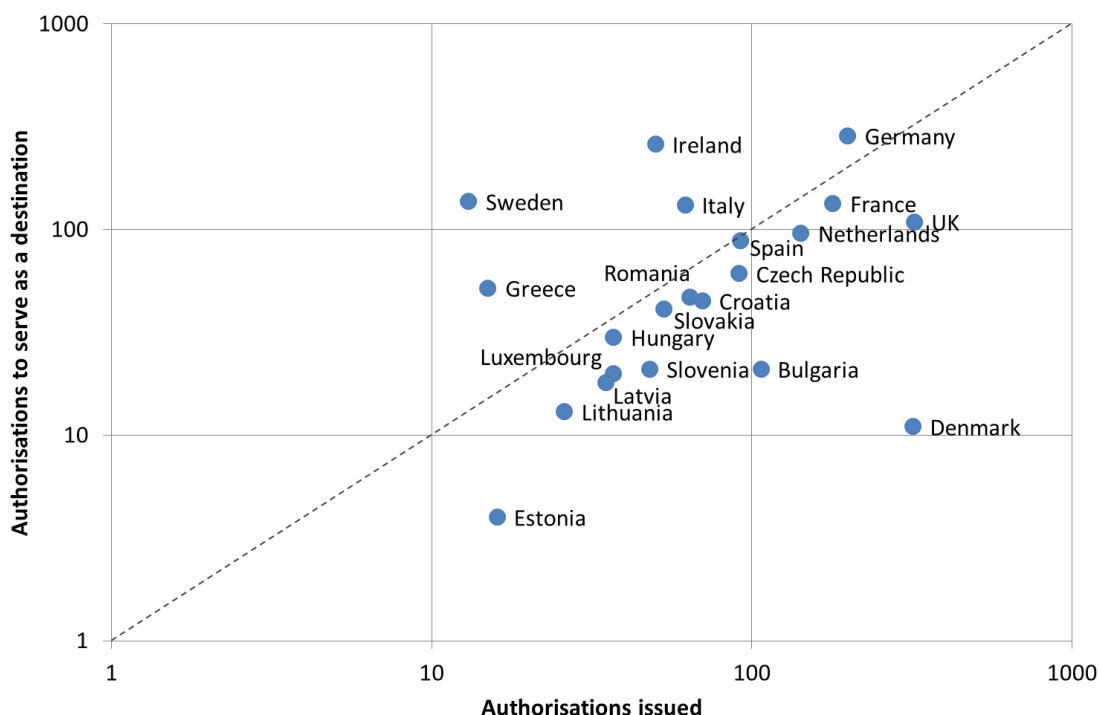
- In Estonia, the number of certified true copies rose from 635 at the end of 2010 to 2,570 at the end of 2014, an increase of over 300%. In Denmark, the number of certified true copies rose from 3,851 at the end of 2010 to 11,334 at the end of 2014, an increase of nearly 200%. As we noted in paragraph 5.51 above, this may have been driven by a large number of operators changing from national to Community licences and obtaining certified true copies for all the vehicles in their fleets.
- In the United Kingdom, the number of certified true copies fell from 17,936 at the end of 2010 to 14,127 at the end of 2014, a decrease of over 20%.
- In France, over 90,000 copies were held at the end of 2014, almost sufficient to provide one certified copy for every bus and coach in France listed in the Statistical Pocketbook (see Table 3.2). This is far more than any other Member State and almost one-third of all certified true copies in Europe.

Authorisations

5.57 Each regular international service must have an authorisation (see Table 5.5), although Article 25 allows Member States to conclude bilateral and multilateral agreements on the further liberalisation of the services covered by the Regulation, in particular as regards the authorisation system. Their number can be seen as a measure of the number of international services operated. At the end of 2014 there were 2,412 valid authorisations, summarised in Figure 5.8:

- The horizontal axis shows the valid authorisations issued by each Member State.
- The vertical axis shows the valid authorisations citing each Member State as a destination.

Figure 5.8: Valid authorisations for regular international services (end 2014)



Source: Member States' returns to the Commission.

Note: Austria, Finland, Poland and Portugal did not report any authorisations issued.

Note: Belgium also reported 436 authorisations issued, but provided no information on the destination states.

Note: scales are logarithmic: equal percentage imbalance results in equal distance from the dotted line.

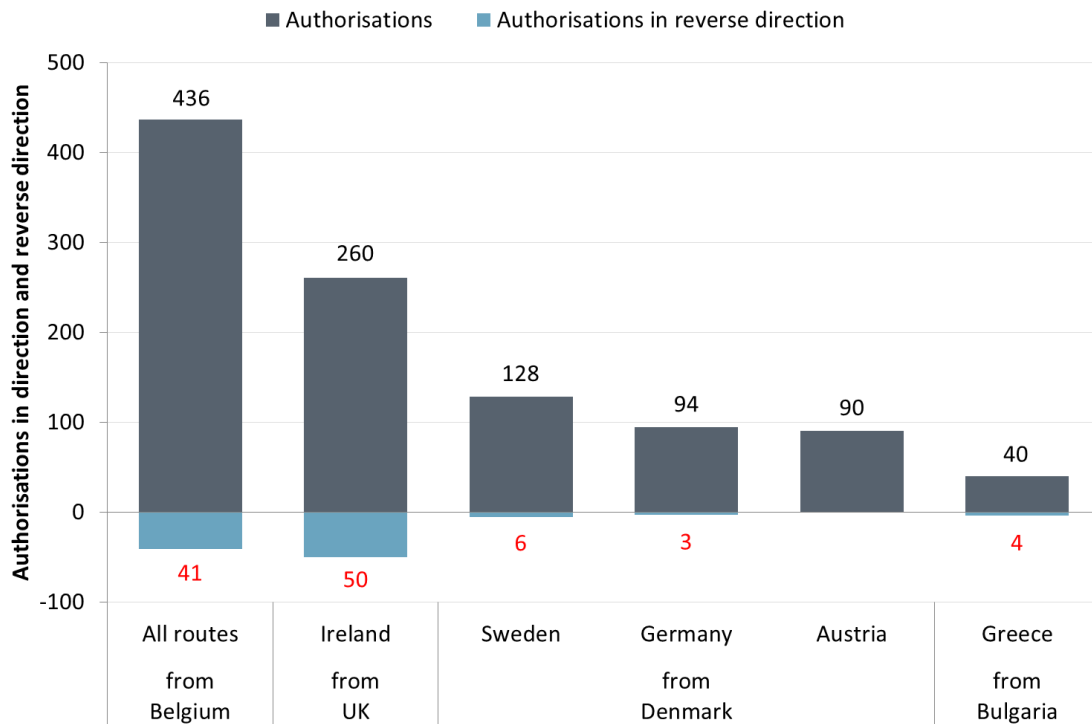
5.58 Figure 5.8 shows that the balance of authorisations issued to and from some Member States is asymmetric. Note that the scales are logarithmic, so that equal percentage imbalance in licences issued to and from each Member State results in equal distance from the dotted line:

- Below the dotted line, Member States such as Denmark, and to a lesser extent Bulgaria, Estonia and the UK, have large numbers of valid authorisations but are rarely cited as destinations.
- Above the dotted line, Member States such as Sweden, and to a lesser extent Ireland, Greece and Italy, are often cited as destinations but have relatively few valid authorisations.

5.59 This analysis may reflect a number of characteristics of the international coach market, including:

- the relative attractiveness of Member States as a destination for coach travel (for example the United Kingdom, as an island nation, may be unattractive as a destination for coach travel relative to other modes);
- the relative strength of domestic coach markets and the extent to which operators seek to exploit the international coach market; and
- the relative ease of securing authorisation to serve international markets (and hence a proxy for market liberalisation) by Member State.

Figure 5.9: Authorisations: major imbalances by direction (end 2014)



Source: Member States' returns to the Commission.
 Note: Belgium provided no information on the destination states.

5.60 Figure 5.9 examines in further detail these major imbalances in authorisations in different directions between some pairs of Member States.

- Belgium has 436 valid outbound authorisations, although it did not report the destinations, but only 11 inbound authorisations.
- The UK has 260 valid authorisations to Ireland, which dominate the total of 322 valid authorisations, but Ireland has issued only 50 valid authorisations, all of them to the UK.
- Denmark has a total of 312 valid authorisations to Sweden, Germany and Austria but only nine in the reverse direction.
- Bulgaria has 40 authorisations to Greece but only 4 in the reverse direction.

5.61 We have not identified clear reasons for these imbalances, which might in principle reflect the perceived relative ease of applying for authorisations from one end of the route, which could occur by various mechanisms:

- It might be easier to apply in the Member State which most rapidly forwarded and progressed an application.

- It might be easier to apply in the Member State where the requirements of the local competent authorities were most onerous, if a local operator was familiar with their requirements.
- 5.62 They might, alternatively, reflect the origins or administrative centres of the operators or groups applying for the most authorisations, particularly where applications to develop international networks were managed centrally on behalf of a group of operators.
- 5.63 We therefore caution that authorisations may have been applied for at “either end” of the international route in question, and might be applied for in different Member States in different years. This means that changes in where operators seek authorisations might cause apparent but illusory shifts in demand between Member States. This issue could be resolved if authorisations were reported by Member State pair, rather than by the Member State issuing the authorisation.
- 5.64 Even so, the destination of a coach route may not be the destination of the passengers, who may either alight in an intermediate country or continue to a further country, whether with the same or another coach operator. For example, if it is required by the relevant Member States, a coach operator may have authorisation to operate services in States A-B-C and in States C-D, but may carry a significant proportion of its passengers between A and B, B and C, A and D and B and D, none of which will be listed as authorised services.
- 5.65 We also caution that only a small proportion of the valid authorisations may actually be in use. For example:
- In Greece, one stakeholder expressed the opinion that many more authorisations had been issued for some routes than could profitably be operated in the market, particularly given the current economic crisis. At the end of 2014 there were 15 valid authorisations from Greece but 52 valid authorisations to Greece.
 - In Sweden, there are 13 valid authorisations from Sweden and 137 valid authorisations to Sweden, but national statistics report that at the end of 2013 there are only seven international routes (see Appendix A, Table A.42).

Interpreting current reporting requirements

- 5.66 A number of factors limit the value of the number of Community licences and authorisations as an indicator of the size of either the domestic or the international market:
- Community licences and certified true copies may not have been used for up to ten years.
 - Member States may, but are not required to, accept Community licences for national transport operations.
 - Authorisations, which are valid for five years, may not have been used at all during this period.
 - Authorisations are not required for either occasional international services or special regular international services covered by a contract between organiser and carrier.
 - Control documents may be simplified or abolished by agreement between Member States.
 - The same operations and journeys may be reported in different Member States in different years, depending on the Member State in which Community licences, certified true copies and authorisations are sought. Without these control documents being identified to a particular Member State pair, this means that data on the volumes of control documents can only be interpreted with confidence for the EU as a whole.

5.67 The cumulative effect, as the above analysis shows, is that information reported under Article 28 of Regulation 1073/2009 to the Commission **may not be meaningful at the national level** and indicate:

- **permissions granted in the past** (whether Community licences, certified true copies, or authorisations); rather than
- **services operated in the present.**

5.68 We discuss further in Chapter 8 the scope for gathering information which more closely reflects activity in the international coach market.

Authorisations for cabotage

5.69 Only a small number of authorisations for cabotage on regular international services were reported during 2014, as shown in Table 5.6. This may be partly because Article 15 of Regulation 1073/2009 authorises cabotage operations for regular services performed in the course of a regular international service which has already being authorised.

Table 5.6: Authorisations for cabotage by regular services (2014)

Member State		Authorisations in 2014
FR	France	9
SE	Sweden	9
DE	Germany	5
CZ	Czech Republic	1
Total		24

Source: Member States' returns to the Commission under Regulation 1073/2009 Article 28(2).

5.70 The Commission received only one report of cabotage during special regular services and only a few reports of cabotage during occasional services. This may be at least partly because Article 15 authorises cabotage operations for special regular services and occasional services and there is no requirement for operators to apply for authorisation to conduct cabotage operations for these types of service.

5.71 In addition, Member States which have liberalised some or all of their domestic markets may implicitly or explicitly have permitted cabotage as part of the process. However, liberalisation does not appear to have eliminated completely the need for authorisations in the Member States listed in Table 5.6.

5.72 We also note that many international coach services, like international air services, operate non-stop between origin and destination, and adjust vehicle size and service frequency to ensure an adequate load factor, if necessary providing connections between "thick" and "thin" sections of route at a number of hub terminals. There may therefore only rarely be a commercial benefit in stopping international services en route to accept cabotage passengers.

5.73 Finally, while there are a small but significant number of very long-distance coach routes across Europe, as illustrated in the case studies earlier in this chapter, a large number of international coach journeys may only enter two or three Member States. Over half the Member States have two or fewer land borders with other Member States, seven have only one land border and two, the islands of Cyprus and Malta, have none. Particularly for Member States with only one land border, such as Greece, Portugal, Ireland and the United Kingdom, it may have been simple or sufficient to liberalise services bilaterally in advance of Regulation

1073/2009. We note, for example, that Sweden and Finland, which share a short stretch of border more than 600 kilometres away from either of their capital cities, signed an agreement in 2003, including Denmark and Norway, abolishing journey forms for international occasional services.

5.74 In summary it is possible that:

- Cabotage on services already authorised is also automatically authorised under Article 15.
- Cabotage occurs mainly within adjacent Member States or groups of Member States which have liberalised more than Regulation 1073/2009 requires (as is permitted by Article 25), and is not reported under these more liberalised regimes.
- Cabotage is implicitly or explicitly permitted by domestic liberalisation in some Member States.
- Cabotage is rarely the most commercially effective means of providing for both international and domestic passengers.

International coach operations

5.75 Given the limited scope to identify changes in international coach markets from Member States' returns under Article 28, we also gathered information from those Member States who reported data on the scale of the international coach markets. As we noted in Chapter 2, Member States report a variety of information on a range of different, and mutually inconsistent bases.

5.76 We discuss in turn below our findings on quantitative data on international coach routes, international coach passengers, and international coach passenger-kilometres.

International coach routes

5.77 Seven Member States collate or publish lists of the number of coach services entering, passing through or leaving their territories, which we summarise in Table 5.7.

Table 5.7: International coach routes identified by Member States

Member State	Data	Details
BG	Bulgaria	222 International routes in 2014, with 47 routes pending approvals
CY	Cyprus	Nil No international routes: Cyprus is an island
MT	Malta	Nil No international routes: Malta is an island
LT	Lithuania	144 Authorisations: 29 Lithuanian, 55 other Member States, 60 non-EU
PL	Poland	111 International routes at the end of 2013
		90 International routes at the end of 2014
SE	Sweden	9 International routes at the end of 2012
		7 International routes at the end of 2013
SI	Slovenia	26 International bus routes in 2010
		26 International bus routes in 2011
		28 International bus routes in 2012
		29 International bus routes in 2013
		25 International bus routes in 2014

Source: Steer Davies Gleave analysis.

Note: definitions for international services may not be additive with other Member States.

- 5.78 We only found data for more than one year for three Member States, Poland, Sweden and Slovenia. As with domestic services (see paragraph 4.15), the definition of a “route” may vary between Member States.
- 5.79 The small number of routes reported in Sweden has declined. This may be related to the increased number of authorisations (Figure 5.8) and certified true copies (Figure 5.7) issued in Denmark, for example if operators of services between the two Member States are increasingly based in Denmark.
- 5.80 The slightly more numerous routes reported in Slovenia have risen from 26 to 29 and then fallen back to 25, although we note that these are referred to as bus routes.
- 5.81 The most substantial change appears to be in Poland, where the number of routes reported fell from 111 to 90 in a year. This may be related to the rapid expansion of Lux Express and other operators through Poland, although it is not clear why this would result in a fall in the number of routes. It may reflect the expiry of authorisations issued around 2009, or a shift to services described in the Baltic Corridor case study being documented in Estonia. As Figure 5.2 shows, Lux Express now operates services from Estonia through Latvia, Lithuania, Poland and Slovakia to Hungary, which might in principle have authorisation issued in Estonia or any other of these Member States.

International coach passengers

- 5.82 While only seven Member States report the number of international coach routes, as shown in Table 5.7, ten publish data on international coach passengers, which we summarise in Table 5.8.

Table 5.8: International coach passengers (2009-2014)

Passengers (thousand)	Regular or occasional	2009	2010	2011	2012	2013	2014	Average percentage annual change
Croatia	Regular and occasional		2,466	2,100	2,347	2,205	1,612	-10%
Czech Republic	Regular only	1,212	1,130	1,598	1,980	1,981	2,088	12%
Estonia	Regular	399	488	555	633	734	809	15%
	Occasional	420	322	400	510	560	558	6%
Italy	Regular				837			
Lithuania	Regular	300	300	300	300	300	400	6%
Poland	Regular and occasional					2,789	3,255	17%
Portugal	Regular			331	288	372	356	3%
	Occasional			179	178	150	203	4%
Slovenia	Regular				268	310	260	-2%
Slovakia	Not specified					1,543		
Sweden	Not specified	806	754	662		512		-11%

Source: National statistical departments.

Note: definitions for international services may not be additive with other Member States.

- 5.83 As indicated in paragraph 2.6, caution is required in interpreting information on passenger numbers, and in comparing or adding data from Member States. In particular:

- Passenger numbers may be counted more than once (a journey from A via B and C to D may be counted in up to four Member States, or as a departure in up to three of them).
- Consolidation in the market, through merger between operators (such as that between FlixBus and MeinFernbus), may affect the number of times an individual passenger is ticketed or reported, potentially complicating any interpretation of time-series data.

5.84 Nevertheless, the table indicates substantial annual growth in international passengers in a number of Member States, notably the Czech republic, Estonia and Poland. The growth in Estonia may reflect the expansion in services operated on the Baltic corridor in recent years. However the growth rate of 17% in Poland is based on comparison of only two years' data, and is superficially inconsistent with the fall in the number of routes reported in Table 5.7.

International coach passenger-kilometres

5.85 Ten Member States also report estimates of passenger-kilometres, which we summarise in Table 5.9.

Table 5.9: International coach volumes (2009-2014)

Passenger-kilometres (million)	Regular or occasional	2009	2010	2011	2012	2013	2014	Average percentage annual change
Croatia	Regular and occasional		536	500	519	505	485	-3%
Czech Republic	Regular	744	777	978	908	1,066	1,080	8%
Estonia	Regular	128	156	213	255	302	343	22%
	Occasional	244	296	256	261	312	192	-5%
Italy	Regular				1,254			
Lithuania	Regular	83	81	78	64	70	123	8%
Netherlands	Regular		165	182	158	130	133	-5%
	Occasional		3,161	3,045	2,839	2,807	2,926	-2%
Poland	Regular and occasional					3,985	4,558	14%
Portugal	Regular			472	418	483	455	-1%
	Occasional			125	156	159	159	8%
Slovenia	Regular		23	21	18	19	15	-10%
Sweden	Not specified	203	190	167		106		-15%

Source: national statistical departments.

Note: Netherlands and Romania estimated from vehicle-kilometres and assumed loads of 35 (NL) and 25 (RO).

Note: Sweden statistics appear to be estimated from passenger journeys and an assumed trip length.

Note: Slovenia statistics imply an average international trip length of less than 70 kilometres.

Note: definitions for international services may not be additive with other Member States.

5.86 As we indicated in paragraph 2.6, passenger-kilometres are calculated on different bases in the Member States with variations, in addition to those for passenger numbers, including:

- Some report only locally-registered operators and others report all operators.
- Some report only travel within their territory and others report total journey length.

5.87 In the absence of details of how passenger-kilometres are estimated by coach operators, and reported to and collated by Member States, they provide only indicative information on volumes of international coach travel. The data nevertheless echo the trends in a number of

Member States identified in Table 5.8, with growth in Estonia and Poland being similarly strong.

Estimates of market characteristics

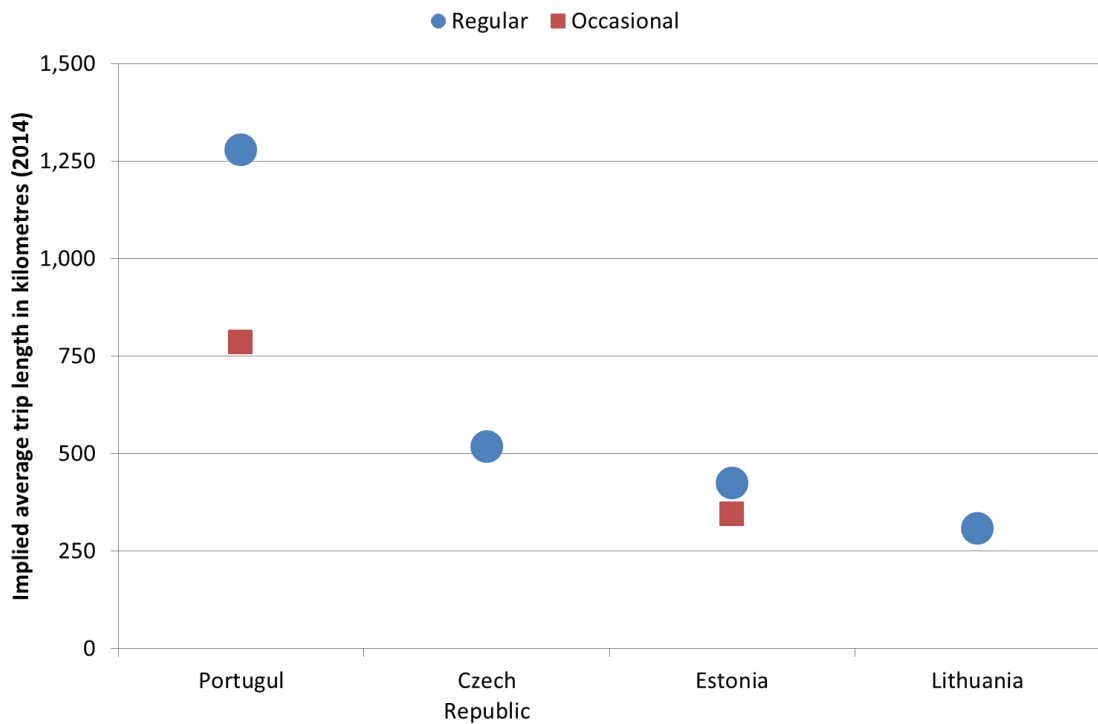
5.88 We examined the extent to which the Member States’ data in Table 5.8 and Table 5.9 could be used to examine trends in the international coach market. After review of the data for inconsistent or implausible values, we concluded that it would be possible to make the following estimates:

- average 2014 international trip lengths reported by four Member States: Portugal, the Czech Republic, Estonia and Lithuania;
- average 2009-2014 growth in international regular services for six Member States: Estonia, the Czech Republic, Lithuania, Portugal, Slovenia and the Netherlands; and
- average 2009-2014 growth in international occasional services for three Member States: Estonia, Portugal and the Netherlands.

Estimates of trip lengths

5.89 Our findings on average trip lengths are shown in Figure 4.2.

Figure 5.10: International coach travel: estimated average trip length



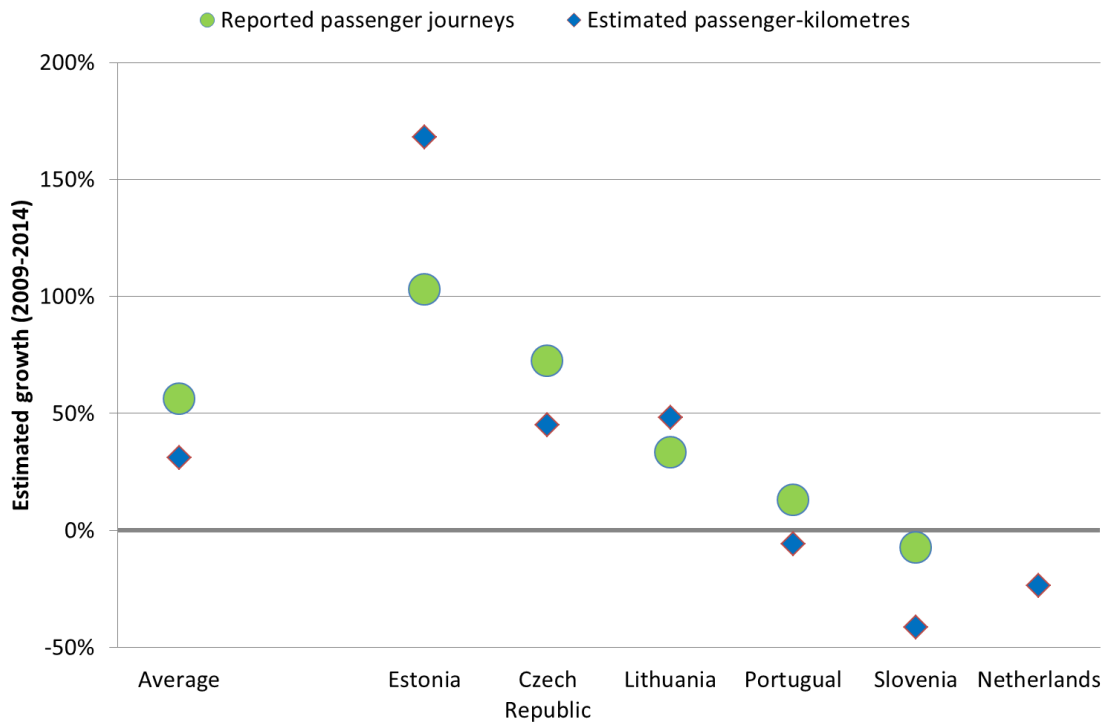
Source: Steer Davies Gleave analysis of Member States’ data and additional assumptions for missing years.
 Note: data may be affected by the same services being reported in a different Member State in 2009 and 2014.

5.90 Data from Portugal in Table 5.8 and Table 5.9 imply that the average international trip length in 2014 was around 1,250 kilometres on regular services¹⁴ and around 800 kilometres on occasional services¹⁵. The other Member States’ data imply shorter average trip lengths in the range 250-500 kilometres on regular services and also, in the case of Estonia, on occasional services.

Estimates of growth in international regular services

5.91 Figure 5.11 shows our estimates of the growth in international regular services, in either reported passenger journeys or estimated passenger-kilometres.

Figure 5.11: International regular services: growth in reported passengers (2009-2014)



Source: Steer Davies Gleave analysis of Member States’ data and additional assumptions for missing years.
 Note: data may be affected by the same services being reported in a different Member State in 2009 and 2014.

5.92 With the exception of Slovenia, all the Member States’ data suggest that there was considerable growth in international passenger journeys between 2009 and 2014. In the case of Estonia, the reported number of international journeys (however counted) doubled from 1,100 to 2,200 per day. However, while estimated passenger-kilometres reported in Estonia and Lithuania grew more than reported passenger journeys, in the other Member States the opposite was the case, implying that the average length of international trips fell over the period.

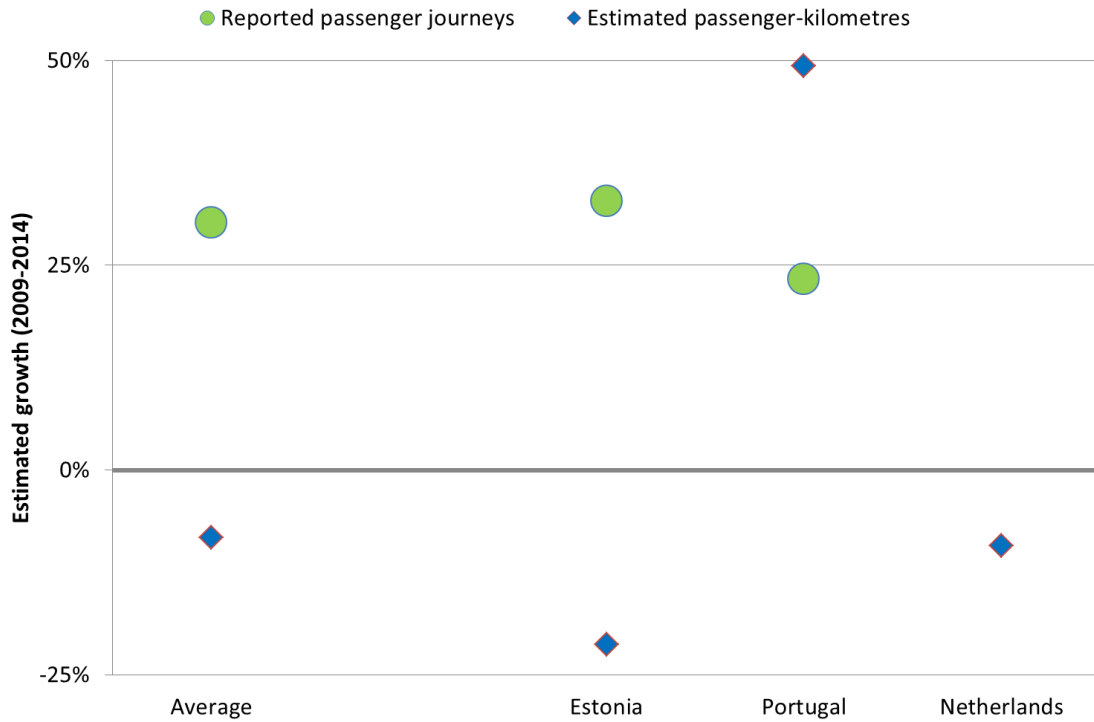
¹⁴ This is approximately the distance from Lisbon to Barcelona, and is only plausible if many passengers on regular international services to and from Lisbon crossed Spain completely and continue into France and beyond. The data suggest that this distance has fallen from over 1,400 kilometres in 2010 and 2011.

¹⁵ This is further than the distance to Madrid, and in 2013 the implied average distance was over 1,000 kilometres.

5.93 Adding data from the six Member States together, the reported number of passenger trips increased by 56%, and the estimated passenger-kilometres rose by 31%. Note, however, that these data are dominated by the Czech Republic, which contributed more than half the total.

5.94 Figure 5.12 shows our estimates of the growth in international occasional services, in either reported passenger journeys or estimated passenger-kilometres.

Figure 5.12: International occasional services: growth in reported passengers (2009-2014)



Source: Steer Davies Gleave analysis of Member States’ data and additional assumptions for missing years.
 Note: data may be affected by the same services being reported in a different Member State in 2009 and 2014.

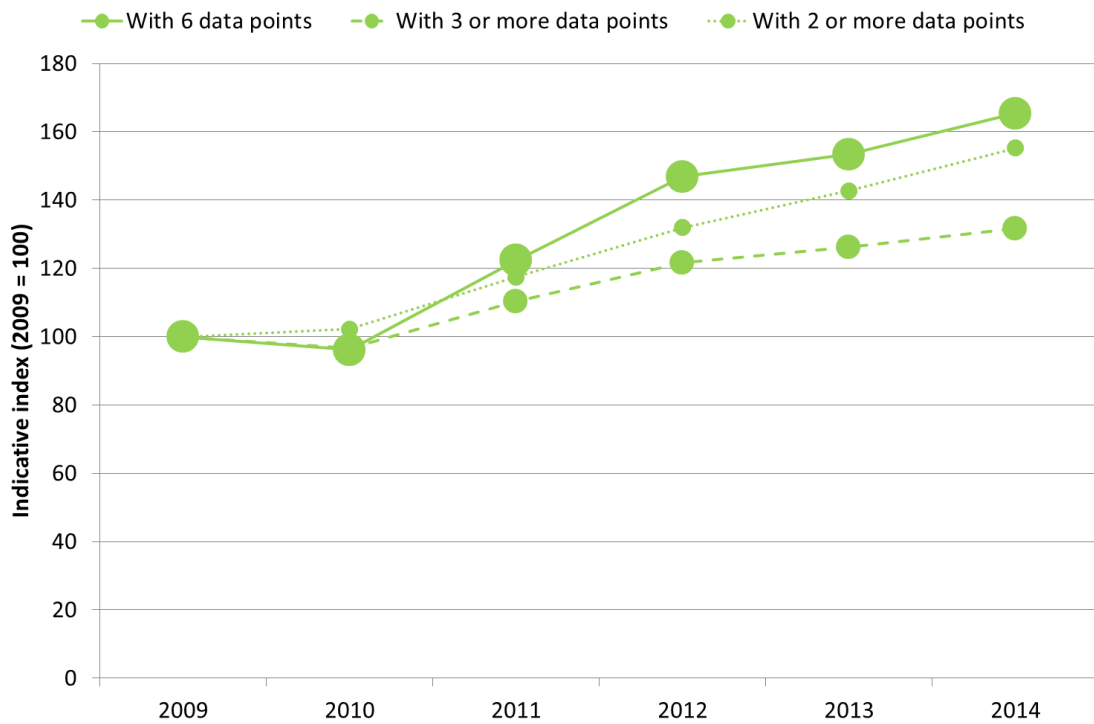
5.95 Member States’ data on international occasional travel imply a growth of around 25% over the period 2009 to 2014. However, while Estonia and the Netherlands, which dominates the reported volume, reported a fall in estimated passenger-kilometres, Portugal reported a rise. We stress that this may result from effects such as changes in the Member State in which services were reported.

Estimates of international market growth

5.96 The data series on passenger numbers and passenger-kilometres collated in Table 5.8 and Table 5.9 cover over only some years for some sectors for some Member States. However, we used them to estimate indicative rates of growth over the period 2009 to 2014 (as we did with partial employment data to create Figure 3.8).

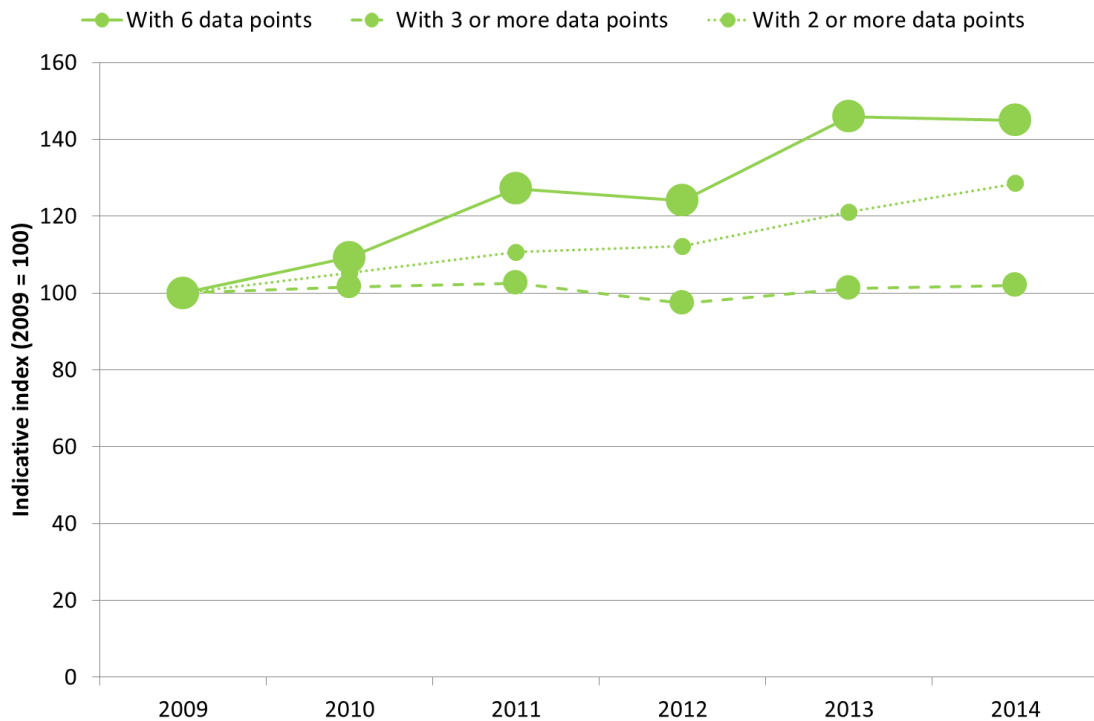
5.97 The resulting estimates of the patterns of growth are shown in Figure 5.13 and Figure 5.14 below.

Figure 5.13: Estimates of international coach passenger growth (2009-2014)



Source: Steer Davies Gleave analysis of data from national statistical departments, see text for details.

Figure 5.14: Estimates of international coach passenger-kilometre growth (2009-2014)



Source: Steer Davies Gleave analysis of data from national statistical departments, see text for details.

- 5.98 Figure 5.13 suggests that passenger numbers fell slightly in 2010 before growing until 2014. Depending on the extent to which markets with only limited data are included in the estimation process, the overall growth since 2009 or 2010 appears to be in the range 50±10%.
- 5.99 Figure 5.14 suggests that passenger-kilometres have risen slowly since 2009. Depending on the extent to which markets with only few data points are included in the estimation process, the overall growth since 2009 appears to be in the range 20±20%.
- 5.100 We conclude that while there may have been a decline in international coach travel in 2010, there has been at least some growth since then, although the higher rise in reported passenger journeys than estimated passenger-kilometres suggests that average trip lengths have been falling.

Estimates of international market size

- 5.101 Comparing Table 5.8 and Table 5.9, it can be seen that only eleven Member States either report international passenger volumes or estimate international passenger-kilometres. These do not include the large Member States of Germany, Spain, France and the United Kingdom.
- 5.102 In addition, as we indicated in paragraph 2.6, international bus and coach vehicle-kilometres and passenger-kilometres are reported in different, and mutually inconsistent, ways by different Member States. This means that reports of international travel by the Member States are neither exclusive nor exhaustive:
- Data are not exhaustive where each Member State only reports travel in its territory, or of operators registered in it.
 - Data are not exclusive where both Member States A and Member State B report passengers travelling from A via B to C.
- 5.103 Data reported by individual Member States may, if reported on a consistent basis each year, be a guide to changes over time¹⁶. However, it is not possible either to combine data from Member States or to use data from one Member State to estimate data for another Member State.
- 5.104 Table 5.8 and Table 5.9 suggest a 2014 market, in ten or eleven mainly small Member States, of approximately 10 million passenger trips and 23 billion passenger-kilometres. The EU-wide market is likely to be several times larger.
- 5.105 Note that our 2009 report did not include disaggregated data for international markets. However, the data reported in Figure 5.13 and Figure 5.14 indicate significant growth since at least 2010, suggesting that operators in a number of Member States have begun to exploit new market opportunities following the liberalisation of international services enabled by the Regulation.

International coach fares

- 5.106 Many data on average coach fares in some Member States combine both domestic and international markets, as we discussed in Chapter 2.

¹⁶ In practice, this is not the case. Sweden's data appears to be based on an average international trip length of 252 kilometres from 2009 to 2011 and 207 kilometres in 2013. Both average distances appear small, given that the Swedish coach network radiates from Stockholm, which is 360 kilometres from the nearest land border.

5.107 Consistent data on international fares are more difficult to collect, for a number of reasons:

- There are 756 combinations of pairs of Member State (fares may differ by direction), although in practice fares are not offered between all possible Member State pairs.
- Member States may collect data on domestic or total transport volumes and revenues, allowing the estimation of an average yield per passenger or per passenger-kilometre, but, as noted in paragraph 2.6, do not identify international transport on any consistent basis.
- Where international coach routes are new, following liberalisation at either European or domestic level, there may be no time series of fares data, and initial fares may be low to attract new customers and to make maximum use of committed capacity.

5.108 Nonetheless, for a sample of international coach services, listed in Table 5.10, we identified the lowest available fare by coach and rail for travel on the day and one week and one month ahead. The table sorts the resulting fares in descending order of the ratio of coach to rail fare.

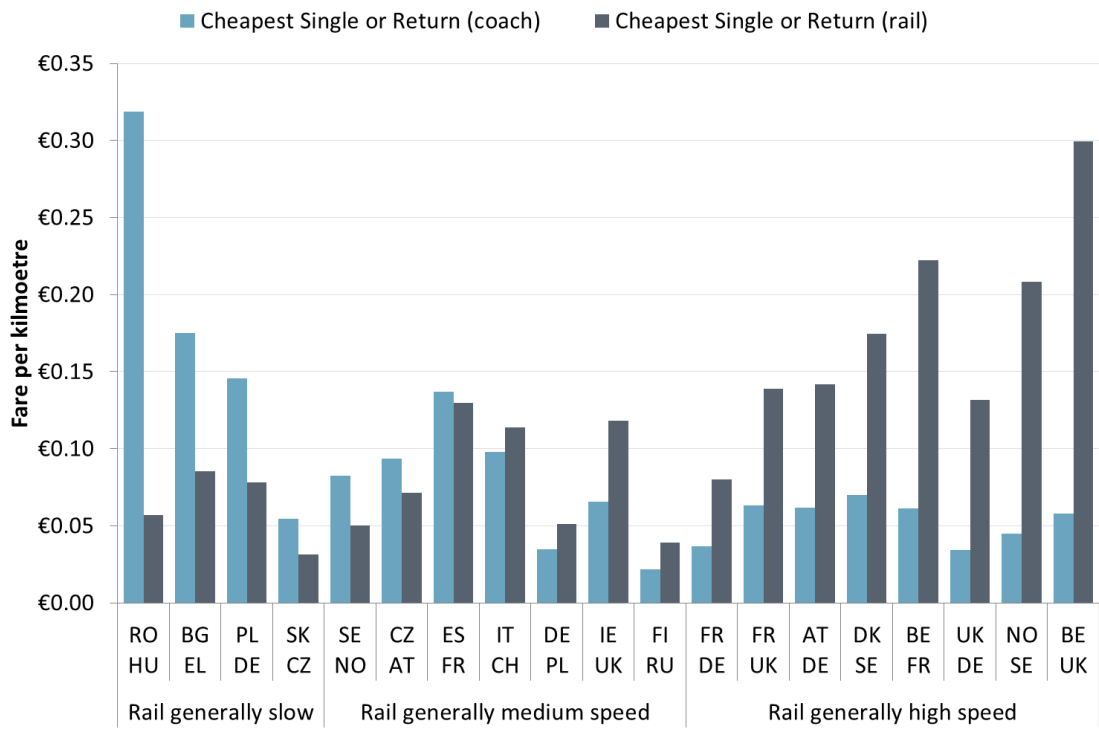
Table 5.10: Cheapest fares for international coach and rail journeys

Note that quoted fares from the destination may differ from those from the origin				Rail quality	Cheapest single or return fare per kilometre		Coach fare as percentage of rail fare
Origin	Destination				Coach	Rail	
RO	Timisoara	HU	Budapest	Slow	€0.32	€0.06	561%
BG	Sofia	EL	Thessaloniki	Slow	€0.17	€0.09	205%
PL	Poznań	DE	Berlin	Slow	€0.15	€0.08	187%
SK	Bratislava	CZ	Prague	Slow	€0.05	€0.03	175%
SE	Stockholm	NO	Oslo		€0.08	€0.05	164%
CZ	Prague	AT	Vienna		€0.07	€0.07	131%
ES	Barcelona	FR	Marseille		€0.14	€0.13	105%
IT	Milan	CH	Geneva		€0.10	€0.11	86%
DE	Berlin	PL	Warsaw		€0.03	€0.05	68%
IE	Dublin	UK	Belfast		€0.07	€0.12	56%
FI	Helsinki	RU	Sankt Peterburg		€0.02	€0.04	55%
FR	Paris	DE	Frankfurt	High speed	€0.04	€0.08	46%
FR	Paris	UK	London	High speed	€0.06	€0.14	46%
AT	Vienna	DE	Nürnberg		€0.06	€0.14	44%
DK	Copenhagen	SE	Göteborg		€0.07	€0.17	40%
BE	Brussels	FR	Paris	High speed	€0.06	€0.22	28%
UK	London	DE	Köln	High speed	€0.03	€0.13	26%
NO	Oslo	NO	Göteborg		€0.05	€0.21	22%
BE	Brussels	UK	London	High speed	€0.06	€0.30	19%

Source: Steer Davies Gleave analysis of on the day, and week and month ahead coach and rail fares 2015-2016.

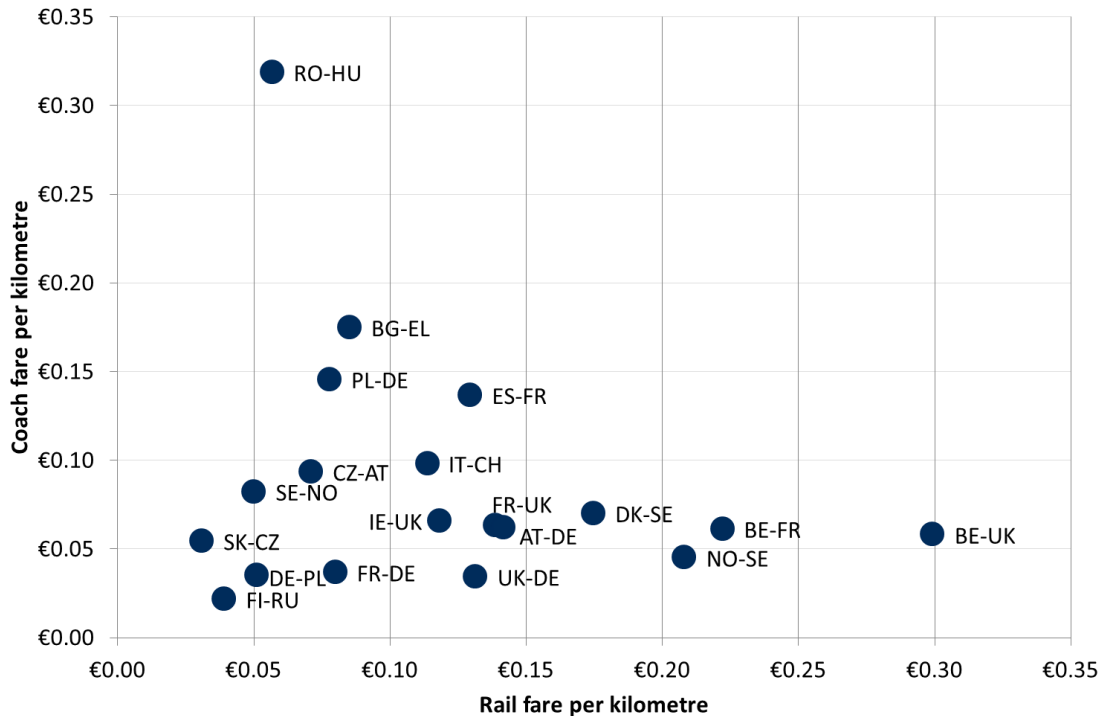
5.109 Figure 5.15 shows the relative fares in the form of a bar chart and Figure 5.16 shows them as a scatter diagram with rail fare per kilometre on the horizontal axis.

Figure 5.15: Cheapest fares for international coach and rail journeys



Source: Steer Davies Gleave analysis of operator websites, 2015-2016

Figure 5.16: Cheapest fares for international coach and rail journeys



Source: Steer Davies Gleave analysis of operator websites, 2015-2016

The effect of rail journey time

- 5.110 Figure 5.15 suggests that a major explanatory factor in the relative fares for coach and rail services is their relative quality, in particular journey time (highlighted on the horizontal axis). Most international coach services are cheaper, on a fare per kilometre basis, than the equivalent rail service. This may be because rail often offers faster journeys and can therefore act as a market ‘price-maker’.
- 5.111 Conversely, the highest ratio of coach to rail fares we found was between Timisoara in Romania and Budapest in Hungary, where there are two trains each day taking over six hours to travel 250 kilometres. Christian Transfers provide a frequent coach service taking only 4 hours, although the service is closer to a private minibus shuttle than to a normal full-sized coach service. Rail services between Sofia and Thessaloniki are also poor, with a single daily train taking over seven hours to travel 350 kilometres, but there are several coach services taking five hours.
- 5.112 The lowest ratio of coach to rail fares we found was between Brussels and London, where Eurostar high speed rail services operate nine times per day and take as little as 2 hours, whereas the Eurolines coach services takes 6½-7½ hours.

The effect of air competition

- 5.113 One apparent anomaly to this finding is for travel between Oslo and Sweden:
- From Stockholm to Oslo, the train takes 4½ hours for a 570 kilometre journey, and the cheapest coach fare is over 60% more than the cheapest rail fare.
 - From Oslo to Göteborg, the train takes 3 ½ hours for 350-kilometre journey, and the cheapest coach fare is nearly 80% less than the cheapest rail fare.
- 5.114 However, flights between Oslo and Stockholm are both cheaper and more frequent than those between Oslo and Göteborg. A possible explanation is that rail fares are depressed (to €0.05 per kilometre) to compete with air on the Stockholm to Oslo corridor, but rail can price up (to €0.21 per kilometre) on the shorter Oslo to Göteborg corridor.
- 5.115 Similarly, both rail and coach fares per kilometre to and from London fall with distance: the per-kilometre fare from Brussels to London is €0.30 by rail and €0.05 by coach, but London to Köln, where air is the dominant mode, is €0.13 by rail and €0.03 by coach¹⁷.
- 5.116 A key issue may be that air journey times, and hence costs and fares, rise only slowly with distance. This means that air is increasingly attractive compared to rail at longer distances, but that coach can remain competitive with air if it charges sufficiently low fares.
- 5.117 On balance, Figure 5.16 suggests that coach operators are sometimes able to charge fares below €0.05 per kilometre, but will charge many times more where they have market power.

Competition and barriers to entry

- 5.118 We have not carried out a detailed analysis of competition in international services although, as we noted in paragraph 5.36, it can be dynamic and fast-changing.

¹⁷ High fares for international rail journeys to/from London may, in part, be due to high access charges for passage through the Channel Tunnel.

- 5.119 We note that Regulation 1073/2009 allows operators to apply for Community licences and particularly authorisations in the most convenient, or easiest, Member State. We also note that the Danish Transport and Construction Agency, for example, has never refused a request for international regular services (see Appendix A, A.85).
- 5.120 However, many of the potential barriers to entry into domestic markets listed in Table 4.10 and paragraph 4.87 may also affect international services, including:
- prohibitions on the use of local bus stops for coach services;
 - lack of facilities for safe loading and unloading at tourist attractions and coach parks;
 - restrictions in central city tourist areas; and
 - where coach terminals exist, either lack of capacity at, or difficulties in gaining access to, them, which we discuss further in Chapter 6.
- 5.121 Moreover, we consider that the availability of terminals with good quality facilities (such as well-signed interchanges, and relevant and accessible passenger information) are particularly important in the case of international services. This is because international passengers are more likely to be unfamiliar with at least at one end of their journey, and hence to consider a service that terminates at a location with poor information and/or connections to be unattractive.

Key findings and conclusions

Findings from case studies

- 5.122 Coach operators can add and remove routes relatively easily, allowing them to enter markets on a trial basis, or to modify services rapidly as markets change.
- 5.123 As with domestic coach services, operators may act in partnerships, groups or alliances if this enables them to offer a more effective network. Operators may provide, under subcontract, international or cabotage services in a number of Member States.
- 5.124 The provision of coach services, and their relative success, will generally depend on the characteristics of competing modes including car, rail and air. These may change with further investments in road, rail or airport infrastructure. However, coach is often able to serve more stopping points than rail or air, because it is not necessarily constrained by the need for expensive fixed terminals.
- 5.125 Barriers such as the change of rail gauge, between the Baltic States and Poland, and the Alps, between France and Italy, can hinder or help coach as a mode. However, even where coach is slower, less frequent and less comfortable than other modes, its lower costs mean that it can often remain in the market by offering lower fares, or by not charging for heavy baggage.
- 5.126 The critical factor to the provision of new international services can be more general domestic liberalisation in one or more of the Member States involved.
- 5.127 International coach services and networks can be dynamic, with competition sometimes leading to price wars and the subsequent withdrawal of one or more operators.

Article 28 reports on control documents

- 5.128 Article 28 of Regulation 1073/2009 requires the Member States to report on various documents including Community licences, certified true copies, authorisations and journey forms (control documents). In practice, this information appears to be of limited value in monitoring the market, for a number of reasons:

- Article 25 of Regulation 1073/2009 also allows Member States to simplify or abolish control documents.
- In different years, control documents for an international service may be returned to different Member States, and so national time series data, where available, may not be based on the same services and markets.
- The process of reporting focuses on permissions granted in the past, rather than services operated in the present (see paragraph 5.67) and provides only a poor guide to actual events in the market.

5.129 To address all these weaknesses it would be necessary, as a minimum, to introduce a requirement for operators to record and report, and competent authorities and Member States to collate, data such as passenger numbers and passenger-kilometres by Member State pair, based on ticket sales or origin-destination data. Such a reporting requirement could form part of a broader monitoring framework of the kind outlined in the previous chapter.

5.130 Statistical returns to the Commission from the Member States suggest that, between 2010 and 2014, covering the first three years from December 2011 in which Regulation 1073/2009 was in force, the number of valid Community licences rose by 3% and the number of certified true copies rose by 14%. This suggests that growth has come from expansion and/or consolidation of operators, rather than a higher number of operators.

5.131 Only a small number of authorisations for cabotage have been issued, whether for regular, special regular or occasional services. A possible explanation is that there is limited benefit in extending journey times on a long international service to serve domestic passengers, and that it may be better to allow connections between domestic and international services at hub points.

Member States' own data

5.132 As with domestic services, only some Member States report estimates of activity in international coach markets. Those that do report estimates exclude the large Member States of Germany, Spain, France and the UK, and the way in which they report data is neither exhaustive nor exclusive: it cannot meaningfully be added together. In addition, information derived from their reports does not always seem plausible (average trip lengths) or gives mixed messages (Poland reports declining international routes but growing passengers and passenger-kilometres).

Market growth and size

5.133 Nevertheless, the evidence reviewed indicates that, subject to a number of assumptions, between 2009 and 2014 the international coach market experienced growth of 50±10% in passenger numbers and 20±20% in passenger-kilometres. Taken together, these estimates suggest that the average international coach trip is getting shorter. Further, the data available indicate consistent growth since 2010. Coupled with the data on control documentation reported above, and against a backdrop of recession and slow recovery, this reinforces our conclusion that international market liberalisation has supported the development of competitive and responsive international coach services.

5.134 The data available do not allow an accurate estimate of the overall market size, but it may be several tens of millions of passengers per year travelling, on average, several hundred kilometres each.

International coach fares

- 5.135 Information on international coach routes, international coach passengers, or international coach passenger-kilometres provides no indication of revenues or fares. We examined the cheapest available fares on a number of international coach routes and compared them with the cheapest available fares for the same journey by rail. While our sample was small, it appears that:
- At long distances, air may be the main mode, but coach operators can offer fares as low as €0.05 per kilometres.
 - Where rail services are faster and more frequent than coach services, coach may be an “inferior good” and rail may charge a fare many times the coach fare. This is particularly the case where there are high speed rail services, and across the English Channel between London, Brussels, Paris and, to a lesser extent, Köln.
 - Where rail services are slower and less frequent than coach services, rail may be an “inferior good” and coach may charge a fare many times the rail fare. This is particularly the case on the routes we examined in the EU13.
- 5.136 If coach has the lowest costs per passenger-kilometre, it can remain in markets in which it is slower and less frequent than other modes, often by charging lower fares but also by allowing passengers to carry heavy baggage, or by exploiting its lack of dependence on terminals to serve a wide range of points than its rail and air competitors.

Competition and barriers to entry

- 5.137 As with domestic services, international coach operators may face barriers to entry at national, regional and local levels through lack of suitable facilities or either compulsory use of, lack of capacity at, or difficulties in obtaining access to, suitable terminals. We would expect access to terminals, and facilities such as information on onward connections and local transport, to be particularly important for international passengers.

6 Terminals

Introduction

6.1 Regulation 1073/2009 does not define or refer to “terminals”. Regulation 181/2011, which we discuss in greater detail in Chapter 7, states that:

“Terminal” means a staffed terminal where according to the specified route a regular service is scheduled to stop for passengers to board or alight, equipped with facilities such as a check-in counter, waiting room or ticket office.

6.2 However, Regulation 181/2011 neither requires that such terminals exist, nor requires that regular services make use of them, nor clarifies whether a terminal can be part of a site, facility, structure or building defined elsewhere in legislation as, for example, a railway station, ferry terminal or airport.

6.3 In practice, many coach services serve points without check-in counters, waiting rooms or ticket offices. For example, the Danish Transport and Construction Agency pointed out that it has no standards for terminals: some only provide a place to stop, while others provide waiting rooms, toilets and ticket offices.

6.4 In this chapter we discuss in turn:

- terminals across the EU;
- provision, control and regulation of terminals;
- ensuring access to existing capacity;
- adding or relocating capacity; and
- the example of bus and coach services at London’s Heathrow airport, which includes the UK’s busiest single coach station and illustrates the potentially complexities of terminal operations, ownership and regulation;

Terminals across the EU

6.5 Table 6.1 lists nearly 60 terminals we have identified in the Member States, together with their location relative to other transport facilities.

Table 6.1: Terminals: examples

Member State	City or terminal	Owner or details	Designated (PRM)	Routes and/or operators	Within 1000 metres of central area	Accessibility			
						Bus or tram	Metro	Main/major railway station	Motorway
AT	Vienna International Busterminal (VIB)	Blaguss	✓		3,700	✓	✓	✗	✓
BE	Brussels Gare du Nord		✓		1,300	✓	✓	✓	✗
BG	Sofia	"Централна автогара" АД	✓		1,400	✓	✓	✓	✗
BG	Plovdiv Rodopi		✓			✓	✗	✓	✗
BG	Plovdiv South	Автогара "Юг"				✓	✗	✓	✗
BG	Plovdiv North	Автогара "Север"				✓	✗	✗	✗
CY	Nicosia Solomou Square		✓	4	✓	✓	✗	✗	✗
CZ	Prague Florenc		✓		1,400m	✓	✓	600m	✗
CZ	Brno Zvonařka		✓		1,400m	✓	✗	800m	✗
CZ	Brno Grand				✓	✓	✗	350m	✗
CZ	Ostrava central bus station		✓		1,700m	✓	✗	Minor station	✓
DE	Berlin Zentraler Omnibus-bahnhof (ZOB)				8,000m	✓	✗	200m	✓
DE	Hamburg Zentraler Omnibus-bahnhof (ZOB)		✓		✓	✓	✓	✓	✗
DE	Hannover Zentraler Omnibus-bahnhof (ZOB)				✓	✓	✗	✓	✗
DE	Mannheim Zentraler Omnibus-bahnhof (ZOB)		✓		1,200m	✓	✗	✓	✗
DE	Munich Zentraler Omnibus-bahnhof (ZOB)				2,500m	✓	✗	Minor station	✗
DK	Ingerslevsgade (on street)				✓	✓	✓	✓	✗
DK	Århus Rutebilstation		✓		✓	✓		300m	✗
EE	Tallinn Bussijaam	T grupp as	✓		1,600m	✓	✗	✗	✗
EL	Athens Kifisos (A)	KTEL			3,100m	✓	✗	✗	✗
EL	Athens Liosia (B)	KTEL			2,900m	✓	✗	✗	✗

Member State	City or terminal	Owner or details	Designated (PRM)	Routes and/or operators	Within 1000 metres of central area	Accessibility			
						Bus or tram	Metro	Main/major railway station	Motorway
EL	Thessaloniki	KTEL			3,900m	✓	✗	✗	✓
EL	Larissa	KTEL			✓	✓	✗	1,500 m	✗
ES	Madrid Mendez Alvaro	City of Madrid	✓	8 operators	3,200m	✓		✓	
FI	Helsinki Kamppi		✓		✓	✓	✓	300m	✗
FI	Tampere		✓		✓	✓	✗	700m	✗
FR	Paris Bercy		✓	Ouibus only?	2,800m	✓	300m	Minor station	✗
FR	Paris Gallieni		✓	Eurolines only?	4,900m	✓	✓	✗	✓
HR	Autobusni Kolodvar Zagreb	Zagrebački Holding d.o.o.	✓		1,500m	✓	✗	1000m	✗
HU	Budapest Népliget				4,300m	✓	✓	850m	✗
IE	Dublin Busáras	Córas Iompair Éireann (CIÉ)	✓		✓	✓	✗	✓	✗
IT	Bologna Autostazione	Municipality and City		81 operators	✓	✓	✗	200m	✗
LT	Vilnius		✓	166	1,900m	✓	✗	400m	✗
LT	Kaunas	Kautra	✓	113	1,200m	✓	✗	✓	✗
LT	Klaipėda		✓		2,000m	✓	✗	✓	✗
LT	Šiauliai	Busturas	✓		✓	✓	✗	700m	✗
LT	Panevėžys		✓		✓	✓	✗	✗	✗
LU	Luxembourg Gare Routière		✓		✓	✓	✗	✓	✗
LV	Riga International Coach Terminal	Rīgas starptautiskā autoosta	✓		✓	✓		350m	✗
MT	Valletta			Bus only, no coach network	✓	✓	✗	✗	✗
NL	Amsterdam Sloterdijk		✓	2 (Ouibus, MeinFernbus)	4,300m	✓	✓	✓	✓
PL	Warszawa Zachodnia		✓		3,600m	✓	✗	✓	✗
PL	Krakow				✓	✓	✗	✓	✗
PT	Sete Rios		✓		3,000m	✓	800m	✓	✓
RO	Bucharest Filaret		✓	22 operators	1,500m	✓	300m	✓	✓
RO	Timisoara Autotim	Autogara Autotim S.A		16 operators	2,400m	✓	✗	500m	✗
SE	Stockholm	Storstockholms Lokaltrafik	✓		✓	✓	✓	✓	✗
SE	Jönköping				✓	✓	✗	✓	✗
SE	Umeå		✓		✓	✓	✓	50m	✗
SE	Luleå				✓	✓	✗	150m	✗

Member State	City or terminal	Owner or details	Designated (PRM)	Routes and/or operators	Within 1000 metres of central area	Accessibility			
						Bus or tram	Metro	Main/major railway station	Motorway
SI	Avtobusna postaja Ljubljana				✓	✓		✓	✗
SK	Bratislava Mlynské Nivy		✓		1,500m	✓	✗	✗	✗
UK	London Heathrow Central Bus Station	Heathrow Airport Limited			N/A	✓	✓	Airport station	✗
UK	London Heathrow Terminal 4	Heathrow Airport Limited			N/A	✓	✓	Airport station	✗
UK	London Heathrow Terminal 5	Heathrow Airport Limited			N/A	✓	✓	Airport station	✓
UK	London Victoria	Transport for London	✓		2,200m	✓	500m	300m	✗
UK	Birmingham	National Express	✓		✓	✓	✗	500m	✗
UK	Belfast Europa	Translink	✓		✓	✓	✗	✓	✗

Source: Steer Davies Gleave analysis, note that terminals are not systematically provided in some Member States.

Note: terminals are illustrative and may not be representative or the most important in the Member State or city.

Note: "Designated (PRM)" refers to whether a terminal is designated under Article 12 of Regulation 181/2011.

- 6.6 We sought information on the number of passengers or services using terminals, or the effective number of stands or gates, to enable us to identify their relative sizes and importance, but in practice this information was rarely available. In Germany, for example, the Ministry of Transport and Digital Infrastructure (BMVI) stated that 43 terminals had been identified, but these could not be ranked in importance because exact passenger numbers were not available.
- 6.7 Nonetheless, Table 6.1 enabled us to identify wide variations in a number of areas:
- location and accessibility to other public transport; and
 - direct access to the long-distance motorway network.
- 6.8 Table 6.2 groups some of the terminals listed in Table 6.1 according to their location in the urban area. While this analysis is limited, it illustrates some of the patterns of provision and the issues faced in locating, relocating, or duplicating terminal capacity.

Table 6.2: Terminals: examples of locations

Location	Examples	Rationale and issues
At main railway station	Brussels, Sofia, Plovdiv, Hamburg, Hannover, Mannheim, Copenhagen, Madrid, Dublin, Vilnius, Kaunas, Klaipėda, Warsaw, Krakow, Bucharest, Stockholm, Jönköping, Umeå, Ljubljana, Belfast	Coach and rail operator may have been in common ownership. Provides coach/bus/rail/taxi and often tram/metro interchange.
Elsewhere in city centre	Nicosia, Brno (Grand), Århus, Larissa, Helsinki, Tampere, Bologna, Šiauliai, Panevėžys, Riga, Valletta, Luleå, London Victoria, Birmingham	Common in cities with no or minor long-distance railway services.
By suburban transport hub or minor railway station	Ostrava, Munich, Paris Bercy, Budapest	If a suburban location is chosen, a site with rail connections will add connectivity.
Adjacent to the motorway network	Vienna International Busterminal (ViB), Berlin, Thessaloniki, Paris Gallieni, Amsterdam, Lisbon	Can reduce the impact of congestion on journeys into and out of the city centre. May be counter-productive without other transport links.
None of the above	Prague, Brno (Zvonařka), Tallinn, Athens, Zagreb, Timisoara, Bratislava	Terminals appear to be poorly located.

Source: Steer Davies Gleave analysis.

- 6.9 Some coach terminals are also the local urban and suburban bus stations, and all the coach terminals we examined had at least some local bus services, although these might not be a major node on the local bus network, as is the case in Luleå. In practice, as we noted in Chapter 2, and can be seen from the example of Heathrow Airport in Table 6.5, the distinction between buses and coaches is not always clear, especially when different types of vehicle are used on the same services.
- 6.10 Connections to rail services are more variable, particularly where rail and bus were seen as competing, rather than complementary modes. Even in cities where metros exist, coach terminals do not always have good access to them, as in Athens and London.

At main railway stations

- 6.11 Many terminals are collocated with the main railway station, which is often in the city centre and within walking distance of activities such as offices, shops and hotels. This is likely to occur where the national rail operator is also a coach operator. However, even railway stations not in the centre are likely to provide connectivity through taxi, bus, any local rail services and, in larger cities, tram or metro. If the national rail operator owns or manages the railway station terminal, it may be in a position to abuse its market power.

Elsewhere in the city centre

- 6.12 Some cities, including some with few if any railway services, have a coach terminal, typically also the bus terminal, in the city centre. The terminal therefore provides a combination of coach, bus and taxi services and a central location.
- 6.13 In the UK, London's main coach terminal at Victoria Coach Station is several hundred metres from the nearest Underground (metro) and railway stations and nine kilometres from the nearest grade separated route out of London. In practice, however, the size of cities such as London, Berlin and Paris makes it difficult to identify one ideal location for a coach terminal.

By suburban transport hubs

- 6.14 Where city centre locations are not used, some terminals are at suburban transport hubs or, failing that, at least adjacent to a suburban railway station.

Adjacent to the motorway network

- 6.15 Some coach stations have been located either on the motorway network or at the end of a spur leading into the urban area. This can minimise overall coach journey times, particularly when roads are congested, but may not prove attractive to passengers without onward links such as by tram and metro:

- In Berlin, the Zentraler Omnibus-bahnhof (ZOB, central bus station) is eight kilometres west of the city's notional centre point. This appears to reflect its original purpose of linking West Berlin with West Germany between 1949 and 1990, and providing direct access to the transit motorways to the west, but is less relevant to the needs of connecting the reunified city with destinations in all directions.
- In Paris, Gallieni coach station is built into a junction on the Boulevard Périphérique.

Other locations

- 6.16 Finally, the location of some terminals is neither central nor accessible to other transport modes. This may be because it has never proved possible to find a location for a terminal within a dense, and often historic, city centre but can mean that the only ready means of onward travel may be by a local bus route or by taxi.
- 6.17 In Athens, there are plans (see Appendix A, A.67) to consolidate the existing terminals at Kifisos and Liosia into a new central terminal at Elleonas, which will be integrated with the metro system. However, the terminal is projected to cost over €50 million, and it is not clear whether and when it will proceed.

Terminal provision, control and regulation

- 6.18 Table 6.3 summarises a number of examples of the patterns of ownership and regulation of bus and coach terminals drawn from Table 6.1 and from our studies of the Member States in Appendices A and B. It shows:
- the number of terminals designated under Article 12 of Regulation 181/2011;
 - whether coach operators are permitted to call at ordinary bus stops;
 - the (non-exhaustive) patterns of ownership we could identify in the Member States; and
 - the (non-exhaustive) list of bodies regulating some or all aspects of the terminal which we could identify in the Member States.

Table 6.3: Terminals: examples of ownership and regulation models

Terminal or MS	Terminals		Ownership models identified						Legal framework or regulatory bodies identified				
	Designated	Bus stops used	National authority	Regional authority	Local authority	Coach operator	Railway	Other private	National law	National transport authority	Local transport authority	Local planning authority	Sector regulator
Heathrow								●	●	●	●	●	●
AT	1	Mix				●					●		
BE	1	Yes											
BG	2	Mix											
CY	16	Mix							●				
CZ	7				●	●							
DE	2		○	○	●	○					●		
DK	1				●	●		●	●		●		
EE	1	Mix											
EL	26		●			●		○					
ES	4	Mix			●			●					
FI	13												
FR	11	Mix		●	●	●	●		●	●	○	○	
HR	3	×			●	●		●	●				
HU	28		●		●								
IE	4				●		●						
IT	1												
LT	9												
LU	1												
LV	1	Mix				●							
MT	0	N/A											
NL	1	×		●	●								
PL	1		●	○				●					
PT	6				●								
RO	87												
SE	3	Mix			●								
SI	1	Mix			●			●					
SK	12	Mix											
UK	3	Mix			●		●	●	●		●	●	●

Source: Steer Davies Gleave analysis.

Note: × = all bus stops closed to coaches, Mix = some bus stops used by coaches, Yes = only bus stops, no terminals.

Note: ● = example confirmed to exist, ○ = we were informed that examples exist, but have not identified them.

6.19 We discuss in turn below the variations in terminal provision, ownership, which in some cases is by operators, and regulation.

Provision

6.20 Provision of terminals is variable:

- Some Member States appear to expect or require the competent national, regional or local authorities to provide bus and coach terminals.
- Others, such as Belgium and France, have no systematic provision of terminals.

6.21 We also attempted to identify which terminals had enclosed waiting areas, but found little information and a wide range of different levels of protection from the elements. The latter possibly reflects different attitudes to protection from the weather, which appear to depend on variations in local expectations and particularly in climate:

- In Sweden, many terminals provided heated waiting space with gates direct to the coach stands and, in the case of Jönköping, the collocated railway platform (although we note that Jönköping is not designated under Article 12 of Regulation 181/2011).
- In Cyprus, Nicosia's terminal is designated under Article 12 of Regulation 181/2011, but we have not been able to confirm the existence of any facilities other than shade from heat and rain.

6.22 There is also wide variation within Member States:

- In Denmark, the Århus Rutebilstation has been designated under Article 12 of Regulation 181/2011. However, the Danish Transport and Construction Agency informed us that some operators choose to stop elsewhere, apparently to avoid the fees for its use. There is no terminal in the capital, Copenhagen, where the main stopping point appears to be on-street, near the main station.
- In Greece, 26 terminals have been designated, but these do not include either of the KTEL terminals in the capital and largest city, Athens.
- In Finland, Helsinki has a relatively new underground coach terminal with 35 gates, but Tampere, the third largest city, has a recently-restored coach station dating from 1938.

6.23 Finally, there is also wide variation within individual cities:

- In Bulgaria, Plovdiv's designated Rodopi terminal is close to the South terminal (Авторапа "Юр") which is not designated.
- In the Czech Republic, Brno has both a designated terminal at Zvonařka and an on-street terminal outside the Grand Hotel, which is more convenient for the city centre.

Ownership

6.24 A variety of ownership models exist, including ownership by national, regional and local government, by operators, by the railway infrastructure manager, by an airport (in the case of London Heathrow and other airports), or privately by other parties. The Danish Transport and Construction Agency, for example, reported that some coaches use ferry terminals. We note that the owner of the terminal might not be the operator, particularly where the terminal is part of a multi-function complex including other activities such as a shopping centre, as in Helsinki Kamppi and Stockholm Cityterminalen.

Regulation

6.25 One major issue of regulation is the extent to which coach operators are required either to use a terminal specified by the competent authorities or, in some cases, to procure or provide

their own, or are permitted to use on-street bus stops. Considering the use of on-street bus stops:

- In the Netherlands, this is not permitted.
- In France, this may be the only option available to operators other than SNCF.
- In Belgium, this is normally the only option available to any operator.
- In Sweden and the UK, this may be an integral part of the service offer, as in the case of Flygbussarna (see Appendix A, Figure A32) and the Oxford Tube (see Appendix A, A.377).

6.26 In some cases terminal owners or managers publish access conditions and prices, but we have not attempted to investigate the exact details because:

- The terms and conditions of access to individual terminals may vary from terminal to terminal, even within a single city or a “campus” such as Heathrow.
- The terms and conditions for use of on-street bus stops, if permitted at all, may vary between competent authorities.

6.27 Use of terminals by operators may also be either obligatory, such as where coach services are not permitted to call at local bus stops, or commercially necessary, to attract passengers. However, as we noted in Table 4.10, stakeholders in a number of Member States reported difficulties of access to terminals. We discuss in turn below:

- Ensuring access to existing capacity, which stakeholders reported could be or had been restricted in Austria, the Czech Republic, France, Croatia and the UK.
- Expanding capacity at terminals where allocation is on a transparent and non-discriminatory basis, but there is no longer any spare capacity, as at Stockholm’s Cityterminalen and London’s Victoria Coach Station.

Terminals: ensuring access to existing capacity

6.28 Access to terminals may be managed on a number of different bases, which we illustrate in Table 6.4 and discuss further below.

Table 6.4: Terminals: approaches to managing access

Member State		Vertical integration	Exclusive rights	Quantity licensing	Allocation of stands to operators	Allocation of time slots to operator
EL	Greece			KTEL cooperatives		
PL	Poland	Most terminals				
SE	Sweden				Cityterminalen	Cityterminalen
UK	UK		Heathrow		Heathrow	Victoria Coach Station

Source: Steer Davies Gleave analysis.

6.29 Note that we did not identify any specific examples of allocation of capacity by an independent or neutral regulatory body, as is often required in the allocation of airport slots and is mandated for railways by Article 7 of Directive 2012/34.

Vertical integration

6.30 Vertical integration between a terminal and an operator is possible, and this may result in discrimination against, or exclusion of, other operators, whether space is available or not.

- In Spain, our 2009 study identified a serious case of illegal abuse of a dominant position by a vertically integrated terminal operator¹⁸. However, of the stakeholders in Spain contacted in the current study, neither the Public Administration, nor associations of bus operators and terminals operators, nor the operators themselves, identified discriminatory barriers to entry to terminals (see Appendix A, A.127).
- In Poland, our 2009 study noted that virtually all terminals are owned and managed by the dominant bus operators, the PKS/PPKS companies, and there had been complaints of discriminatory treatment by other operators¹⁹. However, none of the stakeholders contacted in the current study reported any discriminatory barriers to entry.

Exclusive rights

- 6.31 Another approach to allocation of capacity is to grant exclusive rights to one or more operators, which could in principle occur through a concession arrangement.
- 6.32 One example of exclusive rights is found at Heathrow, where the many hotels in the airport originally each provided their own shuttle bus service. With 29 recognised airport hotels requiring connections to four terminals in three locations, this resulted in a profusion of different buses operating in different liveries to different timetables.
- 6.33 This has now been replaced by the “Heathrow Hoppa” service, under which National Express operates 28 routes between the terminals and the hotels, as shown in Figure 6.1 below.

¹⁸ “Study of passenger transport by coach”, 1.22

¹⁹ “Study of passenger transport by coach”, 1.21

Figure 6.1: United Kingdom: Heathrow Hoppa hotel services

Find your Hotel Hoppa...

Hotel Name	T2 & T3	T4	T5
Crowne Plaza London Heathrow	H1	H51	H51
DoubleTree by Hilton London Heathrow Hotel	H7	H56	H56
easyHotel Heathrow London	H8	★	★
Heathrow Hotel	H4	H54	H54
Heathrow/Windsor Marriott Hotel	★	★	H55
Hilton Garden Inn	H9	H56	H56
Hilton London Heathrow Airport T4	★	H57	H57
Hilton London Heathrow Airport T5	★	H57	H57 H57X
Holiday Inn London Terminal 5	★	H57	H57
Holiday Inn Express London Heathrow T5	★	★	H55
Holiday Inn London Heathrow Ariel	H6	H56	H56
Holiday Inn London Heathrow M4 Junction 4	H1	H51	H51
Hotel Ibis London Heathrow Airport	H6	H56	H56
Hotel Novotel London Heathrow Airport	H1	H51	H51
Leonardo Hotel London Heathrow	H4	H54	H54
London Heathrow Marriott	H3	H53	H53
Mercure Hotel Heathrow	H8	★	H58
Park Inn London Heathrow	H3 H8	H54	H54
Premier Inn Heathrow Airport Bath Road	H6	H56	H56
Premier Inn Heathrow Airport M4 Junction 4	H8	★	H58
Premier Inn Heathrow Airport Terminal 5	H4	★	H52 H58
Radisson BLU Edwardian Heathrow Hotel	H3	H53	H53
Renaissance London Heathrow Hotel	H6 H7	H54	H54
Sheraton Heathrow	H4	H54	H52 H54
Sheraton Skyline Hotel London Heathrow	H3	H53	H53
Sofitel London Heathrow	★	H53	H56
Thistle London Heathrow Terminal 5	H4	H51	H51 H52
Travelodge Heathrow Central	H7	★	★
Travelodge Terminal 5	★	H57	H59

★ No direct bus service from this terminal, please connect to your desired terminal using the free Heathrow Express train service (follow the overhead wayfinding signage for directions)

6.34 While this is arguably an example of regulation, rather than liberalisation, our assessment of the consolidated access arrangements is that it may bring a number of advantages:

- For the airport, it reduces volumes of traffic and the need for coach stands, and results in a single operator responsible for all hotel services.
- For the operator, it offers better load factors (hotels in the same direction combined into a route), and scope to manage the fleet to prioritise passengers waiting at hotels for departing flights.
- For the passengers, it provides a consistent brand, location, price and standard of service (some or all of which may be controlled or incentivised by the airport).
- For the hotels, there is no need to own, procure, manage or staff a dedicated bus service.

- 6.35 In contrast, Heathrow has relatively few car hire companies, each of which may generate sufficient demand to fill its own dedicated and branded service, and to take responsibility for any delays to its customers, and these continue to operate independently.
- 6.36 This suggests that exclusive rights to use a coach terminal may be advantageous for passengers, operators, terminal owner and other parties, at least in specific circumstances.

Quantity licensing

- 6.37 Our 2009 study noted that quantity licensing was used in Greece to limit the number of operators on each route, and that this also had the effect of managing demand to be within the capacity of the terminals²⁰.
- 6.38 Quantity licensing could in principle also be applied to terminals directly as a means of managing demand, for example by a planning authority or terminal manager wishing to limit the overall levels of traffic at a coach terminal on a non-discriminatory basis. In principle it would be possible to issue permits to call at the terminal, and to allow these to expire, be returned, be exchanged or be traded on a secondary market. However, we note that some of these mechanisms could result in a dominant operator exploiting its position to exclude potential competitors.

Allocation of stands to operators

- 6.39 At terminals where capacity is not highly constrained it may be practicable to dedicate one or more stands or gates to each operator, as illustrated in Figure 6.2.

Figure 6.2: Sweden: bus terminal gate dedicated to an operator



Source: Steer Davies Gleave, taken at Flygbussarna gate at Cityterminalen, Stockholm.

²⁰ “Study of passenger transport by coach”, 6.19

- 6.40 This shows a gate at a terminal dedicated to an operator specialising in airport coach services. Focusing these services on a specific gate allows associated facilities such as the operator's ticket machines and airline check-in machines to be collocated, and minimises the need for airlines passengers with baggage to move between gates.
- 6.41 Allocation of stands to operators also forces the operators to internalise any conflicts within their own scheduling and can incentivise them to arrange their timetables so that their services can be provided with the minimum total number of stands. However:
- It can still be relatively inefficient at terminals served by many small operators, none of which requires a stand at all times.
 - It does not in itself help manage peaks in arriving and departing traffic, which our 2009 study noted had been an issue at Victoria Coach Station²¹.
 - If even the smallest operator must pay for a stand, rather than (say) pay a tariff per coach movement, the charges could be seen as discriminatory against small operators.

Allocation of time slots to operators

- 6.42 An alternative approach to the allocation of terminal capacity is to allocate time slots to operators. This approach is used at Cityterminalen in Stockholm and Victoria Coach Station in London.
- 6.43 For example, an operator with a 12:00 departure might be allocated a stand which they were entitled to occupy for 30 minutes, illustratively from 11:35 to 12:05, but which might be used immediately beforehand or afterwards by a different operator. Arriving coaches might use a common drop-off area, which they may need to occupy for a few minutes while passengers and baggage are unloaded. However, if the coach scheduled to take the 12:00 service were scheduled to arrive at 11:40, but actually arrived at 11:20, it might have to leave the terminal and wait elsewhere until its stand became available. This could create an issue of where coaches should or may wait for the variable period between their actual arrival time and their scheduled departure time. Under these circumstances it would appear sensible to have mechanisms whereby the operator could enter its allocated stand early, provided that it was available.
- 6.44 Allocation of time slots to operators has the potential to make more efficient use of constrained terminal space. In our 2009 study, we noted that Cityterminalen was considering reducing the time slots from 30 minutes to 15 minutes to increase effective capacity²². It has now standardised on windows of 5 minutes on arrival and 15 minutes at departure, with an additional discount for "quick loading" departures with a maximum time of 5 minutes. However, unless operators have dedicated gates, there may be limited scope for them to customise their service or to collocate facilities such as ticket desks and machines or information relevant to their services.
- 6.45 In practice, it may in any case be most effective for terminal managers to give large operators a number of dedicated stands, within which the operator itself can manage out-of-time arrivals and departures without interfering with other operators. However we identified a number of potential difficulties with allocation of time slots:

²¹ "Study of passenger transport by coach", 6.10

²² "Study of passenger transport by coach", 6.10

- Operators of short distance services, or those with reliable journey times, might be able to operate reliably with shorter slots. Imposition of a fixed 30 minute slot for all operators might be seen as imposing a cross-subsidy from operators with reliable journey times and rapid turnarounds to operators with unreliable journey times and slow turnarounds.
- Allowing large operators to have dedicated stands, and to pay by the stand rather than by the slot or coach movement, might allow them to operate with shorter average time on stand, but might be seen as forcing cross-subsidy from small operators to large operators.
- More widely the standard slot duration, or the relative charges for slots and stands, might be manipulated to enable effective discrimination between operators.

6.46 In addition, at terminals offering volume discounts, allocation of time slots does not in itself result in equal treatment between small and large operators. Stockholm’s Cityterminalen, for example, offers volume discounts of up to 70% on the rates paid by the smallest users.

Grandfather rights to slots

6.47 Capacity at other terminals may be allocated on the basis of “grandfather rights”, whereby existing operators are entitled to continue to operate their services, subject to some means of defining what minimum change, such as to timing, calling pattern or final destination, constitutes a new services. Grandfather rights are recognised in the allocation of airport capacity, where they may in principle be open-ended, with an existing operator effectively permitted to operate in perpetuity. Pre-existing access agreements are honoured in the allocation of railway capacity, although the maximum permitted length of a “framework agreement” is 22½ years²³, consisting of 15 years followed by a 50% extension. In contrast, at some terminals operators must reapply for terminal slots each year, a non-discriminatory approach which allows new operators an opportunity to obtain capacity.

6.48 In summary, while there are precedents for grandfather rights not only at coach terminals but also at airports and on the railway network, once capacity becomes constrained their effect may be to favour incumbents and potentially to exclude new entrants.

Trading of terminal capacity

6.49 On railways, capacity at terminals and capacity between them cannot readily be separated, so any railway operator requires a series of contiguous “diagrams”, schedules by which their trains can operate around the network, including making calls at station platforms, in a way which is both operationally efficient and commercially attractive. Trading of rail capacity is explicitly forbidden²⁴:

“Any trading in infrastructure capacity shall be prohibited and shall lead to exclusion from the further allocation of capacity.”

6.50 In practice, the nature of rail infrastructure capacity is that, once the infrastructure becomes heavily utilised, direct exchanges of capacity between operators would only be possible if they provided identical services. Any material change might require the development, under regulatory supervision, of a wholly new timetable for all operators.

²³ Directive 2012/34 Article 42 (6)

²⁴ Directive 2012/34 Article 38 (1)

- 6.51 Trading of airport slots between airlines is not formally permitted in European law. However, exchanging slots between airlines is permitted, with the effect that de facto trading takes place by two airlines exchanging a worthless slot for a valued one in exchange for a payment not formally recorded as being related to the transaction. Trading can be broadly effective as a means of enabling airlines to acquire the arrival and departure slots they require to introduce new services at a congested airport.
- 6.52 We did not identify any evidence of capacity at any coach terminals being the subject of trading, or of independent capacity allocation by the infrastructure owner, by a committee of operators, or by regulation. However, we note that the creation of a formal regulatory framework for the allocation and pricing of capacity at coach terminals might be complex and expensive.

Terminals: adding or relocating capacity

- 6.53 Subject to the issues of allocation of capacity discussed above, many terminals appear to have adequate capacity for current services, particularly if they were built at times when car ownership was lower.
- 6.54 This is not always the case, however, and as we noted in paragraph 4.69, in Germany, Sweden and the UK, there were observations that terminals with non-discriminatory access criteria were now having to exclude operators through lack of capacity. More generally, where demand is increasing, particularly after liberalisation, there may be a need either to expand existing terminals or to relocate from a small terminal to a large one. Where use of on-street bus stops is not permitted or inappropriate given the service offer, liberalisation may also create a need to build a new terminal for as yet wholly unproven demand.
- 6.55 The experience of deregulation in Great Britain was that a number of operators rushed to create “terminals” on vacant land, with limited or no passenger facilities. An example is shown in Figure 6.3 overleaf.
- 6.56 Stakeholders in Germany have reported that the rapid growth of services since liberalisation in January 2013 has exposed both a shortage of terminals and a shortage of capacity at existing terminals. One commented that many of the services emerging are unable to serve city centre locations.
- 6.57 However, locating suitable sites for new terminals and obtaining funding and planning permission, followed by any necessary site clearance, construction and commissioning, may be time-consuming or problematic. We note in Appendix A (A.67) that a planned new central terminal in Athens at Elleonas, integrated with the metro system, is projected to cost over €50 million, and it is not clear whether and when it will proceed.

Figure 6.3: United Kingdom: improvised London coach station after 1985 deregulation



Source: Peter White.

Terminals case study

- 6.58 We begin by illustrating the potential complexities of terminal operation with the example of the bus and coach terminals at London's Heathrow airport, summarised briefly in Table 6.5.

Table 6.5: Terminals: example of operations at London Heathrow airport

Feature	Details	Comments
Ownership	Heathrow Airport Limited (HAL)	HAL is a private company with a variety of shareholders
Number of bus stations operated	Central bus station for T2 and T3	This is the busiest bus and coach terminal in the UK
	Terminal 2	Local bus and coach services
	Terminal 3	Local bus and coach services
	Terminal 4	Local and long-distance bus and coach services
	Terminal 5	Local and long-distance bus and coach services
Services provided	Long-distance coach services	National Express and other operators
	City to airport coach services	National Express
	Local buses with London	PSO buses are free within the airport area
	Local buses to outside London	Some local routes operate “cross-boundary”
	Staff car park shuttle buses	Provided by Heathrow for airport workers
	Public car park shuttle buses	Provided by Heathrow and car park operators
	Car hire shuttle buses	Provided by car hire companies
	Hotel Hoppa buses	Provided by National Express for local hotels
Regulatory bodies	Department for Transport (DfT)	Responsible for liberalised long-distance coaches
	Transport for London (TfL)	Responsible for local PSO services
	Civil Aviation Authority (CAA)	Economic regulator of the airport
	London Boroughs	Planning authorities for airport and its activities

Source: Steer Davies Gleave analysis, see text for details.

- 6.59 Many city centres have coach terminals, but long-distance travel is often dominated by rail services from the central railway station. In contrast, many airports have no rail connections and are reliant on bus or coach services for almost all surface access by passengers and workers. In addition, air travel is growing rapidly, with the effect that some of the busiest coach terminals are now at airports.
- 6.60 Heathrow is Europe’s busiest passenger airport, handling 73.4 million passengers in 2014. Despite also having rail and metro (Underground) connections, its Central bus station is the UK’s busiest single coach station, with 1,600 services a day to over 1,000 destinations, including 500 by coach. However, Terminals 4 and 5, which are outside the central area of the airport, are also served by a number of long-distance coach services, and each terminal also has a range of local bus and coach services.
- 6.61 The range of services includes not only long-distance coach services, such as between central London and the airport terminals, which are wholly liberalised, but also PSO local bus services operating within the regulated environment within London, and deregulated non-PSO local bus services operating between the airport and points outside London. In addition, a range of shuttle services (not necessarily as originally defined in Regulation 684/92) are provided to connect the terminals to airport staff car parks, airport public car parks and off-airport car park providers, and to the depots of the major car hire companies. Finally, there is a system of “Hotel Hoppa” buses to local hotels, which we discuss further below.
- 6.62 Heathrow is adjacent to the intersection of the M4 and M25, at that point the busiest motorway in Europe, and highly accessible by road. The presence of so many regular coach

services means that Heathrow coach stations, built to serve airport users and workers, have also become major hubs for coach-to-coach transfer, enabling coach passengers to make connections without the need to travel into the congested urban area.

- 6.63 Heathrow also demonstrates the potential complexities of the regulatory environment within a Member State. The long-distance coach market, notionally overseen by the Department for Transport, is liberalised, in principle allowing any operator to provide commercial services. However, the airport is also subject to economic regulation by the CAA, which licenses the airport and has powers to control its charges for the use of airport facilities, and to require some revenues to be used to reduce charges to airlines through a “single till” approach. Finally, the airport is subject to a number of planning controls, covering not only aviation activities but also the provision and management of surface access. These may either be general planning arrangements of the London boroughs directly affected (the airport itself lies within the London Borough of Hillingdon) or specified as conditions for the operation of the airport (the airport’s operations are subject to conditions intended to limit local road traffic, congestion, noise and pollution).
- 6.64 The regulatory environment at Heathrow is particularly complex, with access to the terminals being constrained by a mix of national and local law, airport regulation and licence conditions, planning conditions, and contracts between the airport and its users, which themselves are subject to competition law. Heathrow’s bus and coach facilities, and the regime which governs their use, might have been very different if the airport, or the bus terminals within it, were owned by a national or local authority.
- 6.65 In addition, Heathrow is only one of six airports in the London area, of which two are within London and four are outside it. All have different requirements for long-distance and local coach services, are in different ownership, with different local authorities and different regulatory regimes. As we discussed in paragraph 4.69, two airports which have refused access rights to coach operators have been challenged for abuse of dominance.
- 6.66 The example of Heathrow, and the variety of arrangements for coach terminals at airports serving the same city in the same Member State, illustrate a number of issues which may be relevant to the consideration of access to other bus and coach terminals:
- There is a potentially wide range of services, from infrequent long-distance services, through specialised shuttle buses, to local PSO buses, all of which will require access to the terminal.
 - There are potential complexities of regulation through a number of different bodies. In particular, any harmonisation of access to terminals at European level might need to interact with, or override, a wide range of national, regional and local regulatory, licensing, planning and contractual arrangements.
- 6.67 This also raises a potential issue if there were to be further liberalisation of access to routes or terminals:
- If a terminal like Heathrow was excluded from liberalisation, there would be no right to operate long-distance services to it, potentially even if the airport and a coach operator came into common ownership.
 - If a terminal like Heathrow were included in liberalisation, it might no longer be possible to prevent local business such as hotels from offering their own services, potentially limiting the ability of the terminal owner, and the local authorities, to manage traffic and congestion.

- 6.68 Special regular services may be needed at Heathrow and other airports for workplace transport, which would require access to facilities in the airport, even if these were not owned or controlled by the airport operator or by other airport employers.
- 6.69 Occasional coach transport is mostly carried out on the routes specified by the organisation or individual that procures the service. In principle, however, operators or travellers might wish to procure an occasional service to or from an airport as part of an excursion or conference arrangement.
- 6.70 In summary, at some locations such as airports, terminals may be used by any or all of regular, special regular and occasional services. We would expect similar issues to arise at locations such as railway stations and ferry terminals. We note that each terminal may, in principle, have different access conditions and regulatory arrangements, all of which international coach operators seeking access to terminals must comply.

Key findings and conclusions

The flexibility of coaches

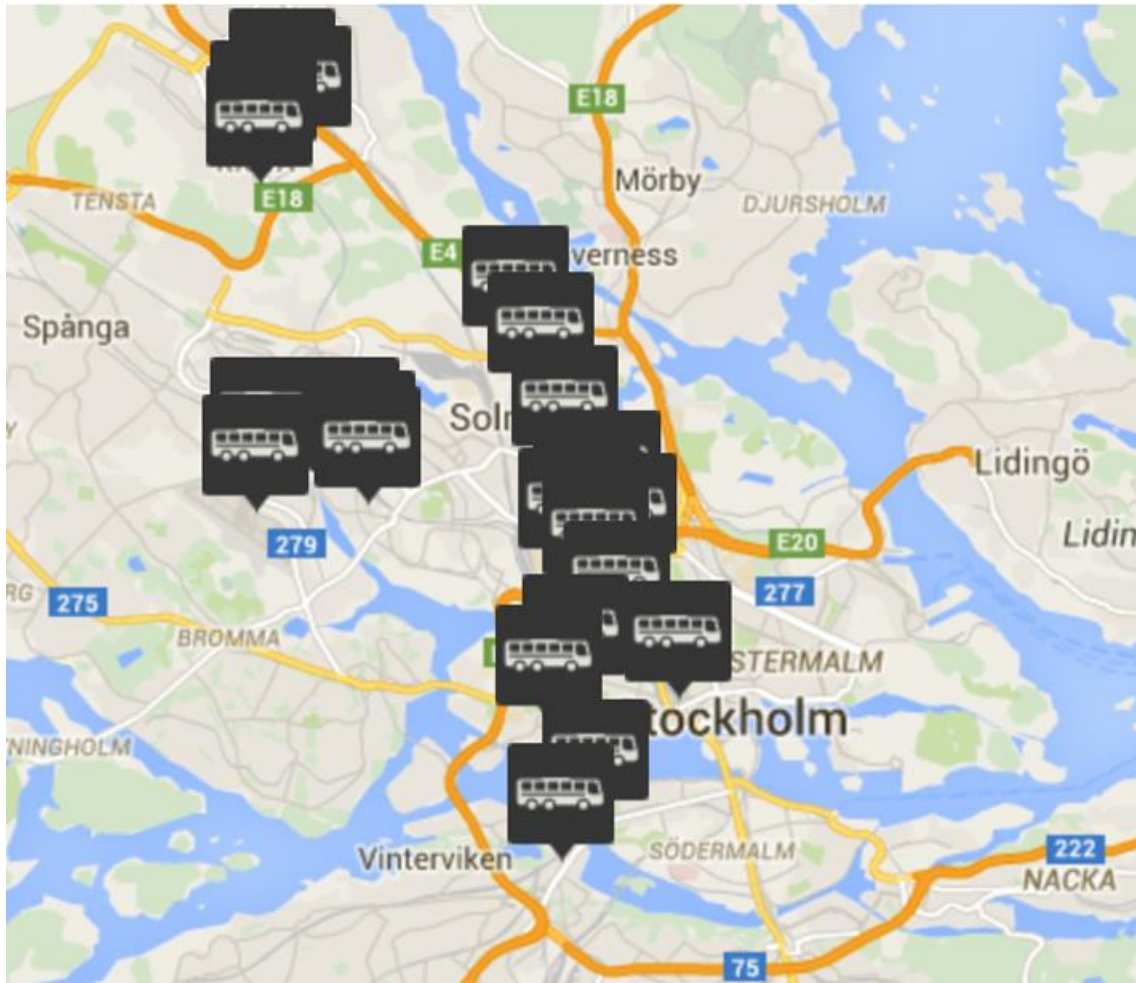
- 6.71 A key competitive advantage of bus and coach modes is that they are extremely flexible and often require little or no dedicated en route or terminal infrastructure. However, for long-distance operators whose passengers may require access to local public transport networks or safe, secure and comfortable facilities for interchange to other coach services, access to terminals is often important at key nodes on the coach network. In light of this, where access to terminals is restricted whether through capacity constraints, secondary legislation (such as low emission zones) or discriminatory practices this is likely to disproportionately impact upon international operators.
- 6.72 Railways require a dedicated fixed “en route” infrastructure and also stations at every point at which passengers may enter and leave the system. While some intermediate stations may be little more than a raised surface next to the track, plus appropriate signage and lighting, terminal stations often have only one or two platforms, and the arrival and departure of every single train needs to be carefully timetabled and coordinated. Railway infrastructure is defined by a list of items in an Annex to Directive 2012/34, and includes “passenger and goods platforms, including in passenger stations and freight terminals” and “access way for passengers and goods, including access by road and access for passengers arriving or departing on foot”.
- 6.73 Aircraft have much less requirement for “en route” infrastructure (although in practice large volumes of airspace are subdivided and controlled) but require substantial “terminals” based around a runway, often including extensive infrastructure for passengers to arrive, wait, be processed and leave. Airports are defined by the International Civil Aviation Organization (ICAO) and the definitions reflected in European and national law.
- 6.74 Buses and coaches, in contrast, make use of the general highway infrastructure and can pick up and set down passengers on any suitable surface, whether on the public highway network or not. None of the many types of bus and coach services listed in Table 2.2 necessarily requires a special terminal, although the attractiveness, and hence competitiveness of the service offer may depend on the operator accessing terminal facilities.
- 6.75 Occasional services may link a wide range of origins and destinations, and our 2009 study noted that special regular transport is based around the school or workplace concerned, and does not usually require a coach terminal.

The need for terminals

- 6.76 Access to terminals is principally an issue for regular services, operators of which often choose, or are required by the competent authorities, to make use of specific fixed terminals.
- 6.77 The range of facilities (such as well-signed interchanges, and relevant and accessible passenger information) and onward connectivity which the majority of coach terminals provide makes them particularly attractive (and important) for operators of long-distance coach services where catchment areas for access and egress may be large, and where the propensity for passengers to interchange between services is greater than in other market segments. In light of this, where access to terminals is restricted whether through capacity constraints, secondary legislation (such as low emission zones) or discriminatory practices this is likely to disproportionately impact upon international operators.
- 6.78 In Germany, for example, the BMVI informed us that operators' choice of stops and terminals is a commercial decision, but "Proximity to city centres and satisfactory connections to other modes is always reported. Quality services for passengers and bus crew is available at most large bus stations but not at medium and smaller ones".²⁵
- 6.79 Nonetheless, we identified some operators who provided regular services designed to serve passengers who do not wish to use a central coach terminal. In Sweden, Stockholm airport coach shuttle Flygbussarna, the largest Swedish operator of airport coach shuttles, serves a number of suburban stops shown in Figure 6.4.

²⁵ Die Nähe zu Stadtzentren sowie eine zufriedenstellende Anbindung an andere Verkehrsträger ist nach den vorliegenden Meldungen in allen Fällen gegeben. Die Qualität der bereitgestellten Dienste wie Serviceleistungen für Fahrgäste, aber auch für Buspersonal, ist an den großen Busbahnhöfen meist gegeben, bei mittleren und kleineren Busbahnhöfen eher nicht.

Figure 6.4: Example of an airport coach service to multiple suburban stops



Source: Flygbussarna

- 6.80 In the UK, we also identified the 100-kilometre long Oxford Tube (see also Appendix A, A.377). This links a number of suburban stops in Oxford, via an intermediate stop at a motorway junction, with a number of suburban stops in London, in under two hours, but does not use a terminal in London.
- 6.81 However, the attractiveness of other services can depend on access to terminal facilities enabling passengers, for example, to interchange, find information on the route to their final destination and buy refreshments before or after a journey. As we noted in paragraph 6.62, for example, Heathrow airport is attractive to coach operators partly because it provides an opportunity for direct coach-to-coach interchange.

The variety of terminals

- 6.82 At the beginning of this chapter we noted that there is no definition of a coach terminal, although Regulation 181/2011 states that:

“Terminal” means a staffed terminal where according to the specified route a regular service is scheduled to stop for passengers to board or alight, equipped with facilities such as a check-in counter, waiting room or ticket office.

- 6.83 In practice even terminals which have been designated (see Table 6.3), and hence must be able to provide assistance, may not have any of these facilities.
- 6.84 Where terminals are provided, they vary widely in standard between Member States, within Member States, and even within the same city. The attractiveness of a terminal may depend not only on the facilities provided, but also on its location relative to demand, to other public transport services, and to the motorway or major road network along which services are operated.
- 6.85 The example of Heathrow airport demonstrates how a single coach terminal may be:
- used not only by regular but also by special regular and occasional services;
 - used by a wide range of operators;
 - used by, or provide connections between, a wide range of services with different functions and customer requirements; and
 - regulated or constrained by a number of bodies in ways which reflect specific local circumstances.

Terminal pricing and access

- 6.86 As we noted in paragraph 6.26, some terminal owners or managers publish access conditions and prices, but we have not attempted to investigate the exact details, because the terms and conditions of access to individual terminals may vary from terminal to terminal, even within a single city or a “campus” such as Heathrow.
- 6.87 A number of approaches are available to terminal pricing and access, and in particular to dealing with capacity constraints. The optimum arrangement, however, may depend on local circumstances including the different business models and operational requirements of different terminal users.

Barriers to entry

- 6.88 Denying operators access to a terminal, or discriminating in the allocation of capacity, may be an abuse of a dominant position since it creates a barrier to entry.
- 6.89 We noted in paragraph 6.30 that our 2009 study had identified issues of abuse of dominance in Spain and Poland, but that none of the stakeholders contacted in the current study had identified this as a problem. Stakeholders did, however, identify potential or actual issues related to terminals in other Member States, which we listed in Table 4.10 and summarise in Table 6.6.
- 6.90 We note that some cases of anti-competitive behaviour can be addressed under general competition law, as has been the case with the disputes at London Luton and Stansted airports in the UK (see paragraph 4.69). However, market entry can be constrained by a lack of capacity even in circumstances where no individual party is seeking to frustrate competition, and the challenges of reallocating capacity or expanding terminal facilities are likely to be considerable. Constraints of this kind are analogous to those at a number of major European airports, which are designated as congested under EU legislation and subject to specific capacity allocation rules, and on parts of the European rail network, which are similarly subject to legislative provisions.

Table 6.6: Terminals: barriers to entry

Issue	Member State	Issue
Discriminatory access or abuse of dominance (whether capacity is constrained or not).	Austria	<p>ÖBB Postbus is owned by the national rail operator ÖBB:</p> <ul style="list-style-type: none"> • For PSCs, one new entrant claimed that competitive tenders favour ÖBB Postbus, as services must begin in a short period which in practice only it can meet. • Commercial services are permitted where rail operator ÖBB does not object, giving it the power to permit services by ÖBB Postbus but not by other operators, creating scope for discrimination.
	Czech Republic	Anecdotal evidence of complaints and disputes arising between operators and terminal owners regarding the level of fees.
	France	The only suitable terminal space in many towns and cities is the railway station operated by SNCF, which may refuse access to potential competitors.
	Croatia	Many terminals are operator-owned and they may deny access to potential competitors. The number of complaints and proceedings has increased recently because terminal owners will not publish timetables or sell tickets for other operators.
	UK	Disputes related to access to London Luton Airport resolved in the courts. Dispute related to access to Stansted Airport being examined by the competition authorities.
No discrimination or abuse, but capacity is constrained.	Germany	Since liberalisation, there has been widespread lack of terminal capacity.
	Sweden	Stockholm's main terminal Cityterminalen is congested and, while it is operated independently of operators and without discrimination, this limits scope for new entry.
	UK	London's Victoria Coach Station, also operated independently of operators and without discrimination, is congested.

Source: Steer Davies Gleave analysis, stakeholder comments.

6.92 In our view, there is a case for considering the applicability of similar approaches to address the issue of insufficient coach terminal capacity where it arises. In particular, the concepts of designated or congested infrastructure appear relevant, as they support a case-by-case assessment of capacity requirements, consistent with minimising the regulatory burden and the development of a location-specific solution within a general framework. However, established legislation in the aviation and rail sectors is based on well-defined terms that help to ensure that regulatory processes are only triggered when specific criteria are met. Accordingly, we summarise in Table 6.7 below a number of issues which would need to be considered in the development of an equivalent approach in the coach sector. In each case we highlight where the equivalent rail-sector issue is addressed in Directive 2012/34, the "Railway Recast".

Table 6.7: Terminals: issues for consideration

Issue	Potential requirement
Definition of a terminal	To devise a definition of a coach terminal, and hence to decide whether or not this should include other stopping points including on-street bus stops. Directive 2012/34 refers to, but does not define, “station”.
Allocation of responsibilities	To determine what parties (owners, managers or regulators) should be responsible for setting terminal charges and allocating capacity. Directive 2012/34 defines the roles and responsibilities of the infrastructure manager, regulatory body and railway undertakings (operators).
Setting of charges	To define frameworks of how terminal charges should be set. Directive 2012/34 Section 2 deals with infrastructure and services charges.
Capacity allocation	To define frameworks of how capacity should be allocated, consistent with practical issues such as those that we described at London Heathrow and in our discussion of barriers to entry. Directive 2012/34 Section 3 deals with the allocation of infrastructure capacity.
Capacity constraints	To define procedures for declaring terminals to be congested and for planning and implementing capacity enhancements. Directive 2012/34 Articles 47, 50 and 51 of Section 3 set out the concept of “congested infrastructure”, “capacity analysis” and “capacity-enhancement plan” for railway infrastructure.

Source: Steer Davies Gleave analysis, Directive 2012/34 establishing a single European railway area.

- 6.93 However, while the rail legislation identified in the table provides a useful precedent, any analogous framework for addressing capacity constraints in the coach sector must take account of the characteristics of coach operations. In our view, the greater flexibility of the mode as compared with both rail and air, and the availability of business models of the kind operated by Flygbussarna and Oxford Tube, mean that terminal capacity issues will generally be less of a constraint on competition and the regulatory burden associated with enabling access correspondingly less. It follows that the success of any future liberalisation measures, whether introduced at the EU or national level, will be less dependent on relieving infrastructure constraints.

7 Persons with reduced mobility (PRM)

Introduction

7.1 We examined issues related to disabled persons and persons with reduced mobility including, to the extent possible with the data available:

- the number or percentage of disabled passengers transported by coach;
- major obstacles to the transport of disabled passengers; and
- good practices related to the access of disabled persons to coach.

The regulatory framework

7.2 The principal Regulation relating to Persons with Reduced Mobility (PRM) is Regulation 181/2011 concerning the rights of passengers in bus and coach transport. Article 3 (Definitions) states that disabled persons and persons with reduced mobility include:

“any person whose mobility when using transport is reduced as a result of any physical disability (sensory or locomotory, permanent or temporary), intellectual disability or impairment, or any other cause of disability, or as a result of age, and whose situation needs appropriate attention and adaptation to his particular needs of the services made available to all passengers”.

7.3 In summary, passengers asking to make reservations on regular services must be given physical information on request and must be offered carriage where it is physically possible, be informed of any alternatives where it is not, and given access to assistance at 36 hours’ notice at locations where Member States have required this, provided they arrive up to 60 minutes in advance.

7.4 The various Articles of the Regulation introduce other requirements. For example:

- Article 11 specifies that information on accessibility, including in accessible formats on request, shall be made available, but this can be limited to the internet unless requested by the passenger.
- Article 12 specifies that Member States shall designate bus and coach terminals where assistance for disabled persons and persons with reduced mobility shall be provided.
- Article 13 defines the disabled person's right to assistance which, in accordance with Article 2, only applies if the scheduled distance of the service is 250 kilometres or more.
- Article 14 requires that assistance be provided if the need is notified to “carriers, terminal managing bodies, travel agents or tour operators” 36 hours ahead, and that they should “facilitate the receipt of notifications”. The passenger may be asked to arrive up to 60 minutes in advance.

PRM: the current situation

- 7.5 The European Disability Forum (EDF) has published an assessment²⁶ of the implementation of the Regulation and concluded that relatively few people with disabilities are using long-distance coaches, because they remain largely inaccessible. We contacted the EDF and they provided a written statement of their principal concerns, which we summarise in Table 7.1.

Table 7.1: PRMs: summary of European Disability Forum comments

Issue	Comment
Usage of coach services by PRMs	EDF members report that use of coach services is still limited, due to a lack of accessibility of vehicles, terminals and also information, including the websites of terminal operators and transport undertakings. There is low awareness of the rights under Regulation 181/2011. The Royal National Institute of Blind People (RNIB) in UK has campaigned for more accessibility of bus services and conducted a survey of blind and partially sighted persons about their experiences ²⁷ .
Barriers to coach travel for PRMs	The main barrier is the accessibility of the services. There are also attitudinal barriers and a lack of awareness of disability issues by transport undertakings and the drivers. This could be improved by consistent training on disability awareness and on practical issues, such as how to assist a person in a wheelchair or how to communicate with a deaf person.
Attitudes towards coach travel and terminal facilities by persons of reduced mobility	See above.
The implementation of Regulation 181/2011 (including any evidence of best practice)	It is problematic that, under Article 18 of the Regulation, carriers can be granted an exemption from the obligation to train their staff, especially concerning the disability-related training (Article 16 (2)). Having the appropriate training when helping a PRM board a vehicle is important for the safety of both PRM and member of staff, and lack of training could mean endangering the health of either or both. These exemptions should be revoked or at least not be prolonged.

Source: European Disability Forum (EDF), summarised by Steer Davies Gleave.

- 7.6 Article 9 of Regulation 181/2011 provides for disabled persons and persons with reduced mobility the right to transport, but this right remains theoretical while vehicles and terminals are not accessible. Regulation 181/2011 did not introduce additional technical requirements for buses, coaches and terminals, and consequently did not contribute significantly to raising the accessibility level of vehicles and the transport infrastructure.
- 7.7 One stakeholder representing the interests of Europeans with disabilities suggested that use of coach services by PRM might remain very limited unless there were investment in both coaches and terminals. This implied that, for the situation to improve, at least some investment must take place without either proven demand for facilities or scope to use them without corresponding investment by other parties.

²⁶

http://cms.horus.be/files/99909/MediaArchive/library/EDF_Position_Paper_Implementation_Reg181-2011.pdf

²⁷ <http://www.rnib.org.uk/campaigning-current-campaigns/bus-campaign>

7.8 Our discussion below focuses in turn on PRM provision on coaches and PRM provision at terminals.

PRM provision on coaches

7.9 We asked the European Automobile Manufacturers' Association (ACEA) and the International Road Transport Union (IRU) whether they held any data on the proportion of coach fleets equipped for PRM. Both informed us that they did not collect this data, but we identified limited information, for a number of sources, on progress with the equipment of coach fleets in some Member States, which we summarise in Table 7.2 below. A number of Member States have or propose legislation to require that vehicles used for certain categories of services are equipped to carry PRM.

Table 7.2: PRMs: progress with equipment of coach fleets

Member State	Progress and deadline			Equipment of PRM facilities to date	
	Legislation	New coaches compliant	All coaches compliant	%	Comments
France	2005	2015	2018		
Germany	2012	2016	2018		New coaches have two wheelchair spaces
Ireland		2011		56%	2013 Bus Éireann, for PSO coach fleet
				32%	2013, NTA, regular services with low floor or wheelchair accessible
Spain			2020	36%	Coaches used for scheduled intercity features having "accessibility features"
UK: Great Britain	2000	2005	2020	89%	2014/15, including local buses
UK: Northern Ireland	2003		2022		

Source: www.checkmybus.com, national reports and statistics (see text), Steer Davies Gleave analysis.

7.10 In France, some coach operators mention accessible services for PRM, but it is unclear either whether all coaches are accessible or what notice must be given by PRMs to operators.

Table 7.3: PRMs: provision by coach operators in France

Operator	Coach services amenities	Notice to be given by PRM	Assistance available
Isilines/ Eurolines France	Unclear	Need to contact operator 36 hours before departure	Unclear
Ouibus (was iDBUS)	100% of coaches for international services have a dedicated space for one PRM and an elevated platform	Need to contact operator 48 hours before departure at minimum	Website mentions assistance at departure and arrival points
Starshipper	Website states that services should be available "in a few months"		
Stagecoach France	Some coaches have dedicated space for PRM and an elevated platform	Need to contact operator 48 hours before departure at minimum	Unclear
FlixBus	No information provided on website		

Source: Steer Davies Gleave research, effective September 2015.

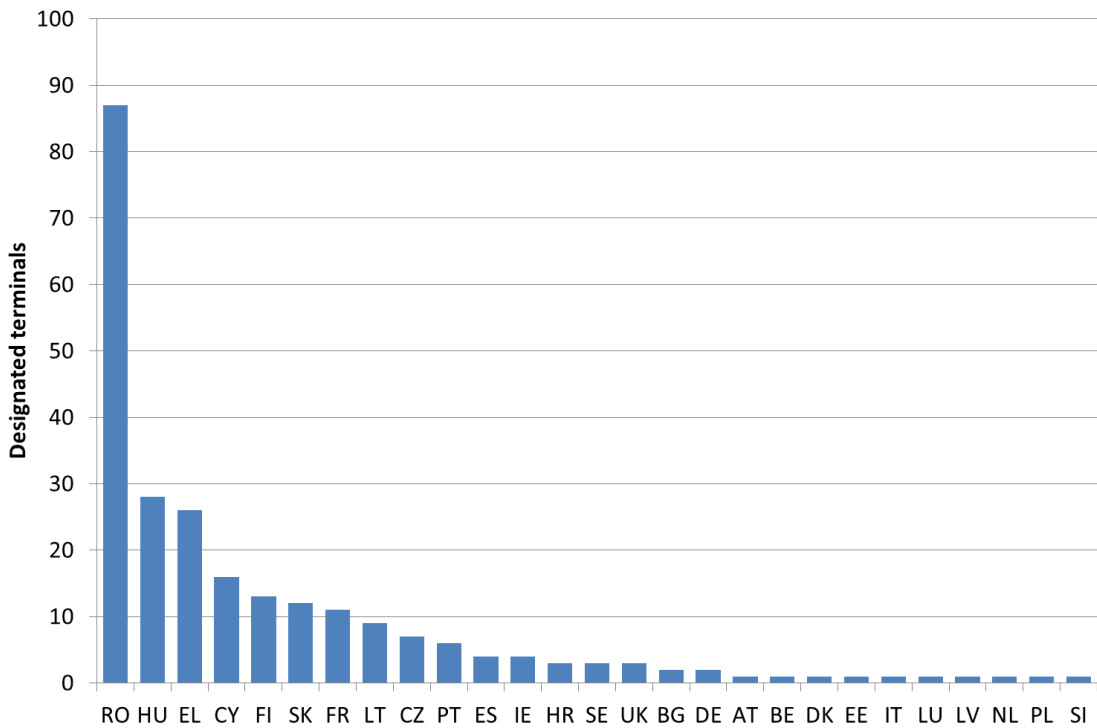
- 7.11 In Germany, the 2012 amendment to the Passenger Transportation Act (Personenbeförderungsgesetz (PBefG)) defines specific technical specifications for the accessibility of vehicles used for long-distance regular coach services. Two dedicated spaces for wheelchairs, and an on-board lift system to assist boarding of PRM, will be required:
- from January 2016, on all new buses and coaches; and
 - from January 2020, on all buses and coaches in operation.
- 7.12 In Ireland, Bus Éireann reported that 56% of the PSO coach fleet were accessible to disabled people in 2013. The National Transport Authority (NTA) reported that, of a 2013 fleet of 844 coaches, 84 had low floors and 187 had wheelchair lifts, making 32% accessible.
- 7.13 In Spain, of 1,193 coaches used for scheduled intercity services, 36% are defined as having accessibility features.
- 7.14 In the UK, the Public Service Vehicles Accessibility Requirements (PSVAR) 2000 requires that new vehicles carrying 22 passengers or more have facilities such as low floor boarding devices, space for wheelchair users, highlighting of steps, handrails for visually impaired people and priority seating.
- Since 31 December 2000, new coaches have had improved access for ambulant and sensory impaired passengers.
 - Since 2005, new coaches have been designed to provide a minimum of one wheelchair space, accessed by a ramp or a lift.
- 7.15 In all these Member States except Ireland, a firm date has been set by when all coaches must be compliant and, by implication, existing fleets will have to be modified, replaced or withdrawn from service. A possible concern is that some commercial services may be withdrawn at the deadline if operators cannot make a commercial case, or cannot procure financing, for fleet modification or renewal.

PRM provision at terminals

- 7.16 While every PRM coach passenger will require access to a coach, only a small proportion of them will require access to, or be offered the use of, a terminal.
- 7.17 Nonetheless, Article 12 of Regulation 181/2011 states that
- Member States shall designate bus and coach terminals where assistance for disabled persons and persons with reduced mobility shall be provided. Member States shall inform the Commission thereof. The Commission shall make available a list of the designated bus and coach terminals on the Internet.*
- 7.18 Figure 7.1 shows the 243 bus and coach terminals designated by Member States, as reported to the Commission at 11 February 2015²⁸.

²⁸ http://ec.europa.eu/transport/themes/passengers/road/doc/designated_bus_terminals_en.pdf

Figure 7.1: PRMs: Designated Bus Terminals



Source: Member States' returns to the Commission.

- 7.19 We have not systematically visited designated terminals, but our desk research suggests that the quality of PRM provision varies widely between Member States and between terminals within a Member State or even within a city.
- 7.20 In Bulgaria, Plovdiv's Rodopi bus terminal has been designated, but while it is adjacent to the railway station it is connected to the south terminal (Авторапа "Юр") and by a bridge over the railway. We have not been able to confirm either the proportion of coaches which use the designated terminal or the availability of assistance for connecting between the two terminals.
- 7.21 In Cyprus, the only designated terminal is in Nicosia, but we have not been able to confirm the existence of any facilities other than a shade from heat and rain.
- 7.22 In France, the accessibility of coach services by persons with reduced mobility is highly variable. Only 11 coach stations are able to provide assistance to PRMs: Paris-Bercy, Bagnole, Caen, Rouen, Strasbourg, Metz, Angers, Niort, Poitiers, Toulouse and Aix-en-Provence. In addition, a law requiring public spaces to be accessible by 2015 has seen its deadline extended, after only 40% of public spaces were found to comply. In the transport sector, urban transport was given a time limit of three years, interurban transport a time limit of six years and rail services a time limit of nine years.

Number of PRM carried

- 7.23 Figure 7.2 shows the percentage of the population in each Member State accounted for by disabled persons (both requiring and not requiring assistance) and Figure 7.3 shows the same data in terms of absolute numbers of people.

Figure 7.2: Disabled persons as a proportion of the population

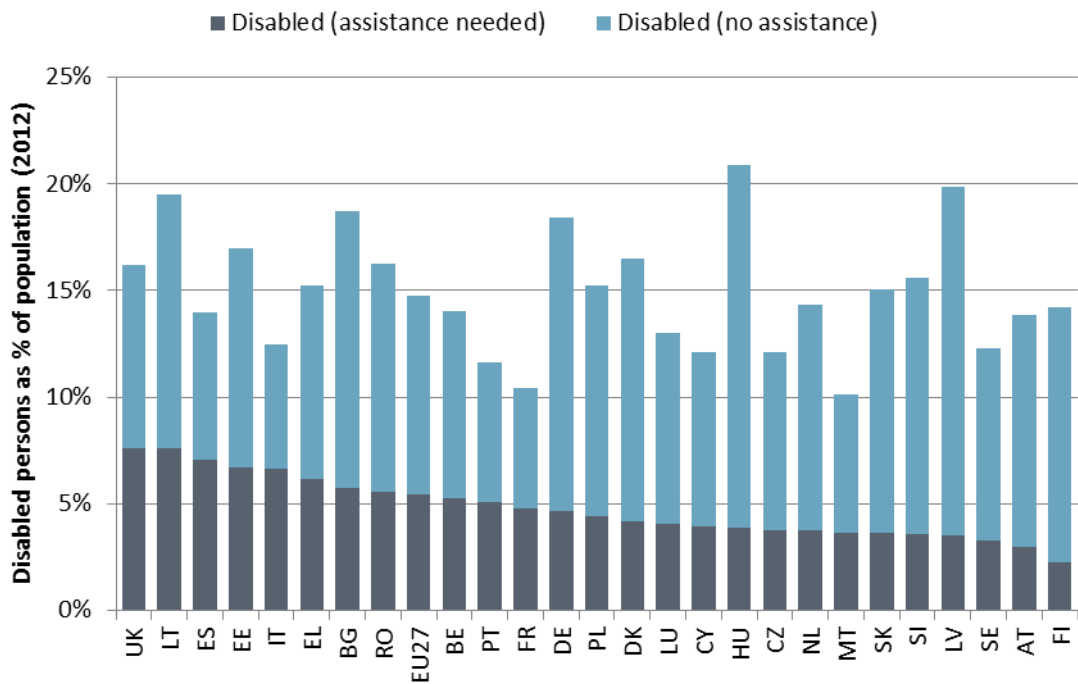
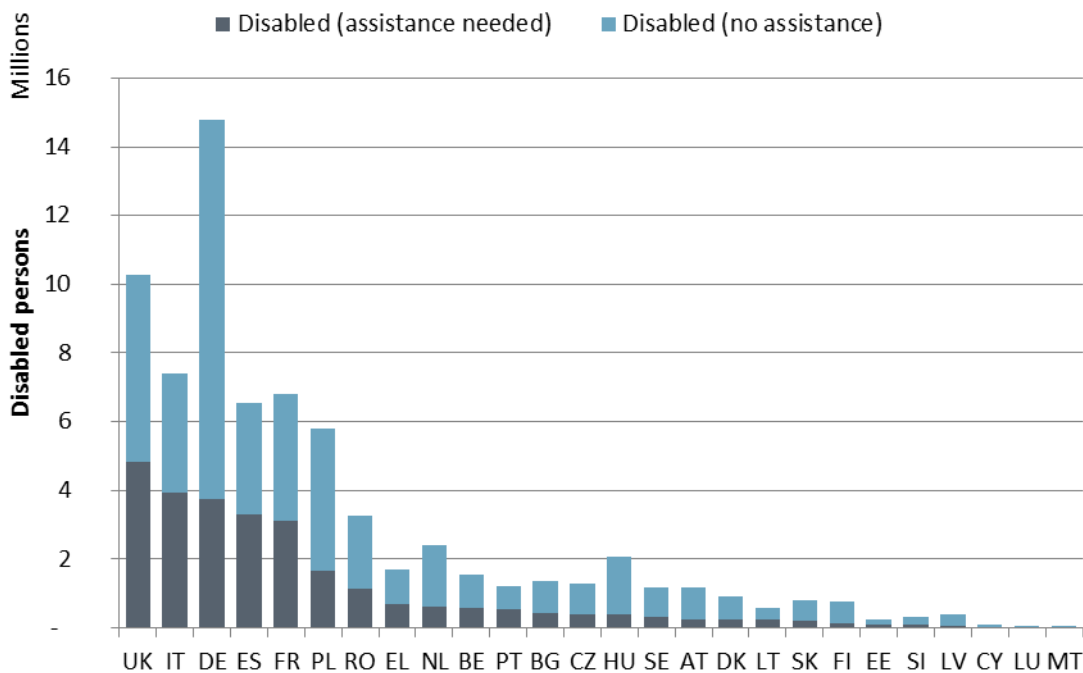


Figure 7.3: Disabled persons by Member State



7.24 The former indicates that persons requiring assistance account for 5% or more of the population in 10 Member States, including the UK and Italy, and close to 5% in a number of other large economies such as France, Germany and Poland. Moreover, in France, Germany, Italy, Spain and the UK the same category of disabled persons represents between three and five million people.

- 7.25 While Member States identify the number of citizens or residents who are PRM, we did not identify any requirements for operators to identify journeys made by PRM. The only data we found on the number of journeys made by PRM in any Member States are:
- In Denmark, the Danish Transport and Construction Agency reported 957,000 disabled passenger journeys in 2015 (see Appendix B, B.127).
 - In Latvia, Road Transport Department data reported 1,503,868 disabled passenger journeys in 2014 (see Appendix B, Table B.34).
- 7.26 In neither case have we identified what proportion of these journeys were by coach or on regular, special regular or occasional services. However, both Denmark and Latvia have designated only one terminal, so none of the journeys could have been by coach between two terminals at which assistance was available.
- 7.27 We note that the PRM community across the EU represents a material potential market, and that coach operators may be failing to capture significant numbers of passengers where they fail to invest in facilities (whether vehicle or terminal-based) that support PRM travel.
- 7.28 Given this limited data, and Given the evidence of the difficulties faced by the PRM community seeking to travel by coach (see Table 7.1), and in the light of the market potential suggested by the figures above, we discuss below the obstacles to improving facilities for PRM.

Obstacles to improving facilities for PRM

- 7.29 A number of issues were cited as general obstacles to improving facilities for PRM including:
- underlying terminal design, particular where there are multiple changes in level;
 - lack of space to provide facilities;
 - lack of funding to provide facilities; and
 - delays in implementing existing legislation (as in France, see Appendix A, A.191).
- 7.30 One issue mentioned by a stakeholder, as noted above, is that investment in terminals would be of no value until services were provided on coaches adapted to carry PRM.
- 7.31 Equally, and as exemplified by Plovdiv, provision of assistance and facilities within a terminal may be of little or no benefit if connections to other modes of transport are not covered by the assistance or no practicable for a disabled person. In contrast to Plovdiv, we illustrate in Figure 7.4 an example of a coach terminal with clearly designated step-free routes to other transport facilities nearby.
- 7.32 One stakeholder commented that *“There is a general lack of integration of coaches in the door-to-door mobility chain, which impacts their capability to meet user needs. This is mostly visible through the lack of bus and coach or multimodal terminal infrastructure in the EU and the absence of harmonised rules ensuring equal and non-discriminatory access to existing terminal infrastructure such as coach and railway stations. Access to existing terminals is often reserved for local public services, to the detriment of long distance international and domestic lines.”*

- 7.33 The German BMVI suggested that *“Sharing support staff between different modes of transport could offer an improvement, particularly for PRMs making multimodal journeys.”*²⁹
- 7.34 A third issue, particularly relevant in Great Britain and to a lesser extent in Ireland, is the use of right hand drive vehicles in these two Member States. Problems may arise where the same vehicle operates in both left hand drive and right hand drive environments. Where infrastructure (including not only on-street bus stops but also terminal bays and loading and unloading facilities) is designed for vehicles with doors and wheelchair lift on one side, it may be difficult or potentially dangerous to use a vehicle with them on the other side.
- 7.35 For regular services, this issue may be largely confined to left hand drive coaches, based in continental Europe, which travel to London’s Victoria Coach Station, where buses load at right angles to the kerb and wheelchair lifts on either side can be handled. For occasional services, in contrast, which may collect passengers at locations such as schools and take them to a range of points including tourist attractions with no off-street parking, loading and unloading can be problematic. An interviewee showed us a popular tourist destination in central London where coaches with doors and wheelchair lifts on the “wrong” side would need to unload passengers and wheelchairs direct into a busy traffic lane.
- 7.36 A fourth issue, identified by a stakeholder in Great Britain, was the increasing number of requests from the elderly to carry mobility scooters, which in some cases needed to be dismantled so that they could be fitted on board. Article 3 of Regulation 181/2011 defines a disabled person in a way (see paragraph 7.2) which appears likely to include those dependent on mobility scooters, but no specific rules or code of practice are yet in place (see Appendix A, A.358). In contrast, rail operators in a number of Member States make specific provision for travel with mobility scooters, and provide detailed information on the maximum dimensions and masses that can be accommodated.

Good practice

- 7.37 We identified examples of good practice in the provision of facilities and information at terminals.

Provision of facilities for PRM

- 7.38 In Lithuania, the Klaipėda terminal, opened in 2009, has been designed to take into account the needs of PRMs, with features including the following:
- The terminal is built entirely at ground level.
 - All doors are marked with yellow slashes to help PRMs to find door handles.
 - There are automatic doors.
 - There are toilets specifically equipped for PRMs and are wheelchair accessible.
 - At the coach decks, large numbers have been painted on the floor to help those with difficulty reading the display screens.

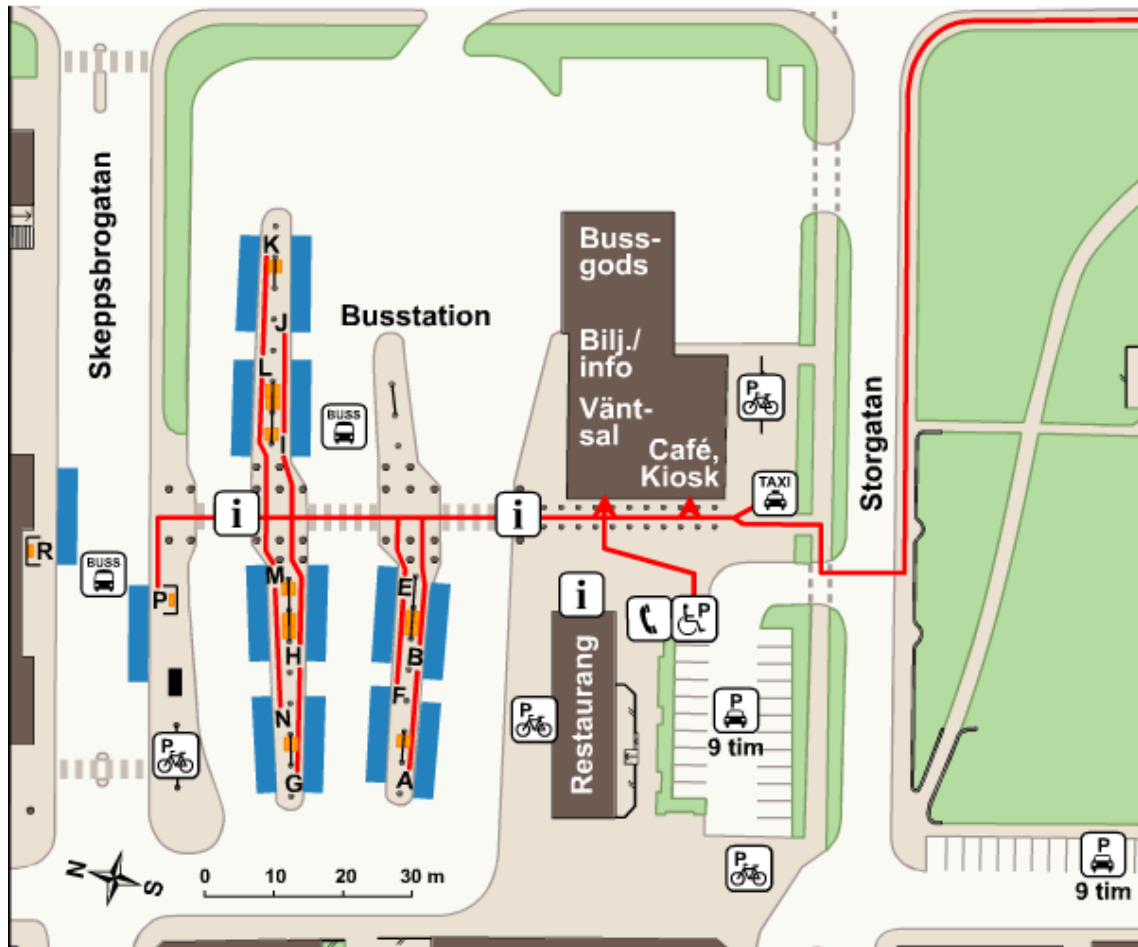
²⁹ Die gemeinsame Nutzung von unterstützendem Servicepersonal, das für verschiedene Verkehrsträger gemeinsam bereitgestellt wird, könnte zu einer verbesserten Situation insbesondere für multimodal reisende mobil eingeschränkte Personen führen.

7.39 The Kaunas terminal is now being modernised, after which it will be fully suitable for PRM travellers. As we note in Table 6.1, however, the Kaunas bus station is 400 metres from the railway station.

Provision of information for PRM

In Sweden, there is consistent provision of information on step-free routes within terminals for coach and rail travel. Figure 7.4 shows, as an example, the detailed provision of information at the terminal in Luleå, including the recommended route (departing top right) to the railway station, which is shown in the larger diagram from which we cropped the figure.

Figure 7.4: PRMs: good practice on terminal information and routes



Source: <http://www.stationsinfo.se/station/>, PRM routes shown in red, route top right leads to railway station. Note: two local bus routes serve the stops on the left, but the main central bus interchange is 400 metres away.

Key findings and conclusions

- 7.40 Disabled passengers’ rights to assistance under Regulation 181/2011 depend on whether the coach they are using is scheduled to travel 250 kilometres or more, despite the fact that disabled passengers using shorter distance interurban services have the same needs.
- 7.41 Disabled passengers’ rights to assistance under Regulation 181/2011 also remain theoretical as long as vehicles and the transport infrastructure are not accessible:
 - A number of Member States have set deadlines by which all coaches will need to be accessible. There is, however, a risk that a requirement for higher standards results in

withdrawal of coach services, or closure of coach terminals, if the parties concerned are not willing or able to fund and make the necessary investment.

- All Member States have now designated at least one terminal at which assistance is provided, although a passenger will generally require assistance at both ends of a journey and would, ideally, have access to assistance at all terminals and stopping points.
- The provision of assistance in terminals may be of limited value if it is still not possible to make connections with other modes within the area within which assistance is provided.

7.42 Accessibility has been limited in a number of Member States, particularly where provision is technically difficult, unfunded, or seen as unlikely to be beneficial without simultaneous investment in both coaches and terminals.

7.43 While we have not identified any data on coach travel by PRMs, evidence from EDF, and the proportion of the population requiring assistance, suggest that PRMs represent a significant potential market. This, in turn, indicates a need for further investigation of barriers to investment in appropriate on-board and terminal facilities. Measures to encourage or even mandate such investment would need to be developed in close collaboration with EDF and other stakeholders, and strike a balance between improving accessibility of coach services to PRMs on the one hand, and minimising the costs of market entry on the other.

8 Findings

Introduction

8.1 In this chapter, we discuss in turn our findings on:

- the size of the domestic and international coach markets;
- Regulation 1073/2009's impact on administrative burden;
- Regulation 1073/2009's impact on travel markets;
- Regulation 1073/2009's categorisation of coach services;
- Regulation 1073/2009's reporting and monitoring arrangements;
- access to terminals;
- persons with reduced mobility;
- further integration of the coach market; and
- future monitoring and information provision.

The size of the domestic and international coach markets

The domestic coach markets

8.2 Table 8.1 reproduces Table 4.7 summarising our indicative estimates of European coach market statistics, where possible focusing on data for the domestic market.

Table 8.1: Summary of indicative estimates of European coach market statistics

Metric	Units	2008 (EU25) central estimate		2014 (EU28)	
Passenger-kilometres	billion	Domestic and international	263	Domestic	285±25%
Vehicle-kilometres	billion	Domestic and international	10	Domestic	No basis found for estimate
Passenger journeys	billion	Domestic and international	6.6	Domestic	No basis found for estimate
Fleet size	million	Domestic and international	0.25	Domestic and international	No basis found for estimate
Employees	million	Domestic and international, bus and coach	1.55	Domestic and international, coach only	0.55±10%

Source: Steer Davies Gleave analysis, 2009 and 2016, all estimates are indicative.

Note: employees in coach from Table 3.4 and Figure 3.8.

8.3 Our 2009 study estimated that the combined size of the domestic and much smaller international markets in 2008 was 263 billion passenger-kilometres. We now estimate that the size of the domestic market alone in 2014 was 285 billion passenger-kilometres. Both estimates are subject to a wide margin of error (±25%).

- 8.4 Our estimates of employment in the domestic and international coach industry, shown in Figure 3.8, suggest a slight decline in overall employment since 2008.
- 8.5 These estimates are consistent with the pattern of recession and slow recovery observed since 2009. They suggest that the coach market has been relatively stable during the recession, although suppression of household income levels across much of Europe is likely to have limited the ability of the industry to exploit the benefits of international and, in some Member States, domestic liberalisation since 2009.

The international coach market

- 8.6 The international coach market is small compared with the domestic markets. We discussed in Chapter 5 the limited value of the reporting required by Article 28 as a means of monitoring the international coach market. Other than this, few Member States produce separate statistics on international services, and the use of inconsistent definitions, coupled with the Article 25 flexibility to limit or abolish control documents, limits the availability and reliability of the information produced. As is the case in many liberalised markets, a common unintended consequence of market liberalisation is a reduction in the quantity of data available upon which to assess the success or otherwise of liberalisation itself.
- 8.7 Nevertheless, the evidence reviewed indicates that, subject to a number of assumptions, between 2009 and 2014 the international coach market experienced growth of 50±10% in passenger numbers and 20±20% in passenger-kilometres. Taken together, these estimates suggest that the average international coach trip is getting shorter. Further, the data available indicate consistent growth since 2010. Coupled with the data on control documentation reported above, and against a backdrop of recession and slow recovery, this reinforces our conclusion that international market liberalisation has supported the development of competitive and responsive international coach services.
- 8.8 The data available do not allow an accurate estimate of the overall market size, but it may be several tens of millions of passengers per year travelling, on average, several hundred kilometres each.

Regulation 1073/2009's impact on administrative burden

Introduction

- 8.9 Regulation 1073/2009 envisaged that:
- “Administrative formalities should be reduced as far as possible without abandoning the controls and penalties that guarantee the correct application and effective enforcement of this Regulation.”*
- 8.10 We identified neither any major criticism of the Regulation and its implementation nor any evidence of a change in the administrative burden regarding the authorisation of international coach services, except in the specific reference in the Czech Republic to increased flexibility for cabotage.
- 8.11 The lack of major criticism of Regulation 1073/2009 suggests that it is not at the forefront of operators' or authorities' considerations regarding barriers to market entry, and is not a material deterrent to entry to international coach markets.
- 8.12 We attempted to estimate the net administrative and enforcement costs imposed or removed by Regulation 1073/2009 relative to those in existence before it came into force. We assumed

that any change in the administrative and enforcement costs resulting from the model documents provided in Regulation 361/2014 should not be attributed to Regulation 1073/2009.

Stakeholder perspectives

- 8.13 Our stakeholder questionnaire included three questions intended to gather information on the net administrative burden of the Regulation:
- What has changed since the entry into force of Regulation 1073/2009?
 - How many employees in your organisation are involved in the oversight and compliance with coach service regulations, both national and international?
 - What are the estimated compliance and administrative costs for your members (as a proportion of operating costs)? Do you consider these costs as proportionate?
- 8.14 On the changes since the Regulation, stakeholders rarely attributed to it any specific effects, and in some cases asserted that there had been no material effect. We identified two specific observations that the Regulation had had an impact:
- A positive impact, highlighted by a stakeholder in the Czech Republic, was the automatic authorisation of certain types of cabotage service under Article 15. We note (see Table 5.6) that one case of cabotage by regular services in the Czech Republic, and five in neighbouring Germany, were authorised during 2014.
 - A suggested negative impact was that some Member States had been accused of unnecessarily delaying authorisations by the maximum period permitted in Article 8. However, we concluded that this cannot be attributed to the Regulation itself.
- 8.15 On the number of employees in oversight and compliance, none identified a change in either the number of employees involved in, or the cost of, oversight and compliance.
- 8.16 Some stakeholders nevertheless commented that the administrative barriers to operating international coach services remain high in some Member States. However, these comments attribute the administrative burden to domestic practices outside the control and remit of the competent authorities, rather than to Regulation 1073/2009³⁰. It may be the case that respondents to the questionnaire are unable to distinguish the effects of Regulation 1073/2009 from domestic practices which hinder access to the international coach market.
- 8.17 On enforcement, stakeholders mentioned three specific points:
- As mentioned in paragraph 8.15, a number of stakeholders suggested that some Member States had been unnecessarily delaying authorisations by the maximum period permitted in Article 8. However, there was no suggestion that the relevant Member States had

³⁰ For example, from January 2015 operators of coaches transiting Germany must demonstrate that they are paying the German minimum wage, with onerous requirements for transport companies. Local rules also apply to the imposition of VAT based on the percentage of mileage operated in each country. The requirement that VAT documents be submitted in each local language, combined with a requirement for local legal and accountancy representation are seen to affect the smooth functioning of the coach market, particularly for operators providing occasional services. Fines can range up to €7,000 if any discrepancies are found. However the European Commission has now opened an infringement procedure (see http://europa.eu/rapid/press-release_IP-15-5003_en.htm)

previously issued authorisations more rapidly, or that the administrative burden has increased.

- A stakeholder in Italy (see Appendix A, A.210) expressed the concern that Article 8(4) of the Regulation specifies grounds on which an authorisation may be refused, but makes no provision for wider dialogue or consultation outside these grounds. However, the stakeholder neither suggested how dialogue or consultation could be provided for in legislation nor claimed that it could not be carried out by other means, such as through a direct approach by the applicant to relevant stakeholders.
- A national competent authority suggested that it would be useful to have a clearer definition of the phrase “on a temporary basis” in relation to cabotage³¹.

8.18 We conclude that none of these points implies that an additional administrative burden has been imposed by the Regulation.

Licences

8.19 In Chapter 5 we noted that at the end of 2014 there were nearly 36,000 Community licences and nearly 300,000 certified true copies, each of which may be valid for up to ten years. This suggests that the average annual workload may be around 3,600 licences and 30,000 copies per year, or an average of around 125 licences and 1,000 true copies per year per Member State. We note that small operators may only require either a licence or a copy infrequently, but that their processing is otherwise a repetitive process which may be familiar to the staff involved.

8.20 If the licence processes introduced by the Regulation had been materially more difficult than the previous arrangements, we would assume that operators of wholly domestic services would apply for local licences rather than Community licences, but there is no evidence that this has been the case. However, none of the stakeholders mentioned that there had been any material reduction in the time required to apply for or award a licence or certified copy. One stakeholder suggested that it would be more sensible to have a public register of control documents such as Community licences and authorisations, any of which could be downloaded for checking.

Authorisations

8.21 In Chapter 5 we noted that at the end of 2014 there were 2,412 valid authorisations, which may be valid for up to five years. If all these authorisations had been issued after Regulation 1073/2014 came into force on 4 December 2011, this would represent an average rate of 804 authorisations per year, or an average rate of 29 per year in each Member State.

8.22 Belgium accounted for the most authorisations of any Member States, issuing 436 by the same date. If all these authorisations had been issued after Regulation 1073/2014 came into force on 4 December 2011, this would represent an average rate of 145 authorisations per year. We would expect that many of these would be renewals of existing authorisations and would in many cases be subject to only limited examination unless market conditions had changed.

8.23 As we noted above, the only specific reference by stakeholders to the administrative burden related to the automatic authorisation of cabotage services under Article 15. Article 15

³¹ Article 2 of Regulation 1073/2009 defines “cabotage operations” to include “national road passenger services for hire and reward carried out on a temporary basis by a carrier in a host Member State”.

appears to allow that any existing regular international service is authorised to perform cabotage. However, only one cabotage service has been identified in the Member State in question.

Estimating the administrative burden of authorisations

8.24 The Commission gave us access to previous estimates of the expected savings of simplifying authorisation procedure for regular international bus services³². These assumed that a simplified procedure would deliver an authorisation three months earlier, and that for three months, operating 20 days a month and 300 kilometres a day with an average load of 20 passengers paying €0.07 per passenger-kilometre, an operator would gain €25,000 in additional revenue.

8.25 We note that this approach to estimating the effect of the Regulation:

- may understate the benefits, because it seems unlikely that only a single bus would operate on each authorised route;
- may understate the benefits, because fares on many international routes exceed €0.07 per passenger-kilometre (see Figure 5.15); and
- may overstate the benefits, because it takes no account of the costs of operating the service.

8.26 We also note that the process may not actually delay service introduction, let alone by three months, since operators familiar with it may simply submit applications further in advance. A typical model is for an operator or group of operators to plan a network and seek authorisations and then, once authorisations are in place, either to subcontract the operation of the new services, or to acquire new vehicles, or to transfer resources from less profitable routes.

8.27 While a number of stakeholders referred to delays with the application process, none of them made any reference to either buses or staff being kept idle and wholly unproductive as a result of delays in authorisation. None made any reference to a need for a new international regular coach service emerging, but coaches and crew being held idle for months because of the need to obtain an authorisation.

8.28 Nonetheless, we examined each step of the authorisation procedure for evidence that the Regulation had resulted in any reduction in the administrative burden.

The authorisation procedure

8.29 Article 8 of the Regulation sets out an authorising procedure involving an applicant, an authorising authority, and competent authorities of all Member States in whose territories passengers are picked up or set down or whose territories are crossed without passengers being picked up or set down. We note that authorisation may not be granted if, inter alia, either:

- 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.

³² Table 6.12 of “Impact assessment of legislative proposals on the admission to the occupation and access to the market of road transport, Final Report”, ECORYS Nederland BV and NTUA, April 2007.

- A Member State decides on the basis of a detailed analysis that the principal purpose of the service is not to carry passengers between stops located in different Member States.

The workload of the applicant

- 8.30 The workload of the applicant directly related to seeking authorisation appears to be related to completing an application. We note that the model application provided in Regulation 361/2014, which presumably is sufficient to meet the core requirements of all the Member States, is two pages long. If a typical application required this volume of information, we would not expect it to take more than an hour to complete.
- 8.31 However, “as appropriate”, the applicant must also attach timetable, maps, a certified true copy of the Community licence and other information including maps and driving schedules. Even so, one stakeholder informed us that applications are carried out as an occasional task by staff with other main duties.
- 8.32 As we noted in paragraph 8.21, at the end of 2014 there were 2,412 valid authorisations. If all these authorisations had been issued after Regulation 1073/2014 came into force on 4 December 2011, this would represent an average rate of 804 authorisations per year. If the workload associated with each authorisation was one working day, then the total workload across the EU28 would be equivalent to approximately three to four full time equivalent employees.
- 8.33 If this workload for applicants before Regulation 1073/2009 came into force was twice as large as now, the total EU28 administrative burden may have been reduced by up to three to four full time equivalent employees. Assuming employment costs (salary, pension and other items) of €50,000 per year this would mean an EU28 saving of between €150,000 and €200,000 per year. In practice, however, no stakeholder mentioned that there had been any material reduction in the time required to apply for, process, or comment on an application.

The workload of the authorising authority

- 8.34 The workload of the authorising authority directly related to progressing authorisation appears to be limited to forwarding the application to competent authorities in other Member States, awaiting responses, and either granting the authorisation, or stating the reasons for a refusal, or referring the application to the Commission. We understand that this workload is minor:
- The Danish Transport and Construction Agency informed us that all domestic and international authorisations were dealt with by two part-time staff.
 - One stakeholder forwarded us an operator’s comment that all applications for international authorisations in Germany were dealt with by one person³³. Germany had 199 valid authorisations and this person must therefore have processed at least 40 per year.
- 8.35 This suggests that processing a small number of successful applications, plus a number of unsuccessful ones on which we have no data, would rarely have required more than one full-time employee per Member State, even before the harmonisation under Regulation

³³ In context, the German BMVI identified at least 129 full-time equivalent staff administering coach services at national and state level (see paragraph A.19).

1073/2009. In context, the German Bundesministerium für Verkehr und digitale Infrastruktur indicated to us that an average cost per full time employee in Germany was around €85,000.

The workload of the competent authorities entitled to refuse the application

- 8.36 The greatest element of workload associated with authorisation may relate to the work by competent authorities, which may be national, regional or local, in assessing the application against the possible grounds for refusal in Article 8, and in particular the “detailed analysis” (see paragraph 8.29) which is now required before an application can be refused.
- 8.37 In decentralised Member States, this workload might be carried out in parallel by a number of regional and local competent authorities, whose approaches might range from welcoming any new services to exploiting to the maximum the grounds for refusal or, in the event of finding none, the two months permitted for a response.
- 8.38 Competent authorities which do not wish to authorise international services may still carry out the detailed analyses listed in Article 8. We see no reason to assume that their workload will have been reduced as a direct result of the Regulation, but note that it is largely self-imposed. In Denmark, for example, the Danish Transport and Construction Agency has never refused a request for international regular services (see Appendix A, A.85).
- 8.39 This kind of activity may continue to increase the administrative burden associated with access to the international coach market and act as a barrier to entry. However, by specifying the grounds upon which an authorisation may be refused, Regulation 1073/2009 limits the scope for competent authorities to restrict the freedom to provide services and the free movement of goods in a disproportionate manner. There may, therefore, be an indirect reduction in the self-imposed workload of competent authorities as the body of case law in infringement cases emerges.

Summary

- 8.40 Taken together, this analysis suggests that any direct reductions in administrative burden as a result of the Regulation are likely to have been small.
- 8.41 However, if administrative procedures delay the redeployment of resources to more commercially attractive routes there will be an associated opportunity cost. For example, if serving an international route enabled the coach operator to generate returns of €0.10 per passenger-kilometre (compared to, say, €0.07 per passenger-kilometre on the next best domestic alternative) a delay of three months in the authorisation procedure would reduce revenue by €10,800 per application. As described in paragraph 8.23, this assumes operating 20 days a month and 300 kilometres a day with an average load of 20 passengers.

Journey forms

- 8.42 Regulation 361/2014 provides a model journey form, which can be completed by the driver before the beginning of each service.
- 8.43 We would expect the journey form to take less than an hour to complete, but note that the time required for a driver to do so may need to be built into journey times and hence affect overall costs and service quality. However, we note that in 2003 Denmark, Finland, Norway and Sweden signed an agreement on abolition of the journey form when performing occasional service in the Nordic countries. This suggests that:

- The journey form has existed since before 2003, and Regulation 1073/2009 may have introduced no net simplification.
- Member States, or groups of Member States, may in any case have abolished journey forms, eliminating them as an administrative burden.

8.44 We also note that the IRU suggested that journey forms for occasional coach services no longer serve any purpose in the current market and their use should be discontinued. We discuss elsewhere in this report the difficulties of monitoring the coach market if the information provided on the journey form is no longer collected, collated or reported.

8.45 We conclude that the Regulation is unlikely to have had any material net effect on the administrative burden of journey forms.

Enforcement

8.46 We would expect that, in the absence of direct complaints, Member States' enforcement activity would typically be based on inspecting foreign coaches and their documentation on a sample basis. We do not consider it likely that the number of international coach services operated or the type of documentation would be taken directly into account in setting staffing and resourcing levels. However, by reducing the time needed to undertake enforcement activities, inspectors will have more time to undertake other potentially more productive activities. None of the stakeholders referred to any change in the levels of enforcement cost as a result of Regulation 1073/2009.

8.47 Savings may be achieved, however, through the standardisation of documents across all 28 Member States. The disruption to coach operators and their passengers from inspection should be less, with potential for both journey time and reliability improvements. However, with no comprehensive data on the number of cross-border services, or on the origin and destination of passengers using them, it is not possible to estimate the likely value of travel time savings. These may have contributed to the benefits of Regulation 1073/2009.

Summary

8.48 Domestic liberalisation in some Member States can be expected to have reduced the overall administrative burden for international regular services, for example by implicitly or explicitly permitting cabotage, or abolishing documentation, whether the Regulation had come into force or not. Domestic liberalisation may have reduced the scope for the Regulation to result in any further net reduction of the administrative burden for these services.

8.49 We also noted (in paragraph 4.10) that the number and diversity of domestic regulatory frameworks is expected to increase the administrative burden for operators seeking access to more than one domestic market for regular services, since such access depends on the different access rules of each Member State.

8.50 We conclude that most of the direct administrative burden associated with the regulatory regime for international services is likely to be the largely self-imposed burden of national, regional or local competent authorities choosing to seek refusal of an application on the grounds set out in Article 8. Some competent authorities may already have agreed, alone or with others, to waive their right to refuse an application, but others may incur as much effort as they consider appropriate to carry out "detailed analysis" of applications which they are not minded to grant.

- 8.51 On balance, we judge that the main reduction in administrative burden which is directly attributable to Regulation 1073/2009 is that the standardised authorisation procedure set out in Article 8 may have reduced the operators' workload of completing applications to authorising authorities by the equivalent of between three and twenty-one full time equivalent members of staff. There may also have been benefits if the standardised documentation results in lower costs and delays of inspection.

Regulation 1073/2009's impact on travel markets

Introduction

- 8.52 We found a range of evidence that the market for regular international coach travel, as measured by international routes, service frequencies and/or passenger numbers, has expanded over the last five years. For example:

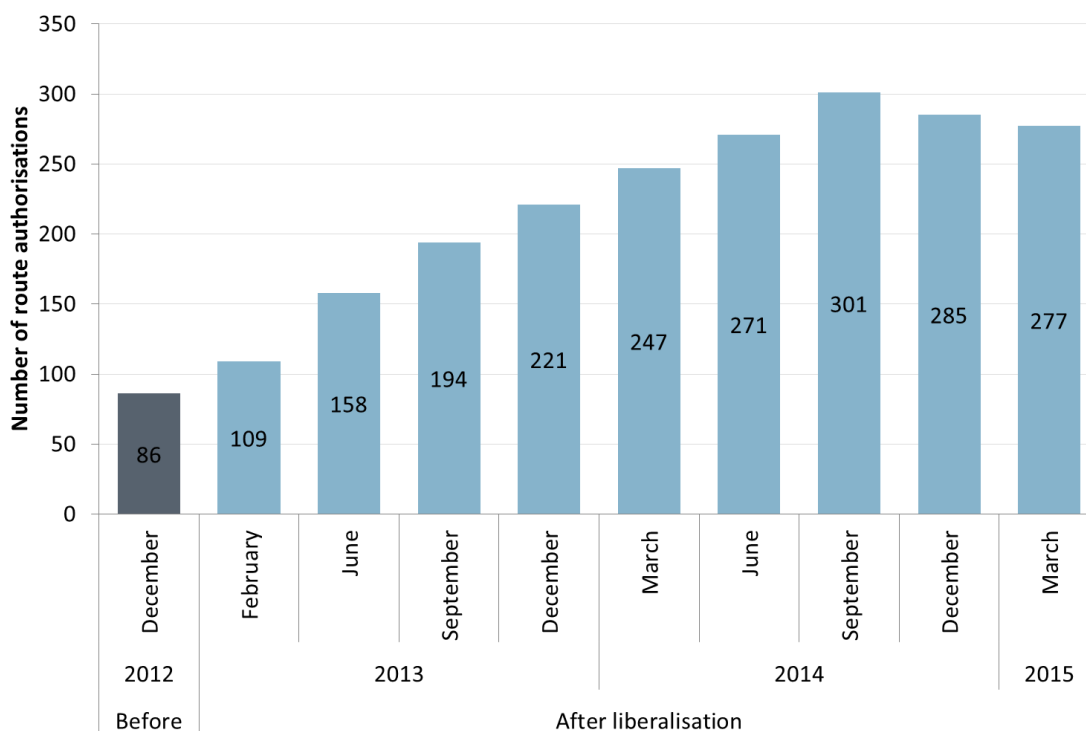
- As summarised in Table 5.8, three out of the ten countries which provide such data reported substantial increases in the numbers of international coach journeys.
- As shown in Figure 5.13 and Figure 5.14, the limited time series evidence available suggests that there has been a growth in international passenger numbers and international passenger-kilometre.

- 8.53 However it has proved difficult to find evidence which directly links this increase in activity to the introduction of Regulation 1073/2009, and little data is available from three of the largest Member States (Germany, Spain and France), as we discuss briefly below.

Germany

- 8.54 On the limited and emerging evidence, domestic liberalisation appears to have had a substantial impact on the number of international routes and service frequencies offered. For example, following the liberalisation of the German coach market in 2013, start-up FlixBus expanded rapidly within its domestic market, most notably through merging with competing start-up MeinFernbus. In addition to operating international routes to Denmark, Sweden and Belgium from Germany, the company has begun a programme of internationalisation through entry into domestic markets. Since July 2015, FlixBus has entered the Italian, French and Dutch markets and expanded its international route network to serve these countries. Of particular note is its introduction of international services which do not have an origin, destination or intermediate stop within Germany. Regulation 1073/2009 is likely to have enabled FlixBus' rapid expansion into multiple domestic markets along international corridors, but it is not possible to isolate the impact of domestic and international coach market liberalisation on market entry.
- 8.55 Figure 8.1 summarises recent data from the German BMVI. The number of authorised services grew from 86 in December 2012, the month before liberalisation, to 301, in September 2014, although this may include multiple operators on the same route.

Figure 8.1: Germany: authorised long-distance regular coach services (2012-2015)



Source: Bundesministerium für Verkehr und digitale Infrastruktur (BMVI) (2015).

8.56 In the last quarter of 2014 and the first quarter of 2015 a market consolidation took place, resulting in a reduction in the number of lines to 277 in March 2015. However, the March 2015 data do not include 26 requests for authorisation that were being reviewed by the competent authorities.

Spain

8.57 A similar expansion and consolidation has been observed in the Spanish coach market. Comparing operator and vehicle numbers in 2000 and on 1 January 2015 shows:

- 21% fewer operators, from 4,490 to 3,544;
- 25% more authorised vehicles, from 34,987 to 43,689; and, in consequence
- 58% more authorised vehicles per operator, from 7.8 to 12.3³⁴.

France

8.58 On the corridor between Paris and Milan (see Chapter 3, paragraph 5.21), once Regulation 1073/2009 came into force, Eurolines was for the first time permitted to offer coach services which competed with SNCF’s domestic rail services in France. While the subsequent entry of iDBUS (a subsidiary of SNCF) may have been an attempt to recapture a proportion of the rail revenue lost to coach competition, the outcome was beneficial to consumers who could not previously make domestic coach journeys and who could now choose between two competing coach operators.

³⁴ Observatorio del transporte de viajeros por carretera

Occasional services

- 8.59 Regulation 1073/2009 may, in practice, have a greater impact on operators that supply occasional coach services, since the cost of authorisation and licensing is likely to be a greater proportion of administrative costs than for larger operators providing regular services. For example, in 2015 the Greek Ministry of Infrastructure, Transport & Networks stated that the total number of tourist coaches was 7,300, compared with 5,400 recorded in 2009.
- 8.60 This view was supported by a number of stakeholders who suggested that legislative efforts should focus on occasional services, given the large number of small operators in the sector. However, our stakeholder engagement included few providers of occasional services, many of which are operated by small companies.

Summary

- 8.61 We identified evidence of market entry and competition following the introduction of Regulation 1073/2009, although this is largely anecdotal and insufficient to demonstrate a causal relationship. Domestic liberalisation, in contrast, appears to have generated considerable new activity within the European coach sector.
- 8.62 Finally, while domestic markets are typically larger than the market for international coach travel, as recent experience in Germany suggests, once domestic markets reach a “critical mass”, the barriers to operating international services are relatively small. In order to isolate the impact of Regulation 1073/2009 it would be necessary to identify a large number of additional international services in one or more Member States where there has been no domestic liberalisation.

Regulation 1073/2009’s categorisation of coach services

- 8.63 We identified a number of potential issues with the current categorisation of coach services in Regulation 1073/2009. While the definitions do not appear to create material difficulties at present, we note that they might do so in a more liberalised environment, particularly if the right to operate a service depended on a distinction which might be evaded or challenged. We discuss in turn below the distinctions, set out in Regulation 1073/2009, between:
- international and domestic services; and
 - special regular, regular and occasional services.

The distinction between international and domestic services

- 8.64 Regulation 1073/2009 Article 2 states that:

“international carriage’ means:

(a) a journey undertaken by a vehicle the point of departure and the point of arrival of which are in two different Member States, with or without transit through one or more Member States or third countries;

(b) a journey undertaken by a vehicle of which the point of departure and the point of arrival are in the same Member State, while the picking up or setting down of passengers is in another Member State or in a third country;

(c) a journey undertaken by a vehicle from a Member State to a third country or vice versa, with or without transit through one or more Member States or third countries; or

(d) a journey undertaken by a vehicle between third countries, with transit through the territory of one or more Member States;"

8.65 However, for a journey undertaken by a vehicle of which the point of departure and the point of arrival are in the same Member State:

- Article 2 (b) defines these journeys as international **only if picking up or setting down** passengers in another Member State or a third country.
- Article 8 requires that authorising authorities send copies of applications to Member States whose territories are crossed **without passengers being picked up or set down**.

8.66 This means that a journey not defined to be international must still be notified to Member States *"whose territories are crossed without passengers being picked up or set down"*. We note that there may be good reasons for Member States to be informed of "domestic" services which cross their territory, even briefly, for reasons including security and safety. Nonetheless, it is not clear why these services should be treated as domestic in these circumstances.

8.67 One possible clarification would be to modify Article 2(b) to define international services to include all cross-border services:

"(b) a journey undertaken by a vehicle of which the point of departure and the point of arrival are in the same Member State, passing through another Member State or a third country;"

8.68 We do not yet foresee that the classification of such trips is likely to be critical, and note that there may be precedents from other sectors for the classification of "domestic" journeys passing via another Member State.

The distinction between regular and special regular services

8.69 We note that a typical distinguishing feature of special regular services is that they are provided for a clearly identifiable group of passengers, and that they shall include:

- school children or students, typically identifiable by being enrolled at a particular education establishment; or
- staff or workers, typically identifiable by having passes to work at a particular location.

8.70 However, the requirements of the Regulation are that:

"Special regular services shall include:

(a) the carriage of workers between home and work;

(b) the carriage of school pupils and students to and from the educational institution.

The fact that a special service may be varied according to the needs of users shall not affect its classification as a regular service.

Special regular services shall not be subject to authorisation in accordance with Chapter III where they are covered by a contract concluded between the organiser and the carrier."

8.71 This does not limit them to the carriage of workers, school pupils and students, and exempts them from authorisation when there is a contract between the carrier and the "organiser". We note that there are precedent of "spurious" groups being created to take advantage of different legislation applied to them. Examples we identified include:

- Coach “commuter clubs”, where the appearance is that a membership-only “group” is an organiser of a commuter coach service. In practice, as we noted in Table 2.2, membership of such groups is often effectively open to anyone by buying a ticket, and in practice the “group” which acts as “organiser” may have been created by the operator. There is therefore little to distinguish the service from a regular service.
- In the airline industry in the 1960s, when a rule intended to limit low fare aircraft charters to “affinity groups” proved unworkable as superficially compliant “affinity groups” could be created specifically for the purposes of evading the rules.

8.72 We tentatively identified that this distinction might already be an issue in at least one Member State, Slovenia, where we had been provided with evidence of operators of special regular services trying to offer services which competed with concessioned regular services (see Appendix B, B.306). It is not yet clear whether the existing definitions will prove to be sufficiently clear to prevent abuses of this type without requiring legal proceedings, which have been entered into in Slovenia.

The distinction between regular and occasional services

8.73 We also note that the distinction between regular and occasional services does not appear wholly clear. The definition of occasional services (Article 2 (4)) is that:

“The main characteristic [] is the carriage of groups of passengers constituted on the initiative of the customer or the carrier himself.”

8.74 Article 5 (3) also states that:

“Occasional services shall not cease to be occasional services solely on the grounds that they are provided at certain intervals”

8.75 Referring back to the examples of services listed in Table 2.2, it is not clear, for example, whether:

- a “commuter club” is a special regular service or an occasional service; or
- a sightseeing tour from or within a major city offered at frequent (and possibly regular) intervals every day is an occasional service or a regular service.

8.76 It may be that a clearer distinguishing feature of occasional services is that tickets are not normally sold for a one-way journey and take the form of either:

- a round trip returning to the starting point (whether on the same day or another day); or
- a right to board and re-board over a specified period, with neither origin nor destination specified.

8.77 In practice, sale of tickets on either basis would not prevent a passenger from using an occasional service to make a single point-to-point journey, and in some cases, such as travel between large cities and nearby tourist attractions, it might be the case that at least some passengers use such an “occasional service” for one-way journeys who in its absence would have used a PSO service.

8.78 Unlike the distinction between special regular and regular services, we did not identify whether and how this would be a material issue, but note that further clarification of the definitions might be necessary if it were.

Shuttle services

8.79 In addition to these categories, Regulation 684/92 also defined a distinct category of shuttle services which is neither defined nor referred to in Regulation 1073/2009. We did not identify whether shuttle services are defined or regulated separately in any Member States or, if so, whether there would be any practical difficulties in removing such a distinction. However, we noted a number of types of shuttle service in Table 2.2, and note that it might be that there are grounds for reintroducing a distinct category of shuttles, whether as defined in Regulation 684/92 or not.

Regulation 1073/2009's reporting and monitoring arrangements

8.80 Our 2009 study of the coach sector, and more recent studies of other sectors, have revealed a lack of sufficient consistent data to enable the Commission, Member States and competent authorities to monitor and plan and to predict the impacts of proposed change. Given these problems in the past, the collection of detailed statistical transport data was excluded from the scope of the study.

8.81 The lack of sufficient consistent data may be exacerbated where:

- information provision specified in European legislation, such as through Article 28 of Regulation 1073/2009, is of limited value in monitoring the market, as we discussed in Chapter 5;
- operators have disincentives to provide information or incur the cost of collecting it;
- competent authorities have disincentives to impose data requirements on operators; and/or
- Member States have disincentives to collate and publicise industry data.

8.82 Generating, collecting, collating and analysing industry data on a consistent basis is potentially difficult and costly, but the aviation industry shows how a consistent approach can ensure that the burden of data provision falls equally on all operators and can facilitate monitoring and planning. It may be appropriate for further liberalisation to be accompanied by measures to establish a harmonised, non-discriminatory and proportionate system of collection, collation and reporting of industry data.

8.83 At first sight, it would appear desirable for the Commission, the Member States and the public to have access to robust market information, ideally disaggregated sufficiently to distinguish activity in the many international and domestic bus and coach markets listed in Table 2.2.

8.84 However, as we identify in Table 8.2, there may be a number of practical barriers to monitoring the market in detail.

Table 8.2: Barriers to effective market monitoring

Issue	Details	Potential approach
The coach market is already highly fragmented.	In contrast to sectors such as rail and air: <ul style="list-style-type: none"> • Most Member States already have multiple small operators. • Operators do not share a clearing house or inventory, sales reservation and ticketing systems. • In the large special regular and occasional sectors, there may be no tickets and hence no record of passenger numbers. 	
Article 25 freedom to simplify or abolish control documents.	Member States are explicitly permitted to allow the abolition of documentation, with the effect that there may be no source data from which to monitor the market.	Introduce legislation to require operators to upload information on all services operated, typically including the type of service, start, intermediate and end points, passengers and passenger-kilometres (whether based on sales or on-board counts).
Wide range of distinct services listed in Table 2.2.	Many types of service listed in Table 2.2 are neither defined nor monitored. International: the Regulation 684/92 category of shuttle buses has now been removed. Domestic: see Table 4.4 and Table 4.6 for examples of how reporting varies.	Agree and introduce consistent and more disaggregate definitions.
Inconsistent reporting definitions.	Particularly for international services, routes, services, passenger and passenger-kilometres may be reported on inconsistent and non-additive bases (see paragraph 2.8).	Standardise definitions for reporting purposes, particularly for international services which need to be reported consistently by Member State pair.
Extensive subcontracting and partnering.	The operator of record may be a subcontractor to the operating marketing or taking revenue from the service.	Standardise definitions for reporting purposes, such as to define which party should report the operation of a service.
Use of the same vehicle and staff to provide many categories or service.	A single vehicle or driver may provide different services at different times.	Standardise methods of apportioning vehicles, crew and other activities to types of service, as has been done in, for example, the allocation of costs of ANSPs between en route and other services.

Source: Steer Davies Gleave analysis.

8.85 A wider issue is that liberalisation tends to involve the simplification and removal of paperwork and control documents which form the basis of statistical analysis and reporting. Among the case studies and fiches, for example, we contrast the following:

- In regimes with concessions or service authorisations, such as Spain, extensive data on regional and national services is available as a consistent time series.
- In the long-liberalised regimes in Sweden and the UK, and the newly-liberalising Germany, little reliable market data is available as a consistent time series.

8.86 This suggests a need for structured reporting arrangements, possibly similar to the Rail Market Monitoring Scheme, in order to obtain robust data that can be used in assessing the impact of regulation and the evolution of the coach market more generally. However, a balance would need to be struck between obtaining reliable data, on the one hand, and avoiding the imposition of onerous reporting requirements on bus operators (many of whom are relatively small businesses), on the other.

Access to terminals

8.87 As we set out in Table 6.6, repeated as Table 8.3, there have been a number of reports of discriminatory access to terminals, or abuse of dominance, which can act as a barrier to entry.

Table 8.3: Terminals: barriers to entry

Issue	Member State	Issue
Discriminatory access or abuse of dominance (whether capacity is constrained or not).	Austria	<p>ÖBB Postbus is owned by the national rail operator ÖBB:</p> <ul style="list-style-type: none"> • For PSCs, one new entrant claimed that competitive tenders favour ÖBB Postbus, as services must begin in a short period which in practice only it can meet. • Commercial services are permitted where rail operator ÖBB does not object, giving it the power to permit services by ÖBB Postbus but not by other operators, creating scope for discrimination.
	Czech Republic	Anecdotal evidence of complaints and disputes arising between operators and terminal owners regarding the level of fees.
	France	The only suitable terminal space in many towns and cities is the railway station operated by SNCF, which may refuse access to potential competitors.
	Croatia	Many terminals are operator-owned and they may deny access to potential competitors. The number of complaints and proceedings has increased recently because terminal owners will not publish timetables or sell tickets for other operators.
	UK	<p>Disputes related to access to London Luton Airport resolved in the courts.</p> <p>Dispute related to access to Stansted Airport being examined by the competition authorities.</p>
No discrimination or abuse, but capacity is constrained.	Germany	Since liberalisation, there has been widespread lack of terminal capacity.
	Sweden	Stockholm's main terminal Cityterminalen is congested and, while it is operated independently of operators and without discrimination, this limits scope for new entry.
	UK	London's Victoria Coach Station, also operated independently of operators and without discrimination, is congested.

Source: Steer Davies Gleave analysis, stakeholder comments.

8.89 It would be preferable for access to be non-discriminatory and for abuse of dominance to be prevented, as is now required in relation to access to airports and rail infrastructure. Measures to prevent discriminatory practices and abuse of dominance should be further considered.

Persons with reduced mobility

8.90 Disabled passengers' rights to assistance under Regulation 181/2011 also remain theoretical as long as vehicles and the transport infrastructure are not accessible:

- A number of Member States have set deadlines by which all coaches will need to be accessible. There is, however, a risk that a requirement for higher standards results in withdrawal of coach services, or closure of coach terminals, if the parties concerned are not willing or able to fund and make the necessary investment.
- All Member States have now designated at least one terminal at which assistance is provided, although a passenger might require assistance at both ends of a journey and would, ideally, have access to assistance at all terminals and stopping points.
- The provision of assistance in terminals may be of limited value if it is still not possible to make connections with other modes within the area within which assistance is provided.

8.91 It is not clear whether operators or terminal owners will find it commercially attractive to invest in facilities for PRM, or whether it will be necessary for competent authorities to provide investment, either by contributing to the cost of terminal facilities or by increasing PSO payments to cover the cost of PRM-equipped coaches. However, evidence provided by EDF, and the proportion of the population requiring assistance, suggest that PRMs represent a significant potential market. We consider that further investigation of the barriers to investment in both on-board and terminal facilities is required. This would inform consideration of the balance between encouraging greater coach travel by PRMs and ensuring that any associated costs of compliance for operators are proportionate.

The potential impacts of further liberalisation

8.92 The anticipated benefits of liberalisation of the coach market are clearly described in the intervention logic for Regulation 1073/2009. Through a range of measures designed to open competition for international and domestic commercial (non-PSO) bus and coach services and providing coherent framework conditions for operating bus and coach services in the EU, liberalisation is expected to³⁵:

- Provide better quality and more reliable bus and coach services;
- Lower the price of coach services;
- Deliver a better modal mix of passenger transport, with a positive impact on overall passenger transport sustainability; and
- Reduce interurban congestion, air and noise pollution and greenhouse gas emissions as a consequence of mode shift from car.

8.93 Our examination of liberalisation, and particularly commentaries and reports on the recent liberalisation of the German and French domestic markets, reveals evidence to suggest that the range of objectives for coach market liberalisation are, to a greater or lesser degree, being delivered.

8.94 For example, following the liberalisation of the German coach market in 2013, FlixBus expanded rapidly within its domestic market, most notably through merging with competing start-up MeinFernbus. In addition to operating international routes to Denmark, Sweden and Belgium from Germany, the company has begun a programme of internationalisation through entry into new domestic markets. Since July 2015, FlixBus has entered the Italian, French and Dutch markets and expanded its international route network to serve these countries.

8.95 Elsewhere, as observed in our international case-study of the Baltic corridor and western Europe, there is evidence that market liberalisation has led to both price competition and product differentiation. For example, the low-cost brand Simple Express was introduced by Lux Express Group in April 2010 on the basis of evidence which demonstrated that the fastest growing markets for coach travel were small and medium enterprises looking for ways to reduce the cost of business trips, and young people seeking to travel for as little cost as possible.

8.96 Shortly after the introduction of Simple Express services, in June 2011 the company began a price war against its competitors, lowering the fare on the Vilnius-Warsaw route to less than

³⁵ See Evaluation of Regulation (EC) No 1073/2009 (http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_move_011_evaluation_passenger_coach_bus_transport_en.pdf)

€3. At the end of 2015 the company introduced a new dynamic pricing model inspired by the practice of low cost airlines and other low-cost coach operators such as Megabus, offering ticket prices starting from €1.

- 8.97 Emerging evidence from France and Germany also suggests that the liberalisation of domestic coach markets has led to broad-based growth in patronage both from new users and through mode shift. In the six months since enactment of the Macron law, it has been reported that over 1.5 million coach journeys have been made in France³⁶. In Germany, the intercity coach market grew by 25% in 2015 compared to 2014, with a significant proportion of demand transferring from less sustainable modes including the private car³⁷.
- 8.98 Notwithstanding the successes described above, our examination of liberalisation also reveals a number of potential issues which need to be considered in advance of further liberalisation. For example, as in Germany, sudden liberalisation may exacerbate a shortage of terminal capacity. In a recently-liberalised market it may be difficult to predict whether, where or what size of terminals are required. In those cases in which terminal capacity is likely to be a constraint, mechanisms to ensure fair access rights to terminals may need to be established.
- 8.99 Second, liberalised markets may consolidate rapidly. This phenomenon has been repeatedly observed in deregulated transport markets, and within two years of liberalisation it appears that a single operator may emerge with over 50% of the liberalised German market. This does not mean that the outcome will be anti-competitive as rail, coach and aviation may compete actively with each other for certain market segments, but does suggest that liberalisation may not, in itself, prevent the emergence of local monopolies. Adequate protections (which may extend beyond the remit of national competition authorities) may need to be established to avoid abuse of market power by either coach and terminal operators.
- 8.100 Third, deregulated regular coach services appear likely to target markets served by rail, in particular where coach can operate non-stop on a motorway parallel to a rail service which is limited in speed by infrastructure or intermediate stops. From a social welfare perspective this is perceived as a benefit since, following the liberalisation of coach services, passengers will choose the combination of fare, journey time and quality which maximises their personal utility or wellbeing. However, from an affordability and equity perspective, unrestricted coach competition to PSO rail (or coach) services may result in either greater subsidy needed to support PSO services or contraction of services operated commercially by incumbent operators or market entrants.
- 8.101 As discussed in the following sections, it would be desirable for any further liberalisation to be designed to meet clear objectives, couched in terms of benefits to passengers and operators. However, decisions would be required on:
- the objectives to be pursued, and the relative weightings to be given to them;
 - the scope of services to be liberalised;
 - mechanisms to protect PSO services, which might need to be simplified and/or harmonised between coach and other modes; and

³⁶ See <http://www.lesechos.fr/industrie-services/tourisme-transport/021732923777-six-mois-apres-la-loi-macron-15-million-de-voyages-par-autocar-1203693.php>

³⁷ See https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2015/02/PD15_043_461.html

- whether fares and ticketing should be liberalised, regulated or integrated, either within the coach sector or between coach and other modes.

Issues for further market integration

8.102 On the basis of our findings during this study, and drawing upon the discussion above, we identified areas where further improvements or changes may be necessary in order to achieve further integration in the market for coach travel. The issues we considered are summarised in Table 8.4.

Table 8.4: Issues for further market integration

Issue	Considerations
Objectives	It may be useful to articulate possible or actual objectives.
The scope of services to be liberalised	Issues to consider include: <ul style="list-style-type: none"> • What domestic services should be liberalised. • The boundaries or categories of services liberalised (see Table 2.2) and whether these should reflect the categories of international services defined in Regulation 1073/2009.
Mechanisms to protect PSOs	Issues to consider include: <ul style="list-style-type: none"> • The need to protect PSO services. • The range of PSO services to be protected. • The potential need for clear and rapid procedures. • Whether the protection should be based on rules or specific types of analysis. • The potential for inconsistencies in the way different modes are treated.
Access to infrastructure	Issues to consider include: <ul style="list-style-type: none"> • The actual and potential scale of infrastructure constraints. • The existence of alternatives. • The structure of the market. • The scope for use of general competition legislation. • The scope for formal regulation of access and charging.
Fares	Issues to consider include: <ul style="list-style-type: none"> • Whether fares should be liberalised or regulated. • Whether integrated ticketing between coach operators should be forbidden, permitted or mandated. • Whether integrated ticketing between coach and other modes should be forbidden, permitted or mandated.
Monitoring and information provision	Issues to consider include: <ul style="list-style-type: none"> • The need for data on international services to be reported by Member State pair. • The potential need for the Commission, the Member States, the industry and its customers to monitor developments. • The need for consistent and cost-effective collection of data. • The tension between simplifying or abolishing documentation and collecting information. • The benefits of active monitoring of the market.

Source: Steer Davies Gleave analysis, see text for details.

8.103 We discuss in turn below our initial consideration of:

- What objectives does the Commission have for the European coach industry?
- Given these objectives, what areas of the market does the Commission wish to liberalise?
- Given these areas, by how much does the Commission wish to liberalise them?
- What powers for Member States to protect PSCs are (a) necessary and (b) sufficient?
- What mechanisms are needed to ensure access to infrastructure?
- What mechanisms are needed to ensure fares integration or competition?

- What mechanisms are needed for monitoring and information provision?

8.104 We discuss this further in Appendix C.

Objectives of market integration

8.105 If the Commission is to put forward proposals for changes intended to integrate or liberalise the market, it will be important to set out clear objectives, consistent with wider policy, against which the proposals can be tested and which can inform any future Impact Assessment of options for integration. We therefore considered a number of possible objectives for market integration as applied to coach, which we summarise in Table 8.5.

Table 8.5: Possible objectives for “integration” in the coach industry

Possible objective	Comments
Reduce regulation	Legislation may be required to impose deregulation on coach travel.
Reduce barriers to entry	Legislation alone may not remove barriers to entry such as licences, authorisations, capacity constraints, shortages of suitable staff and lack of viable services, particularly where PSO fares are below commercial costs.
Passenger choice through intramodal competition	Legislation may need to allow Member States to limit the impact of liberalised coach services on other coach or bus services subject to a PSO.
Passenger choice through intermodal competition	Legislation may need to allow Member States to limit the impact of liberalised coach services on rail services subject to a PSO.
Passenger benefits of innovation and quality	Legislation and regulation of the industry should not specify standards which unduly restrict innovation and improvement in quality.
Passenger benefits of intermodal integration	Legislation may be required to support integration between modes, as envisaged in the White Paper.

Source: Steer Davies Gleave analysis, note that Member States may liberalise further.

8.106 We also note that “integration” and “liberalisation”, while both potentially positive objectives, may prove to be incompatible in a number of ways, such as:

- Are modes required or permitted to collaborate (“integrated”) or compete (“liberalised”)?
- Are fares required or permitted to be inter-available (“integrated”) or not (“liberalised”)?

8.107 Previous studies of market liberalisation, including our work on the Fourth Railway Package, have identified potential tensions between these two objectives, in particular that it is difficult to legislate to require both integrated ticketing and price competition.

The scope of services to be liberalised

8.108 We noted above how Regulation 1073/2009 subdivides coach services between:

- international and domestic services; and
- special regular, regular and occasional services.

8.109 This implies that, potentially at least, there are a wide range of approaches to liberalisation (see Appendix C, Table C.3).

Liberalisation of services defined to be international

8.110 There may be scope for further liberalisation of services defined to be international, as permitted under Article 25 (1) of the Regulation. We note that in 2003 Denmark, Finland, Norway and Sweden signed an agreement on abolition of the journey form when performing occasional service in the Nordic countries. This suggests that one possible avenue for further

liberalisation of international services would be wider or complete abolition of journey forms for occasional international services. We note, however, the tension between abolition of control documents, as a form of liberalisation, and monitoring and information provision, which we discuss below.

Liberalisation of services defined to be domestic

- 8.111 There could in principle be a range of options for the liberalisation of some or all elements of domestic markets.

Harmonisation of international and domestic services

- 8.112 If the definitions of international and domestic services were harmonised, it would in principle be possible to remove the distinction between them and to create a common set of regulations for at least some categories of service.

Mechanisms to protect PSO services

- 8.113 Liberalisation of markets allows operators to provide new services which, if attractive, will both:
- provide welfare benefits to new passengers who would not otherwise have travelled; and
 - take passengers from existing services, reducing the revenues of existing operators and incentivising them, where possible, to improve quality and lower fares, reduce costs, or cut services.
- 8.114 Where new services affect existing services, particularly those provided under a Public Service Contract (PSC), Member States and competent authorities are likely to be concerned if the second effect (“abstraction”) is large compared with the first one (“generation”).
- 8.115 Evidence from a number of Member States suggests that:
- Coach operators can offer long-distance services with fares around half those of rail services (although they can charge much higher fares where rail services are slow, infrequent or of poor quality).
 - Many users of new coach services may have previously travelled by train.
 - Liberalisation to permit such services could have a material effect on viability of some rail services.
- 8.116 Regulation 1370/2007 gives competent authorities powers to protect PSO services by granting exclusive rights, but there are a number of alternative approaches based on restricting or limiting new entry.
- 8.117 Regulation 1073/2009 sets out an approach to restricting international services, but compliance with the test is potentially complex and the process of authorising a new service could, in the worst case, take up to nine months. If liberalisation were extended to the much larger domestic coach markets, it would be desirable for any right to restrict services to be based on a clear, simple and rapid process.
- 8.118 Determining whether bus and coach services compete with each other, or with other modes, cannot be reduced to a simple test of whether they operate between “the same bus stops”. If liberalisation is to be supported by a clear, simple and rapid process, this would need to be based on objective and ideally unambiguous criteria.

- 8.119 Potentially the simplest test would be to permit any coach service, provided that each passenger was carried at least a minimum (great circle or “straight line”) distance, such as 50 kilometres, making it clear to potential entrants what services would and would not be permitted. This approach was formerly used in the United Kingdom and forms part of the current tests in France, Germany and Sweden.
- 8.120 Such a simple test might unintentionally prohibit services which would in practice be no threat to other PSOs, but any scope for appeal or negotiation raises further issues, such as identifying the PSO service(s), and hence competent authority(ies) affected, establishing what further tests should be applied, and the burden of proof, which might lie with the entrant, the incumbent(s) or be subject to decision or adjudication by an independent body. Any of these processes is likely to add time, cost and the potential for legal challenge, which may be disproportionate for small services or for small changes to existing services.
- 8.121 Additionally:
- Regulation 1370/2007 permits exclusive rights to protect any PSO provided by any mode.
 - Regulation 1073/2009 requires that international coach services be authorised except on the basis of detailed analysis of their effect on one or more PSCs.
 - Directive 2012/34 requires that international rail services may be limited to protect the economic equilibrium of a PSC.
 - Member States or competent authorities may selectively waive the powers to grant exclusive rights or restrict services, with the effect that a service may be permitted by one mode and forbidden by another.
- 8.122 The resulting growing complexity, and the potential liberalisation of the large and often dynamic domestic coach markets, raises the issue of whether further liberalisation should be combined with further harmonisation between modes, and in particular between coach and rail, so that the restrictions are independent on the modes of existing and new services³⁸.

Fares

- 8.123 Regulation 1073/2009 specifically envisages that a carrier offers lower prices than others, but in some liberalised markets competition between operators is partly or wholly based on connectivity (which destinations are served) or quality, rather than on price, which is expected to be standardised across the network with tickets inter-available between carriers.
- 8.124 Fourth Railway Package proposals to modify Regulation 1370/2007³⁹, rather than specifying that rail operators should compete on price, explicitly envisaged “voluntary national integrated ticketing systems” and does not state that these should be limited to rail. The balance of advantage of integration and competition within the rail and coach modes may be different, but any policy requirement for fares integration between modes might necessarily

³⁸ One stakeholder pointed out that, in Scotland in 2013/14, 425 million bus journeys each received an average support of £0.126, and 86 million rail journeys each received an average support of £9.63, over 75 times more. Even if adjusted for average journey length (which we do not have) to calculate an average support per passenger-kilometre, this suggests that rail receives much greater subsidy per passenger-kilometre than bus.

³⁹ “Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EC) No 1370/2007 concerning the opening of the market for domestic passenger transport services by rail”, 30 January 2013.

lead to elements of fares harmonisation within each mode, including coach, the extent and nature of which would need to be specified.

- 8.125 A further issue relevant to coach markets is the extent to which coordination or integration of fares should be permitted or required, which we discuss briefly below.
- 8.126 Regulation 1073/2007 Article 4 states that:
- “The fact that a carrier offers lower prices than those offered by other road carriers or the fact that the link in question is already operated by other road carriers shall not in itself constitute justification for rejecting the application.”*
- 8.127 This explicitly envisages that a carrier offers lower prices, and implicitly assumes that fares are not inter-available between operators, as is often the case in other modes and is a specific feature of one model of rail liberalisation.
- 8.128 In most Member States, a single national and publicly-owned rail operator has been responsible for all domestic services and has provided a consistent approach to fares including common types and conditions of ticketing and the sale of through tickets between any two points in the network. Under progressive rail liberalisation since 1988 (beginning in Sweden) there has been considerable divergence from this model, including variations such as:
- Each operator is free to devise and set their own fares, and no through fares exist.
 - Through fares must be offered and “inter-available” (accepted by all operators), but operators are allowed to offer lower fares on their own services.
 - Long-distance fares are not regulated, but operators of long-distance services must accept locally-priced tickets for short distance journeys.
- 8.129 Airlines in the global aviation market have found that it is commercially valuable to have “interline” agreements to enable them to offer through fares and through baggage services. Great Britain’s railway requires that fares are available between any two stations, and are accepted by all operators, and imposes processes for apportioning the revenue to operators.
- 8.130 Some domestic coach markets are not highly regulated but in others, particularly where travellers are accustomed to an incumbent national operator providing a consistent level and quality of service, there may be an expectation that through and inter-available fares will be available.
- 8.131 We conclude that action to liberalise coach services may, as with the Fourth Railway Package, need to consider:
- whether fares offered by different operators should be liberalised, regulated or integrated;
 - whether integrated ticketing between coach operators should be forbidden, permitted or mandated; and
 - whether integrated ticketing between coach and other modes should be forbidden, permitted or mandated.

Future monitoring and information provision

- 8.132 Our 2009 study identified that one of the principal difficulties of studying the long-distance coach market was the lack of reliable, consistent and comprehensive information on coach operations. This included not only detailed information on customer satisfaction (we noted that private companies have no obligation or indeed incentive to publish service quality

indicators⁴⁰) but also basic information on fleets, operations, employment, passengers, passenger-kilometres, revenues and costs. Given these problems encountered concerning the collection of detailed statistical transport data, this was excluded from the scope of this study.

- 8.133 Other studies for the Commission have also revealed a consistent lack of reliable information in other transport sectors. For example:
- In a current study on the impact of Regulation 1370/2007, our Draft Final Report noted that limited requirements for competent authorities to require, or Member States to collate, information on PSO bus, light rail and urban rail services means that it is difficult to form a view of the operation and financing of the sector.
 - In a recent study of the harmonisation of cost allocation for Air Navigation Service Providers (ANSPs), we found that general principles for the allocation of costs had resulted in widely different approaches in practice.
 - In our work on the Fourth Railway Package, we noted that subcontracting, liberalisation and privatisation all make it harder, not only in practice but also in principle, to define the boundaries of an industry and hence its financial and operational data.
- 8.134 However, processes exist by which data can be standardised, anonymised to protect confidentiality, and collated on a basis which allows the effective monitoring of the operations, finances and performance of an industry. In some cases this is carried out by a specialised industry body on a basis agreed by members or subscribers, as is the case with OAG which monitors the aviation industry.
- 8.135 It may therefore be appropriate to consider regulation to require consistent provision of certain information by all coach operators, subject to the observations that:
- The requirement to provide information should be proportionate and have due regard to legitimate concerns regarding commercial confidentiality.
 - Clear definitions are likely to be required, as the example of the costs of ANSP provision show: one approach is for data collection standards to be agreed within the industry rather than imposed externally.

⁴⁰ “Study of passenger transport by coach”, 4.70.

A Member State case studies

Introduction

A.1 In this Appendix we present a number of detailed case studies of the coach industry in a selection of Member States as shown below.

Table A.1: Member State case studies

Member State		Page
DE	Germany	150
EL	Greece	159
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IT	Italy	198
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RO	Romania	235
SE	Sweden	241
UK	United Kingdom	250

Germany

Introduction

A.2 The market for long-distance regular coach services in Germany was strictly regulated until January 2013 when the market was fully liberalised. Up to this date, the authorisation of long-distance regular coach services was restricted to those services that did not hinder the “transport interests of the public”. Liberalisation brought an open market in which bus undertakings wishing to enter the market are required to fulfil exclusively objective criteria. This means that the subjective criteria which previously protected long-distance rail services from coach competition ceased to apply.

History of coach services in Germany

A.3 The strict regulation of long-distance regular coach services in Germany dates back to the late nineteenth century when railway networks were expanded and private railway undertakings were nationalised. The state aimed to protect its investments and the profitability of its services from ever-increasing competition from road transport.

A.4 Following multiple directives on commercial road transport, the first Passenger Transportation Act (Personenbeförderungsgesetz (PBefG)) came into force in 1934. In accordance with this act, regular bus services required authorisation which was only granted if services were not adverse to the transport interest of the public and also brought macroeconomic benefit. The motivation behind these restrictions was a desire for non-destructive competition and protection of income of the public railway undertakings.

A.5 In order to permit entrance the market for long-distance regular coach services, the PBefG required bus and coach operators to fulfil both objective criteria, such as safety and capability requirements, and discretionary criteria applied by the competent authority. For decades, these discretionary criteria guaranteed the German incumbent rail operator, Deutsche Bahn (DB AG), protection from intermodal competition from coach services. This protection was based on the rationale that the “transport interests of the public” must be upheld. In particular, competition from coach services was not permitted where:

- The service in question could be provided with the existing transport supply;
- The service in question would not significantly improve services already offered by existing operators or railways; or
- Existing services were incomplete, but existing operators were willing to improve services within a time limit set by the competent authority.

A.6 These restrictions were retained in the amendment of the PBefG in 1961. However, the rationale for restrictions shifted from protection of rail services from intermodal competition to a responsibility of the state to provide rail services as part of its public service obligation.

A.7 Regular coach services between West Berlin and Western Germany constituted an exception from the strict regulation. These were viewed as providing transport independent of the 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 operators.

A.8 Despite the 1994 railway reform removing DB AG’s obligations to provide long-distance services, restrictions for long-distance regular coach services were retained as the PBefG had not been substantially amended since 1961. For example, in 2005, DB AG brought an action against Deutsche Touring for operating regular services between Dortmund and Frankfurt.

Market liberalisation 2009-2013

- A.9 Since 2009, however, the market for long-distance regular coach services has been gradually liberalised following a series of political and legal decisions. In 2009, the Government coalition agreement planned an amendment of the PBefG, including the opening of the domestic market for long-distance regular coach services.
- A.10 Finally, in 2010 after multiple occurrences, the Federal Administrative Court decided that a significantly less costly service would represent a substantially improved transport offer, and that a route authorisation may therefore not be discarded exclusively on the basis of an existing rail service.
- A.11 In a further case in 2010, DB AG sued bus start-up DeinBus.de, arguing that its charter services were, in fact, regular services. The Regional Court in Frankfurt decided against DB AG and determined that it lies within the responsibility of the competent authorities of the Federal States to decide whether a service is charter or regular. In this case the competent authority had originally decided that the services offered by DeinBus.de were charter services.
- A.12 From 4 December 2011, Regulation 1073/2009 came into force and long-distance regular coach services were permitted in cases where the start or the end of the route was outside Germany.
- A.13 As a consequence of these political and legal decisions, the Federal Government brought forward an amendment of the PBefG that envisaged the opening of 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

- A.14 Since the opening of the market for long-distance regular coach services, operators now only need to meet minimum standards such as those related to safety and professional capability of the company and its staff, and are required to have their legal offices in Germany. Coach operators can apply to operate a specific long-distance regular coach service to the responsible competent authority, which will grant authorisation for a maximum of 10 years after reviewing compliance with the objective criteria.
- A.15 As a consequence the protection of rail services from competition from regular coach services was removed. However, the amended PBefG contains a clause to protect publicly subsidised regional rail services from competition from coaches. Authorisations for regular coach services may only be granted in cases where the distance between two stops is greater than 50 kilometres and no existing regional rail service with a journey time of less than one hour connect these stops. Exceptions may be granted if the local transport offer is not sufficient and if the ridership of existing services is affected insignificantly. The competent authority is responsible for taking decisions regarding these exceptions.
- A.16 With the entry into force of the amendment of the PBefG, neither timetables nor fares require authorisation, although timetables must be communicated to the competent authority.

The authorisation process

- A.17 The competent authority responsible for granting authorisations, in accordance with Article 11 of PBefG, is defined by the federal states or Länder. The competent authority responsible for granting authorisation for long-distance regular coach services is always the one at the starting

point of the service, even if the requested service passes through the territory of multiple competent authorities. However, all municipalities, road authorities and competent authorities that are affected by the proposed service are involved in the authorisation process.

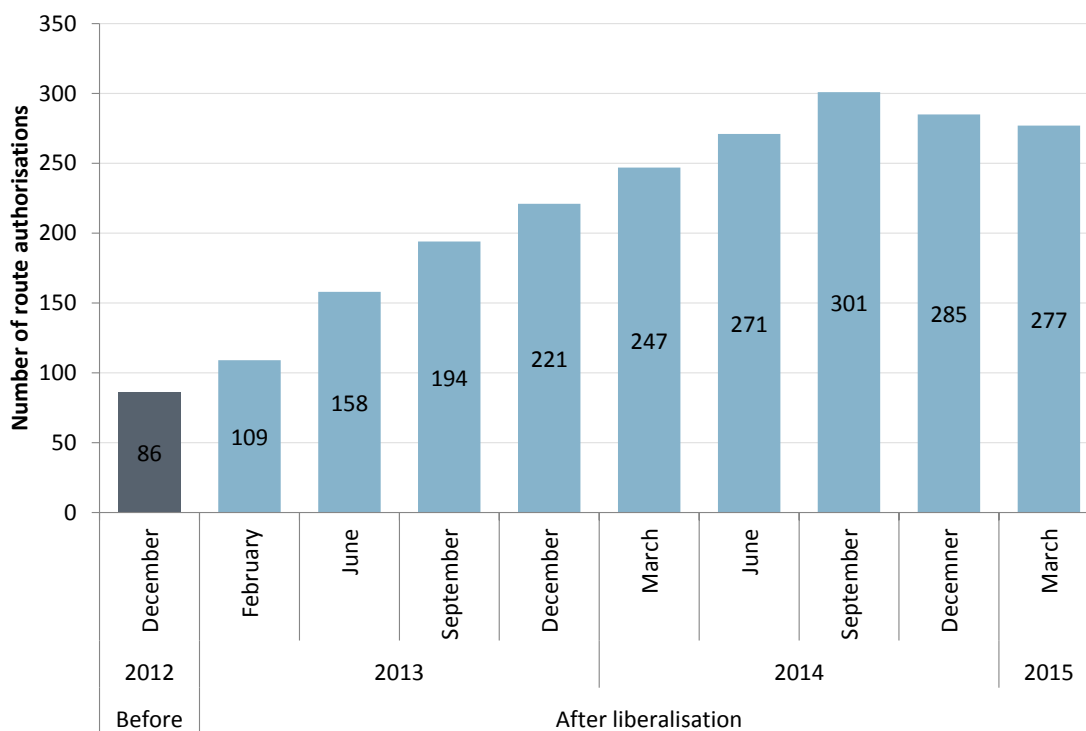
- A.18 The time required by the competent authority to grant route authorisations is usually three months. In exceptional cases, such as if the authority requests the submission of further documentation, this time might be extended by a further three months. Once the authorisation has been granted, the operator is bound to run the service and adhere to the timetable. Changes to the timetable need to be communicated to the competent authority and the withdrawal of a service needs to be notified at least three months in advance.
- A.19 The Ministry of Transport and Digital Infrastructure (BMVI) informed us that it employed 10 full-time equivalents (FTEs) in the administration of domestic and international coach services, and that 13 of the Länder reported a further 119 FTEs.

The market for coach travel

General trends

- A.20 The domestic long-distance regular coach network has developed continuously since the liberalisation of the market in 2013. Figure A.1 summarises recent data from the BMVI. The number of authorised services grew from 86 in December 2012, the month before liberalisation, to 301, in September 2014, although this may include multiple operators on the same route.

Figure A.1: Germany: authorised long-distance regular coach services



Source: Bundesministerium für Verkehr und digitale Infrastruktur (BMVI) (2015).

- A.21 In the last quarter of 2014 and the first quarter of 2015 a market consolidation took place, resulting in a reduction in the number of routes to 277 in March 2015. However, the March

2015 numbers do not include 26 requests for authorisation that were being reviewed by the competent authorities.

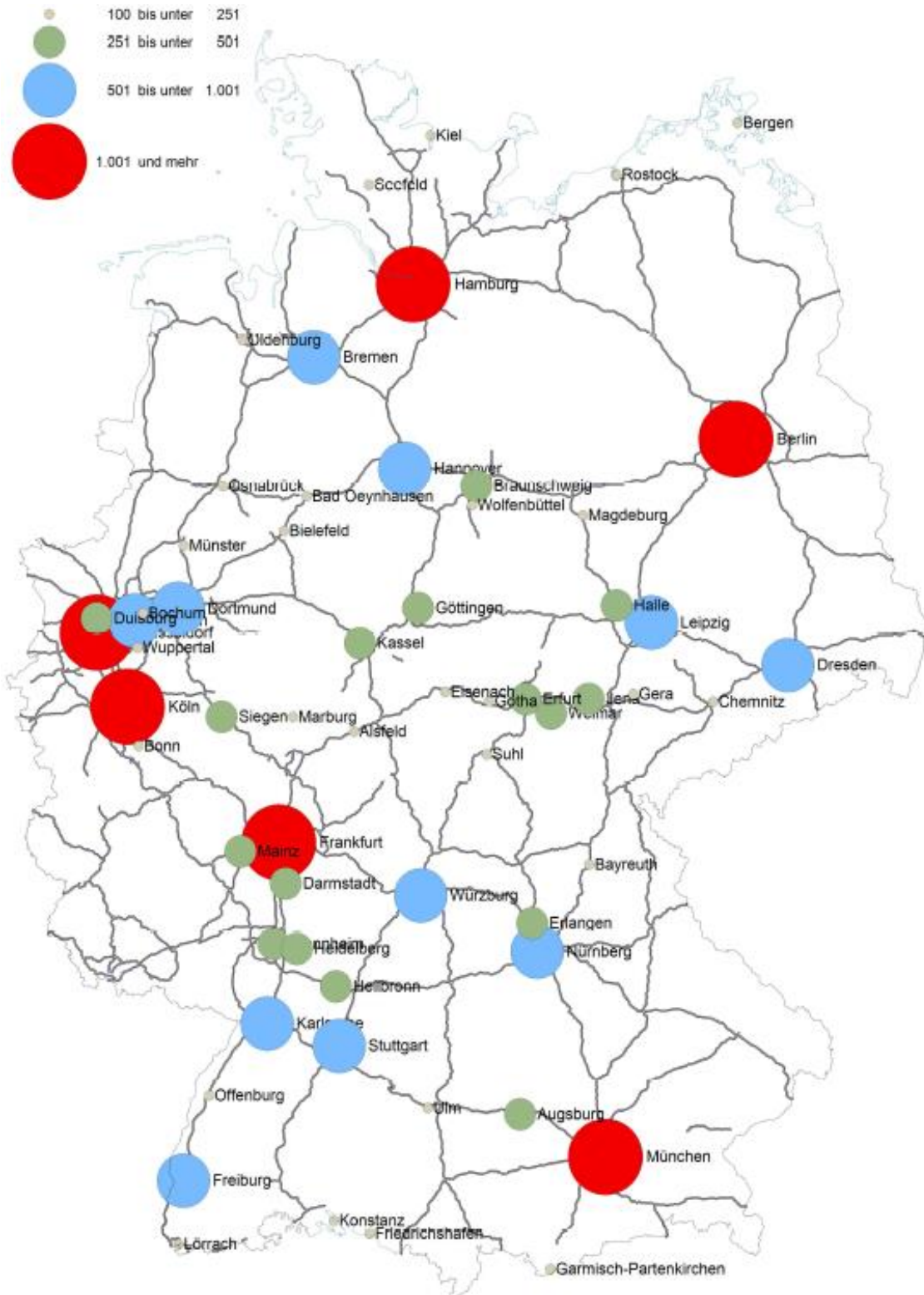
- A.22 The Federal Statistical Office (Destatis) estimates the 2014 market for long-distance regular coach services in 2014 at between 17 and 19 million passengers, although this is an estimate as data is available from the incumbent coach operators but not from the new entrants⁴¹.

⁴¹ Destatis (2015) 2014: Fahrgastaufkommen in Bussen und Bahnen weiter auf Wachstumskurs, press release 121/15 of 7 April 2015

Coach network

A.23 Figure A.2 shows the number of departures for cities with more than 100 weekly departures.

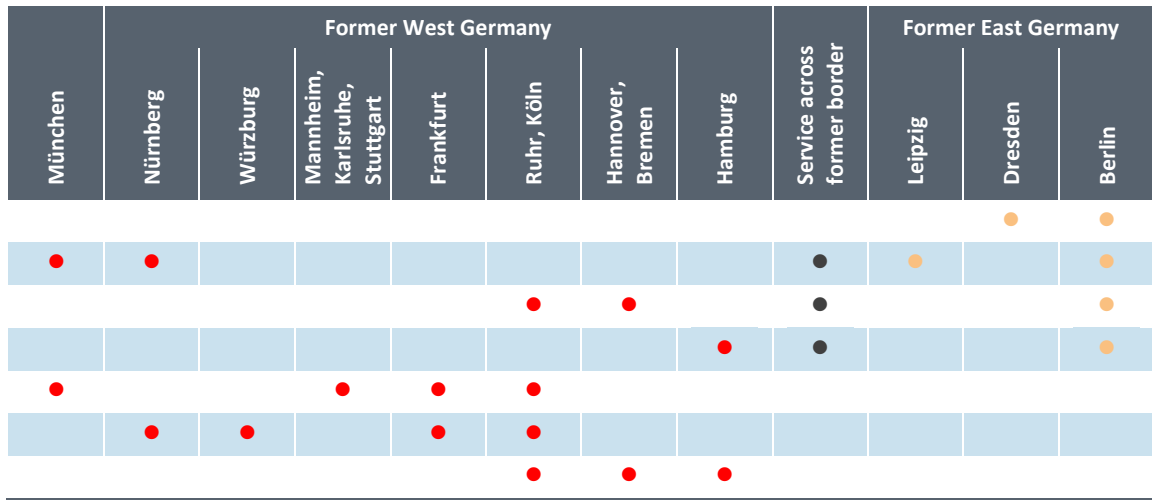
Figure A.2: Germany: cities with over 100 coach service departures per week



Source: Bundesamt für Güterverkehr (BAG) (2015), see text for further details.

A.24 Many routes, including the first new ones, follow the long-distance rail network, known as “racetracks” (Rennstrecken). A study by the Federal Office for Goods Transport (Bundesamt für Güterverkehr (BAG))⁴² suggests that densest routes are those shown in Table A.2.

Table A.2: Germany: densest coach routes



Source: Bundesamt für Güterverkehr (BAG)

A.25 BAG identified that:

- There are over 3,000 weekly departures from Berlin, the best-connected city. This partly reflects the historic split of Germany in which West Berlin was only linked to West Germany through services along nominated transit corridors.
- There are over 1,000 weekly departures from Düsseldorf, Frankfurt, Hamburg, Köln and Munich.
- There are 500-1,000 weekly departures from Bremen, Dortmund, Dresden, Essen, Freiburg, Hannover, Karlsruhe, Leipzig, Nuremberg, Stuttgart and Würzburg.

A.26 Apart from Freiburg and Würzburg, these are the largest German conurbations and are therefore natural generators of transport demand. The relatively small cities of Freiburg and Würzburg, in contrast, benefit from their location on two of the main “racetracks”.

The profile of coach users

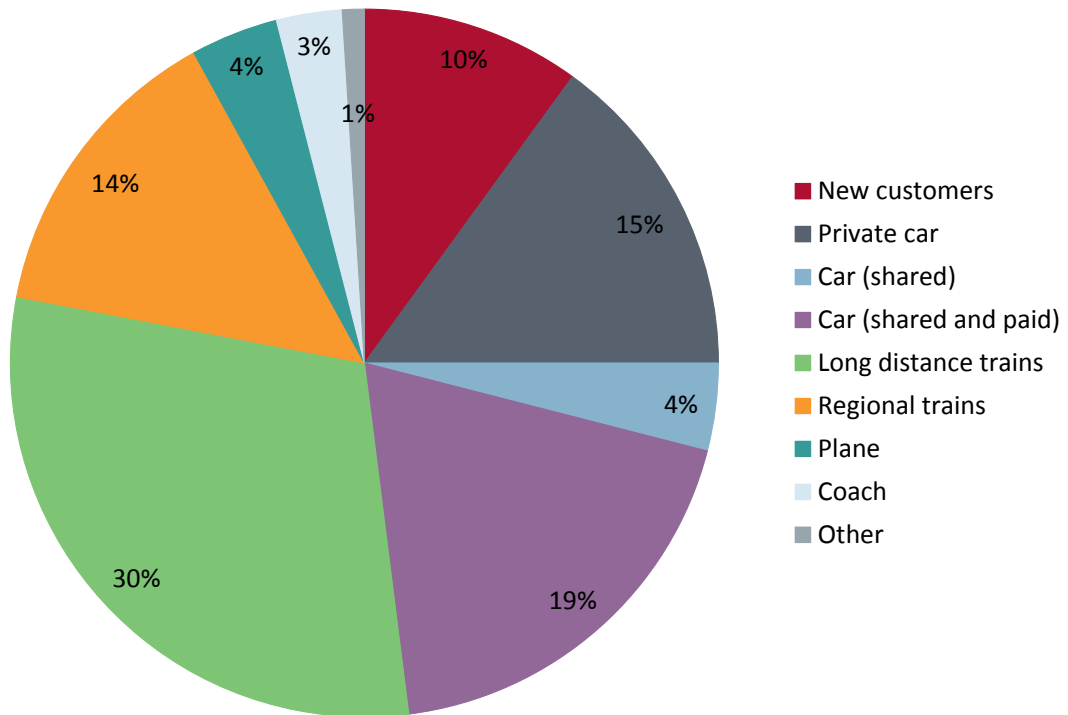
A.27 A survey of users of the online booking portal fahrtenfuchs.de by IGES Institut GmbH (IGES) suggested that:

- 44% of users of long-distance regular coach services in Germany previously used trains, composed of:
 - 30% long-distance rail users; and
 - 14% regional rail service users; and
- 38% were previously car drivers or passengers; and
- 10% are new customers who would not have travelled without the new coach service.

⁴² BAG (2015) Marktbeobachtung Güterverkehr, Marktanalyse des Fernbuslinienverkehrs 2014

A.28 A fuller disaggregation of the source of coach passengers is provided in Figure A.3.

Figure A.3: Germany: source of coach passengers by previous mode (2014)



Source: IGES Institut GmbH (IGES) (2014)

A.29 However, BAG suggests, on the basis of consultations with different market players, that the 30% share of coach passengers taken from rail is an overestimate because the railways' previous monopoly meant that most current coach passengers had used rail services in the past. BAG estimates from its own surveys that only 10-15% of current coach passengers have changed from rail.

Coach terminals

A.30 The BMVI informed us that 43 terminals had been identified nationally, but these could not be ranked in importance because exact passenger numbers were not available. Terminal are often owned by local or regional authorities or airports, but may be leased to an operating company. Dedicated long-distance regular coach service terminals only exist in Hamburg, Berlin, Mannheim, Munich and Hanover.

A.31 The BMVI informed us that there had been no issues of discriminatory practice in access to terminals .However, since market liberalisation in 2013 the number of routes and the number of passengers has increased strongly, mainly between large urban agglomerations, and many cities now face problems due to the lack of adequate terminal infrastructure. Private long-distance regular coach services often stop at terminals designed for public local transport, which still takes priority, and many are now at capacity with the large number of additional services.

A.32 As a consequence there is now a debate on whether terminals for long-distance regular coach services should be financed by public or private funds:

- The German Association of Cities and Towns argues against funding by the municipalities and for the participation of the Federal Government, which is the body responsible for long-distance transport infrastructure planning and funding.
- The Federal Government, represented by the Ministry of Transport, claims that coach operators themselves are responsible for the funding of terminal infrastructure.

A.33 Despite this debate, the municipalities of Hamburg, Hanover and Munich took the decision to fund dedicated terminals for long-distance regular coach services in their respective cities.

Persons with reduced mobility

A.34 The amendment of the PBefG defines specific technical specifications for the accessibility of vehicles used for long-distance regular coach services. Two dedicated spaces for wheelchairs, and an on-board lift system to assist boarding of persons with reduced mobility (PRM), will be required:

- from January 2016, on all new buses and coaches; and
- from January 2020, on all buses and coaches in operation.

Summary of key issues

Interpretation of minimum distance between stops of 50 kilometres

A.35 The amendment of the PBefG states that authorisations for regular coach services may only be granted if the distance between two stops is larger than 50 kilometres and there is no existing regional rail service with a journey time of up to one hour connecting these stops. However it does not give more detailed statements of how these 50 kilometres are defined, such as which exact locations are used for measuring the distance and how this distance is measured.

A.36 The Federal Government, in conjunction with the Expert Committee of the Federal States, has since provided instructions on the practical application of the amended PBefG. It was further agreed that competent authorities should consider these instructions during the process of granting authorisations.

A.37 These instructions state that the definition of the location of a stop may be interpreted either narrowly or widely:

- The narrow interpretation takes account of the exact location of a coach stop and allows coach services between two municipalities if the railway station and the coach stop are far apart.
- The wider interpretation takes into consideration the journey length of the regional rail service between the two municipalities in which the stops are located, irrespective of the exact location of the coach stop. Authorisation for the coach service may not be granted if the journey time of the regional rail service is below one hour. Therefore, the decisive factor is the municipality, and not the exact location of the stop.

A.38 The instructions on the practical application of the amended PBefG generally recommend the application of the wider interpretation, as this follows the purpose of the regulation more closely and is in the interest of passengers. However, it also states that each case needs to be assessed individually⁴³.

⁴³ KCW (2014) Neue Fernbushalte und Genehmigungspraxis, Chancen für die Kommunen

Access to terminals

- A.39 While we note above the general shortage of terminal capacity, we were not able to speak to either a terminal operator or representatives of the Association of Paneuropean Coach Terminals. It is not yet clear how either allocation of capacity, in the short term, or expansion of capacity, in the longer term, will be dealt with, or whether there have been complaints of discriminatory practices.

Table A.3: Germany: translation of key terms

German	English
Bundesverwaltungsgericht	Federal Administrative Court
Bundesländerfachausschuss, BLFA	Expert committee of the Federal States
Deutscher Staedtetag	German Association of Cities and Towns
Hinweise zur Anwendung des novellierten PBefG	Instructions on the practical application of the amended Passenger Transportation Act
Personenbeförderungsgesetz	Passenger Transportation Act
Straßenverkehrsordnung StVO	Road Traffic Regulations

Information sources

BAG (2015) Marktbeobachtung Güterverkehr, Marktanalyse des Fernbuslinienverkehrs 2014.

BMVI (2015) <http://www.bmvi.de/SharedDocs/DE/Artikel/LA/fernbusse-liberalisierung.html>.

Destatis (2015) 2014: Fahrgastaufkommen in Bussen und Bahnen weiter auf Wachstumskurs, press release 121/15 of 7 April 2015.

FIS (2015) <http://www.forschungsinformationssystem.de/>.

IGES (2014) Bahnkunden und Autofahrer lassen Fernbusmarkt wachsen, press release of 17 April 2014.

KCW (2014) Neue Fernbushalte und Genehmigungspraxis, Chancen für die Kommunen.

Greece

Introduction

- A.40 Long-distance coach services in Greece remain highly regulated. The State grants exclusive rights to two main categories of operator:
- KTEL companies (Joint Receipts Fund of Buses) operate strictly regulated regular domestic services. KTEL companies can also perform certain forms of occasional transport, as described below.
 - “*Tourist coaches*” operate regular or occasional international services, and occasional domestic services under looser regulatory conditions.
- A.41 The institutional and regulatory framework for both categories of operator is specified by national authorities at ministry level, while implementation is relegated to local authorities.
- The Passenger Transport Directorate (General Administration for Transport) of the Ministry of Infrastructure, Transport & Networks is responsible for the overall institutional framework and preparation of legislation on the strictly regulated domestic services and KTEL services overall. The Directorates for Transport & Communications of the Regional Units (supervised by the Ministry of the Interior) are competent for the implementation of the institutional framework and supervision of local KTEL.
 - The Ministry of Tourism is the authority primarily responsible for the institutional and regulatory framework for *tourist coaches*, with local administrations (whether Directorates for Transport & Communications of the Regional Units or local branches of the Ministry of Tourism) again competent for the implementation of the framework. The Passenger Transport Directorate of the Ministry of Infrastructure, Transport & Networks retains a co-competence for *tourist coaches* alongside the Ministry of Tourism.
- A.42 The State’s aim is the availability of secure, sufficient, high quality, efficient and affordable passenger transport, covering domestic and international, regular and occasional services.

The market for coach travel

Supply of regular domestic coach services: KTEL

- A.43 Domestic long-distance regular services are operated exclusively by KTEL companies. There are 62 intercity KTEL companies operating 4,230 coaches under a quasi-direct award contract which provides for strong regulatory intervention by the State. Each of the intercity KTEL companies is based in a different geographical unit, either a Regional Unit or a large- or medium-sized island. Most KTEL companies are public limited companies (S.A.), unless they are very small (with a fleet of 12 or fewer coaches), in which case they remain looser co-operatives of owner-operators.
- A.44 The domestic regular coach services provided by KTEL companies are regulated under Greek Law 2963/2001 and fall under the exception provided for in Article 8 of Regulation (EC) 1370/2007, for the direct award of contracts for regular intercity public services without competition. This regime is set to end on 31 December 2019.
- A.45 In addition to domestic regular services, KTEL companies can, as an exception, also perform the following forms of occasional transport:
- transport of bathers, where historic rights exist on routes served before Law 2446/1996 applied;

- transport of pupils for daytrip excursions, when no overnight accommodation is involved and only if the point of departure is the Regional Unit where the KTEL is based; and
- transport of pupils to and from schools, subject to an open competition by the Regional Unit.

- A.46 The Federation of KTEL companies (POAYS) states that KTEL companies transport approximately 80% of long-distance passengers using public transport in Greece in 2015, with rail accounting for 12% and air for the remaining 8%.
- A.47 KTEL companies are granted exclusive rights to operate regular domestic services, with the explicit obligation to serve the whole bundle of routes in each Regional Unit, including Public Service Obligation (PSO) routes. KTEL companies do not receive any direct public subsidy for PSO routes. The exclusive rights over the regular domestic market, mean that only KTEL companies are subject to operate PSO services.
- A.48 In 2012, services on nearly 2,000 (1,984) regional routes were loss-making, at a cost of €218 million. Loss-making services are cross-subsidised by profitable services within the route bundle. A mechanism also exists for weaker KTEL companies to be supported by more profitable ones in other Regional Units. KTEL long-distance revenues were approximately €400 million in 2012, of which €170 million was related to contracts for the transport of pupils to and from schools.
- A.49 Fares are set by the State on a per kilometre basis. KTEL companies are grouped into seven categories, based on the characteristics of their local markets, with the kilometric rate adjusted for each category. Concessionary fares are available:
- for specified passenger groups, including PRM, students and the military, conditional upon a contract between the KTEL and the Ministry, or other body involved; and
 - four others, such as to members of families with three or more children, offered voluntarily by KTEL companies without compensating payments from the State.
- A.50 The number of coach licences available for KTEL companies is strictly limited and in principle invariable, and corresponds to the number of coaches operated (4,230). The number and distribution of coach licences across the KTEL companies and Greek regions is in effect fixed. The market is considered closed; a newcomer can only enter a KTEL company if another owner-shareholder sells or transfers their share (or part thereof). According to reports, long-distance KTEL licences may be priced at between €30,000 and €350,000, depending on the mix of profitable and loss-making routes within the KTEL company's route bundle.
- A.51 In 2014, the 62 long-distance KTEL companies had approximately 10,000 shareholders and employed around 15,000 people. Of the 4,230 coaches, 3,282 are operated by their owner-drivers, who are effectively self-employed within the KTEL system.
- Supply of other coach services: tourist coaches*
- A.52 "Special tourist public service coaches" can provide occasional services to groups of passengers assembled in advance, as defined in Greek Laws 711/1977 and 2446/1996. Tourist coaches are strictly prohibited from performing any form of domestic regular services. Tourist coaches, however, are granted exclusive rights to operate regular and occasional international coach services.
- A.53 Depending on the specific nature of the services operated, tourist coaches may transport groups of passengers assembled in advance or specified categories of passengers, as follows:

- for conferences, fairs, seminars, sports, cultural or social events;
- for excursions within Greece or abroad;
- to and from airports, ports, railway stations and border crossings;
- of soldiers to and from military camps not served by a regular KTEL route;
- of staff to and from a specified place of work;
- of bathers;
- of pupils for excursions; and
- of pupils to and from schools, subject to an open competition by the Regional Unit.

A.54 The tourist coach sector is fragmented. There are a few major operators and many small and very small ones. Economies of scale are not generally present, and employment in the sector can prove volatile.

A.55 Tourist coaches are operated by “tourism offices” (agencies) and by so-called “Tourist Undertakings for Road Transport” (TEOM).

A.56 Our 2009 study of coaches noted that there were a total of 5,400 tourist coaches:

- 4,275 vehicles operated by tourism offices/agencies. These are private companies with a public coach licence from the Greek Tourism Organisation (EOT). The conditions for licensing cover a wide area of requirements related to operating coaches and tourism activities. The tourist offices organise domestic and international, special regular and occasional coach services in parallel to a wider range of services they offer, such as airline reservations and holiday packages.
- 1,125 vehicles operated by TEOM. These private operators with a public coach licence. Most of the TEOM are cooperatives of individual public coach licence holders, who make their vehicles available to TEOMs through some form of leasing agreements. TEOM vehicles can be hired by individuals, other organisations and tour operators for domestic occasional services, but the TEOM are not permitted to organise tours themselves. The licence to set up a TEOM company is provided by the Ministry of Infrastructure, Transport & Networks, and there are no limitations on the availability of this type of licence. However, in common with KTEL and tourism offices, they face restrictions on the coach licences.

A.57 In 2015 the Ministry of Infrastructure, Transport & Networks stated that the total number of tourist coaches was 7,300, compared with the 5,400 recorded in the 2009 study.

A.58 Fares for domestic occasional services, as well as international regular and occasional services are set on a purely commercial basis.

A.59 Special provisions and restrictions exist for cabotage operations undertaken in Greece by EU operators based in other Member States. Cabotage operations are strictly forbidden for operators based in non-EU countries.

Future market regulation

A.60 Greek Law 4199/2013 is intended to implement Regulation 1370/2007 and specifically Article 5 on the award of public service contracts. The law provides a new framework, providing for the award of public service contracts, with or without compensation, based on calls for tenders in each Regional Unit. The new framework is intended to be implemented in full by December 2019, the date set out in Article 8 of Regulation 1370/2007, after which the exception granted to the KTEL system will no longer be permitted.

- A.61 The new legislation introduces major reforms to the planning, organisation, processes, contracting and overall provision of public long-distance road transport in Greece. It also establishes a Regulatory Authority for Passenger Transport (RAEM).
- A.62 The market for long-distance coach services will be divided into three segments:
- Non-commercial, PSO routes: exclusive rights will be granted to the concessionaire, with maximum fare and minimum levels of service specified by RAEM, and support from the State.
 - Commercial routes: exclusive rights will be granted to the concessionaire, with a maximum fare and minimum level of service specified by RAEM.
 - Open routes, not included in the network formed by the above categories, on which the level of demand is deemed sufficient to allow for full competition: their number is expected to be limited.
- A.63 RAEM will be funded by the industry and will work in close cooperation with the Regional Units to define criteria for feasibility studies in each Region to assess the segmentation of the market, manage the tender process and support in the implementation of the liberalised market. Concessions are expected to be awarded for between eight and ten years, with the opportunity to extend them by 50%.
- A.64 The Federation of KTEL companies, POAYS, notes that it does not agree with the uniform application across all Member States of Regulation 1370/2007 on domestic intercity and urban transport, due to the large geographic, economic and social differences between MS. It argues that State authorities should be able to decide on the most appropriate framework at the local level, based on these parameters.

Quality initiatives

- A.65 The implementation of Greek Law 2963/2001, and the conversion of KTEL companies to public limited companies in 2003, encouraged system-wide investments into coach fleet renewal and modernisation of infrastructure such as terminals, ticket offices and “computerisation”. Most KTEL vehicles are modern, technologically advanced coaches that offer comfortable and safe services. This capital expenditure has in the main been funded by KTEL shareholders, with some State funds received from the Public Investment Programme of the Ministry of Infrastructure, Transport & Networks.

Coach terminals

- A.66 Intercity coach terminals are operated by KTEL companies and are either owned or hired by the companies. International regular routes operated by Greek tourist coaches or international counterparts are allowed access to these terminals (as defined by article 27 of Greek Law 4313/2014). New coach terminals have recently been built in Thessaloniki, Larissa, Trikala, Chalkida, Pyrgos, Lamia, Tripolis and Agrinio.
- A.67 A new central intercity coach terminal is also planned for Athens, consolidating the existing terminals at Kifisos and Liosia into a central terminal at Elleonas, which will be integrated with the city’s metro system. The indicative budget for the new terminal exceeds €50 million, with the terminal designed to accommodate approximately 35,000 passengers per day or 12-13 million passengers per annum. However, construction of the new terminal has encountered numerous delays associated with funding and statutory planning, and press reports indicate that alternative plans are now being considered.

A.68 Under the planned liberalisation of the market, coach terminals will form part of the national public transport network and could be operated by any party, subject to licensing and planning permission. Access to the coach terminals will be available to all operators of domestic and international services, subject to infrastructure access charges.

Persons with reduced mobility

A.69 As noted above, KTEL companies offer concessionary fares to persons with reduced mobility, with limited compensation contributed by the State, or with explicit cross-subsidisation accounted for in the State-defined fare rates.

A.70 Regulation 181/2011 concerning the rights of passengers in bus and coach transport was transposed into Greek law in 2015, and no records of complaints and infringements, or analysis of the issues faced in Greece with respect to PRM, are yet available.

Summary of key issues

A.71 Patterns of travel in Greece are heavily influenced by two factors:

- Its geography, including the range of islands each requiring their own wholly self-contained services.
- Its markets, with highly seasonal tourist demand in some areas and on many islands.

A.72 Partly for these reasons, long-distance coach services in Greece remain highly regulated. The State grants exclusive rights to two main categories of operator:

- KTEL companies (Joint Receipts Fund of Buses), operating strictly regulated regular domestic services; and
- “tourist coaches”, operating occasional domestic services under looser regulatory conditions, as well as regular or occasional international services.

A.73 The current arrangements enable the bus and coach sector as a whole to be sufficiently profitable to invest in vehicles and infrastructure and to cross-subsidise loss-making services in each area without the need for explicit support. However, the high market value of KTEL licences suggest that supply, prices, profits and efficiency are not at the levels which would occur in a more liberalised market.

A.74 This status quo is set to remain in place until the end of 2019, when the new legal and institutional framework will come into force.

Spain

Regulatory framework

Domestic bus and coach services

- A.75 The main law regulating the passenger transport sector in Spain is the Inland Transport Development Act (Ley de Ordenación de Transportes Terrestres, or LOTT), which originated as Ley 16/1987 and has been subject to many amendments, with three major ones since 2009:
- Ley 25/2009, providing 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 at the EU level since 1987.
- A.76 The LOTT distinguishes public and private transport services, as shown in Table A.4.

Table A.4: Spain: classification of public and private transport services

Transport service	Definition	Subdivisions			
Public	Carried out for third parties for economic remuneration	Regular or VR: "Viajeros Regular"	Urban	Operated entirely within the territory of one municipality	
			Interurban	Serving more than one municipality	National Regional
			Special	Intended only for a specific, homogeneous group of users such as students and workers	
		Occasional or VD: "Viajeros Discrecional"			
Private	Carried out by individuals or legal entities on their own account to meet particular needs or complement the company's main activities ("Viajeros Privado Complementario", or VPC)				

- A.77 The interurban bus sector is subdivided:
- National, or inter-community transport services, cross the territories of more than one Autonomous Community and are the responsibility of the Ministry of Public Works and Transport.
 - Regional: intra-community transport services within an Autonomous Community are the responsibility of the Autonomous Communities shown in Figure A.4 overleaf.
- A.78 Regular domestic bus services are managed under a concession system, under which the government grants a monopoly to an individual or legal person to manage a service of an economic nature through a government contract. This precludes competition "in the market" because there is one service provider, and fares are set by the public administration, but allows competition "for the market" via public tenders for the award of the concessions.
- A.79 From an economic point of view this system can be justified if there are sound economic reasons for concluding that monopolistic operation is more efficient and if there is real competition "for the market", with low or no barriers to entry and competitive pressure at the time of the bid. These circumstances may exist in passenger road transport: for example, provision of quality services on some routes may only be profitable if the operator is assured of exclusivity.
- A.80 The Ministry of Public Works and Transport is responsible for granting permission to operate regular interregional services, international services, special regular and occasional services.

Concession are granted for a maximum term of 10 years, with the possibility of extending the term up to 50% if required to amortise investment needed to provide the service.

Figure A.4: Spain: Autonomous Communities and Provinces



- A.81 The competent transport authorities of the Autonomous Communities are responsible for granting permission to operate regular regional services. In principle, the LOTT allows the Autonomous Communities to define a procedure for granting access other than a concession, such as a direct award. However, for historical and economic reasons concessions have been chosen by all Autonomous Communities, in which access to the concession must be by non-discriminatory bidding.
- A.82 Stakeholders have commented that:
- Competition “for the market” is hampered by existing barriers to market access including the long concession periods, asymmetric information, potential regulatory capture by the concessionaires, and the preferential treatment of incumbents in new competitions.
 - In general the requirements to participate in the tenders are low enough as to encourage entry, but there have been a number of legal controversies concerning the terms of reference for the bidding of the expired national concessions.
 - In urban and metropolitan areas, some local authorities maintain a system of direct administration or systems other than the concession model, such as joint ventures, transport consortia, or other business models.

The authorisation process

- A.83 The authorisation process for domestic services depends on the type of service:
- Regular regional and interregional coach services are managed within the concession framework: an operator bids in a public tender and, if awarded, signs the public service contract. Non-resident operators may bid if they have a permanent establishment in Spain.
 - Special regular services vary:
 - Services for commuting workers are on the basis of a private contract between the carrier and the workers' employer.
 - Services for schools may be subject to public service obligations.
 - Special regular services at the intra-community level follow the same procedure as regular international coach services.
 - Occasional services are fully liberalised and require only an authorisation.
- A.84 Response times vary:
- up to eight months for PSO tenders, due to the complex administrative process; and
 - as little as two days in the other cases.
- A.85 The response to a request for a licence or authorisation is an administrative act, which cannot be discretionally provided by the administration, and is subject to thorough verification of compliance with the requirements of the regulations. However, we note that the Ministry of Public Works and Transport has never refused a request for international regular services.
- A.86 Stakeholders reported that, since its last modification in 2013, there has been a continuing process of modification of the LOTT, concerning new rules for implementation, to be approved by the Government in the future. A new set of tender documents for PSO regular services has also recently been approved.

International coach services

- A.87 The authorisation process for international services also depends on the type of service:
- For services within the EU, Regulation 1073/2009 has been transposed into the national legal framework and establishes common rules for access to the international transport by road. Regular services are regulated as follows:
 - Authorisation, modification and revocation procedures for regular services are set in Chapter III of Regulation 1073/2009.
 - Special regular services covered by a contract between the organiser and the carrier do not require the issue of a specific authorisation, and the contract itself (or a certified copy) can be used as control document.
 - For services to and from non-EU states, specific authorisations for regular services are issued by the General Directorate of Land Transport, subject to the provisions of 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.
 - Shuttle services, defined as those organised to carry passengers previously assembled in groups through several round trips from the same starting point to the same destination, are not covered by Community legislation. They need specific authorisation issued by the Directorate General of Land Transportation, subject to the relevant international treaties.

- For occasional services, the regulatory framework depends on the destination:
 - For EU Member States, all occasional services are liberalised and need only 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 General of Land Transport subject to the relevant international treaties.
- Cabotage services can be authorised for:
 - special regular services, if covered by a contract between organiser and carrier;
 - occasional services; and
 - regular services, performed by a carrier not resident in Spain in the course of a regular international service, but not independently of such international services.

The concession network

A.88 Table A.5 below summarises data on the bus and coach concessions let by the national government and the Autonomous Communities. Though dating back to 2006, those data provide an overall picture of the concession framework in Spain.

Table A.5: Spain: national and Autonomous Community concessions (2006)

	Autonomous Community (including urban and medium distance)	National	Total
Concessions	1,335	108	1,443
Vehicles	8,932	1,009	9,941
Passenger-kilometre (million)	6,295	7,744	14,039
Total revenue (€ million)	817	388	1,205
Changes in concession holders 1976-2006	376	28	404
Concession mergers 1976-2006	128	16	144

Source: Comisión Nacional de la Competencia, Informe sobre la competencia en el transporte interurbano de viajeros en autobús en España, 2008.

- A.89 Over 90% of concessions in 2006 had been let by the Autonomous Communities, although these include both urban and medium-distance intra-community services.
- A.90 The majority of concession holders had not changed between 1976 and 2006. However, there have been more changes in recent years:
- 60% of the 376 changes in holders of Autonomous Community concessions have occurred since 2000.
 - 75% of the 28 changes in holders in national concessions have occurred since 2000.

A.91 Data on concession mergers reveals a gradual consolidation between 1976 and 2006.

The practice of term extension

A.92 National and regional concessions are granted for a maximum period of 10 years, with the possibility of extension by up to half the original term, if required to amortise investments needed to provide the service. Table A.6 below shows the planned expiry dates of concessions

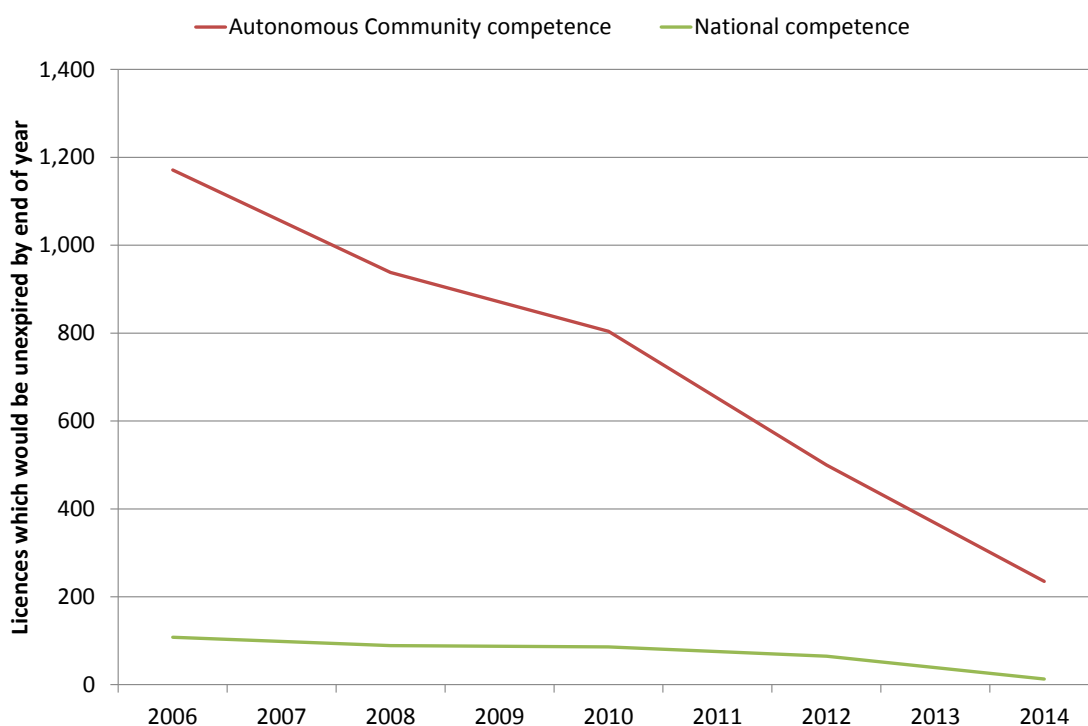
which were in place in 2007, and Figure A.5 shows how almost all of these concessions should have expired and been re-let by the end of 2014. In practice this has not been the case.

Table A.6: Spain: planned expiry dates of concessions in place (2007)

	2007-2008	2009-2010	2011-2012	2013-2014	2015 and beyond	Total
Autonomous Community competence	233	134	304	265	235	1,171
National competence	19	3	21	52	13	108
Total	252	137	325	317	248	1,279

Source: Comisión Nacional de la Competencia, Informe sobre la competencia en el transporte interurbano de viajeros en autobús en España, 2008.

Figure A.5: Spain: planned expiry rate of concessions in place (2007)



Source: Steer Davies Gleave analysis of Comisión Nacional de la Competencia, Informe sobre la competencia en el transporte interurbano de viajeros en autobús en España, 2008

A.93 Many Communities have recently extended, through various policy instruments, the term of the concessions of their competence, including:

- in 2003, Catalonia;
- in 2006, Aragon, La Rioja and Castilla-La Mancha;
- in 2007, the Canary Islands and Castilla-León;
- in 2008, Asturias, Galicia and Valencia; and
- in 2009; Madrid, Murcia, Extremadura, Balearic and (again) Castilla-León and Galicia.

A.94 The Comisión Nacional de la Competencia (CNC) recently expressed an unfavourable opinion on the Autonomous Communities' wide practice of extending concessions. In its report, the CNC disagreed with both:

- the philosophy behind these extensions, which contravene the principles and spirit of Regulation 1370/2007; and
- the specific conditions that have accompanied most of them, such as the length of the extensions and the automatic nature of their enforcement.⁴⁴

A.95 The extension of regional concessions, generally decreed by specific regional legislative acts, and often subject to presenting a modernisation plan, is usually claimed to be needed to improve and modernise the service or to reorder the concession map. CNC argues that:

- These plans are generally easy to achieve, making extension almost automatic.
- The extensions are often not necessary and proportionate to the quality improvement.

A.96 The CNC argues that, in this period, the wide use term extension have represented a strong restriction to competition since it has implied the absolute market closure throughout the time during which the concessions have been extended.

The market for coach travel

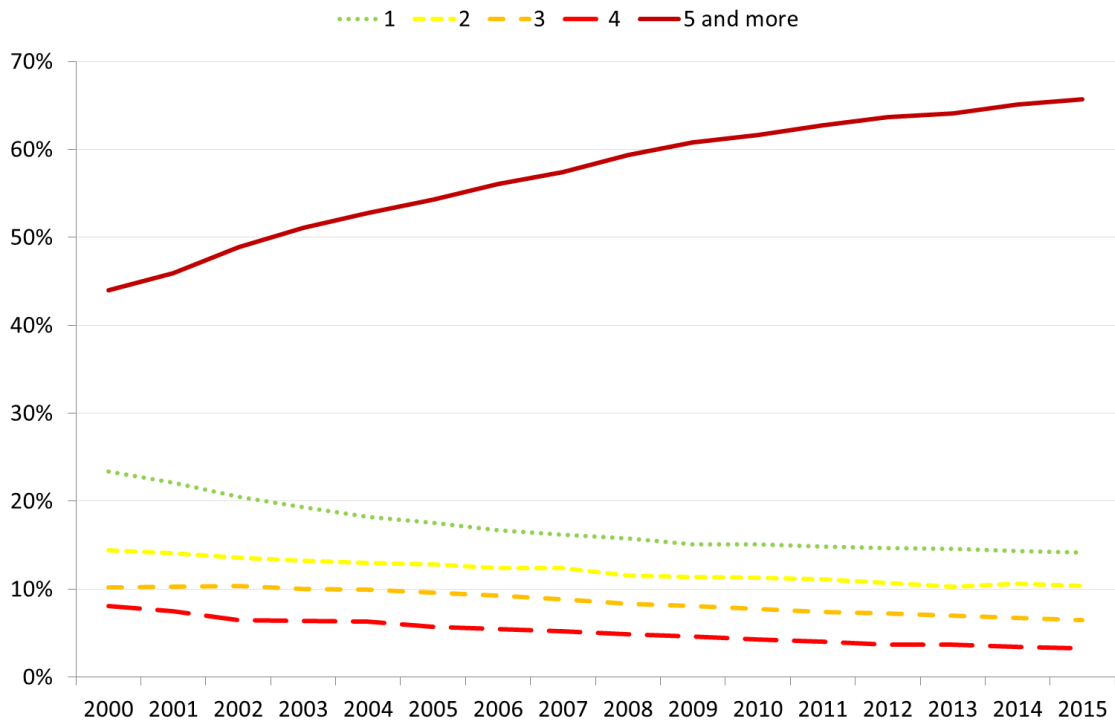
A.97 We examined market data and statistics on the size and trends in the coach market, and examine below the overall market, the interregional market, and the international market.

The market for bus and coach services

A.98 The process of industry concentration from 200 to 2015 is clear in Figure A.6, which shows how the number of firms with five or more vehicles or more has risen from 44% to 66%.

⁴⁴ Source: Comisión Nacional de Competencia, Informe sobre las prórrogas de las concesiones interurbanas de transporte de viajeros en autobús de titularidad autonómica.

Figure A.6: Spain: bus and coach operators by number of authorised vehicles (2000-2015)



Source: Observatorio del transporte de viajeros por carretera.

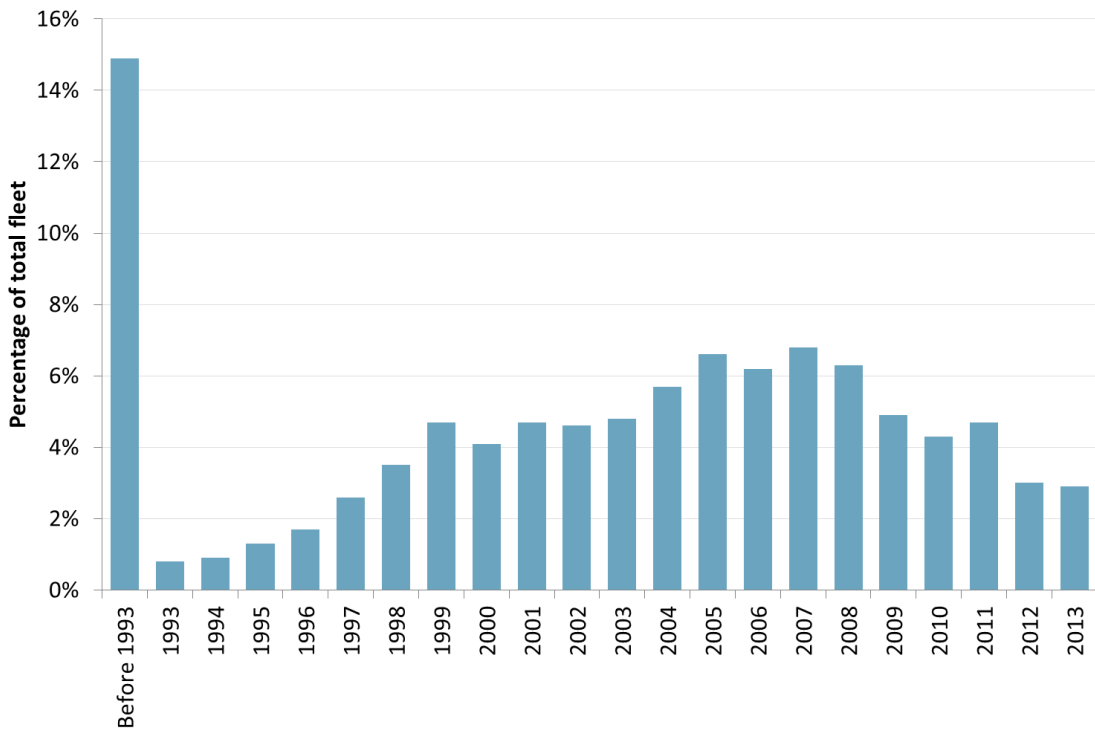
A.99 Comparing operator and route numbers in 2000 and at 1 January 2015 shows:

- 21% fewer operators, from 4,490 to 3,544;
- 25% more authorised vehicles, from 34,987 to 43,689; and, in consequence
- 58% more authorised vehicles per operator, from 7.8 to 12.3.

A.100 This concentration process, and the new tender scheme, meaning that competition is open at both the national and regional level, is entailing changes in the industry structure. In the last decade there have been at least two major acquisitions by foreign groups: Alsa, operating over 50% of national concessions, has been acquired National Express and Avanza, operating over 10% of national concessions, has been acquired by the Mexican group ADO.

A.101 Figure A.7 shows the distribution of the bus fleet by year of registration. The average age of the fleet is 13.1 years.

Figure A.7: Spain: distribution of the national bus fleet by registration year



Source: Observatorio del transporte de viajeros por carretera.

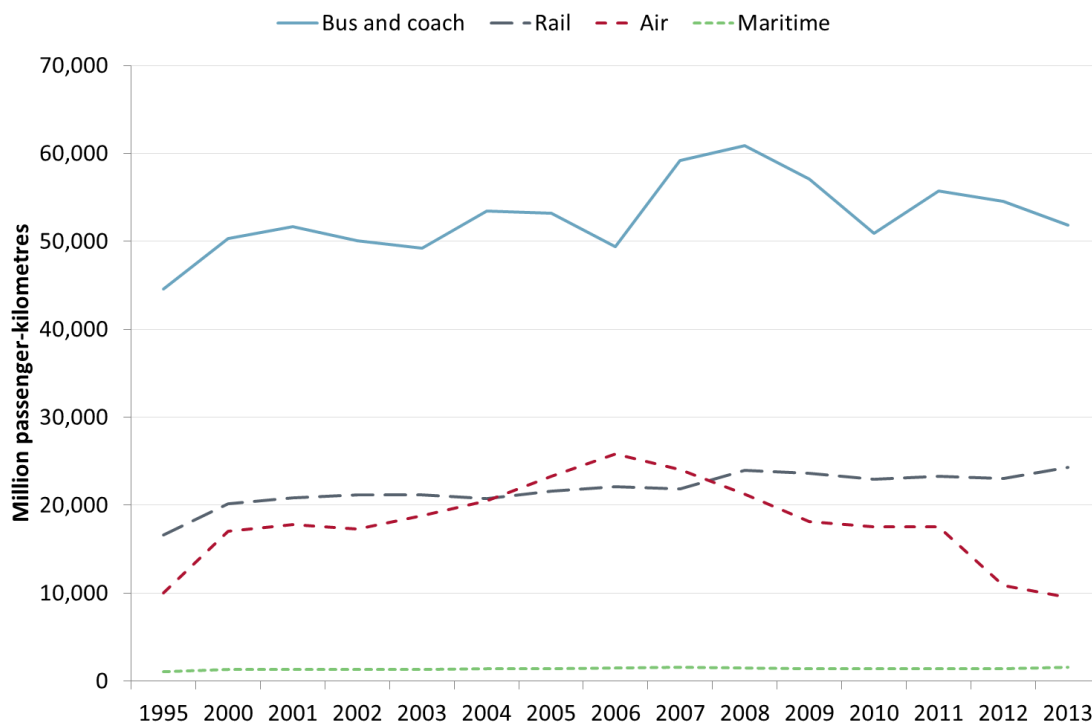
A.102 In 2013, 49% of vehicles were large (over 50 seats), 12% medium (36-50 seats), 23% small (21-35 seats) and 16% small (fewer than 20 seats).

Volume and supply

A.103 Figure A.8 shows the volume of domestic public transport demand by transport mode. In 2013 the bus and coach sector carried 51,834 million passenger-kilometres or 59% of total domestic public transport volume.

A.104 The volume of bus and coach passenger-kilometres rose by 37% between 1995 and 2008 and then fell 15% between 2008 and 2013 after the economic crisis. In comparison, rail passenger-kilometres grew by 45% between 1995 and 2008 and by 1% between 2008 and 2013, and domestic air passenger-kilometres grew by 158% between 1995 and an earlier peak, in 2006, and then by 63% by 2013.

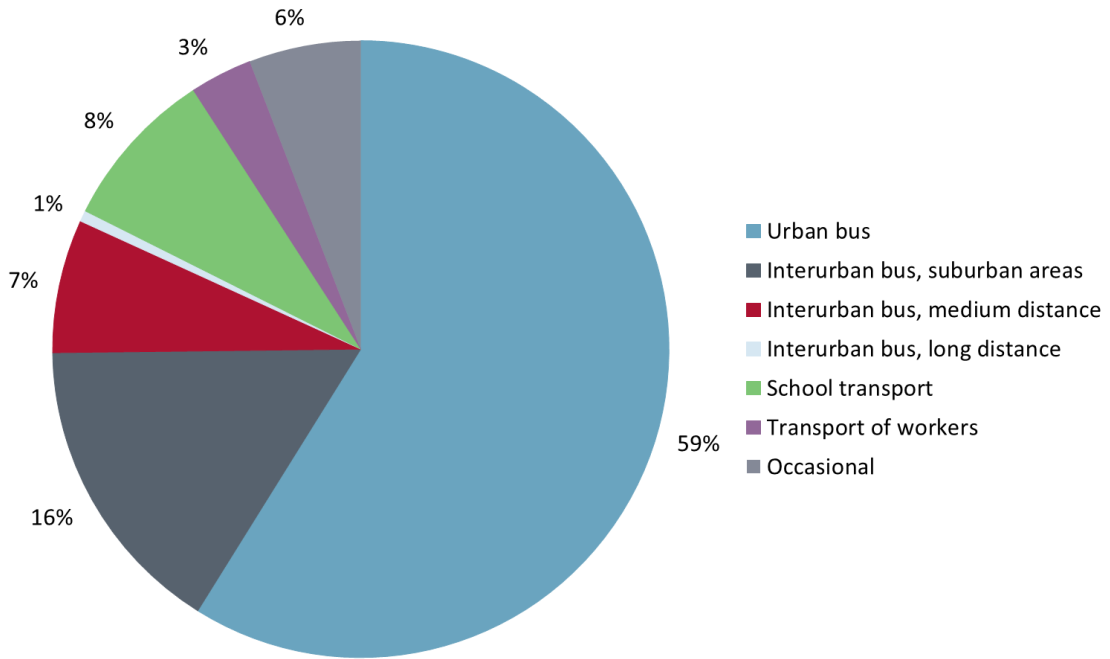
Figure A.8: Spain: domestic passenger-kilometres by mode of transport (1995-2013)



Source: Observatorio del transporte de viajeros por carretera.

A.105 Figure A.9 shows the proportions of passenger journeys in 2014 by regular, special regular and occasional coach services.

Figure A.9: Spain: passengers using regular, special regular and occasional coach services (2014)



Source: Instituto Nacional de Estadística (INE).

Note: INE disaggregation of regular services does not correspond to those let nationally or by autonomous regions.

A.106 As Table A.7 below shows, the number of passenger transported in every bus and coach market has declined over the five-year period 2009 to 2014.

Table A.7: Spain: bus and coach passengers (million) (2009-2014)

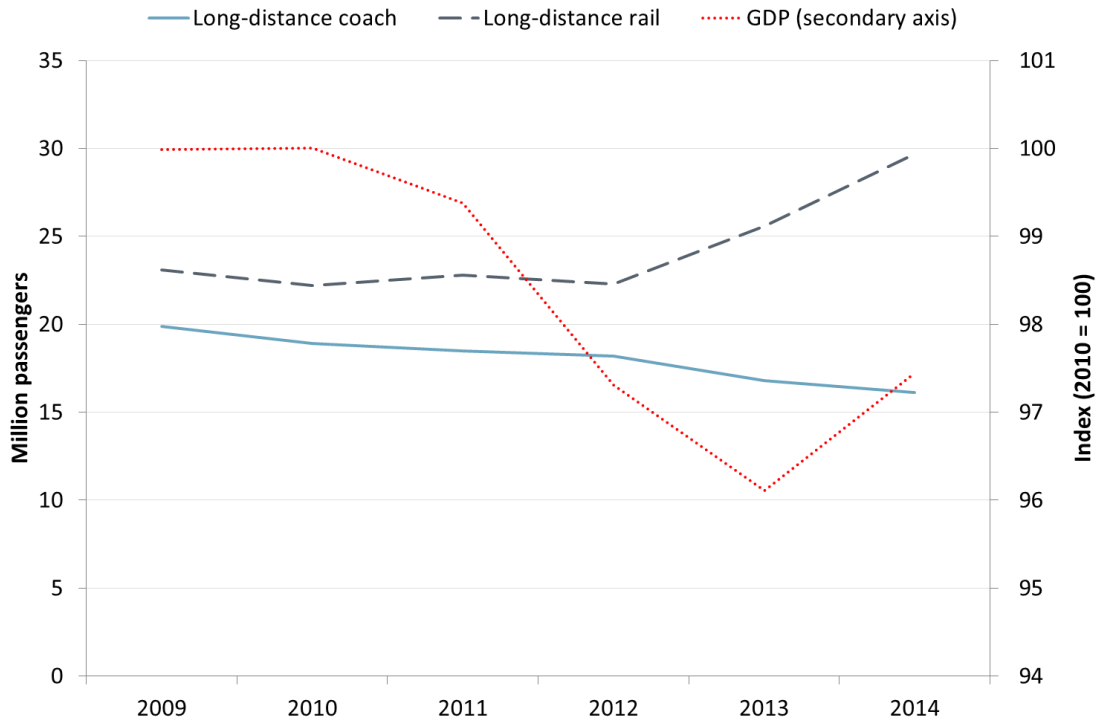
	2009	2010	2011	2012	2013	2014	Change 2009-2014
Urban	1,754.8	1,736.2	1,738.3	1,647.4	1,625.6	1,632.3	-7.0%
Interurban	688.0	678.3	669.6	677.5	663.9	652.0	-5.2%
Suburban areas	465.8	453.3	446.8	457.5	452.7	441.9	-5.1%
Medium distance	202.3	206.2	204.3	201.8	194.4	194.0	-4.1%
Long-distance	19.9	18.9	18.5	18.2	16.8	16.1	-19.0%
Special regular	383.9	361.1	337.6	332.4	347.2	325.3	-15.2%
School transport	281.3	264.1	247.0	244.2	250.4	234.7	-16.5%
Transport of workers	102.6	97.0	90.5	88.2	96.8	90.6	-11.7%
Occasional	185.7	180.1	175.6	158.5	156.3	162.9	-12.3%

Source: INE

A.107 The coach association Confebus stated that passenger numbers have been affected not only by the economic crisis but also by national rail company RENFE’s aggressive pricing strategy on

long-distance commercial services since 2012. Confibus claims that this caused a consistent shift to rail by traditional long-distance coach users, the young and the elderly. Coach services are usually considered inferior goods, which gain market share during an economic downturn. Figure A.10 shows that this was not the case in Spain between 2009 and 2013.

Figure A.10: Spain: long-distance coach and rail services passengers and GDP (2009-2014)



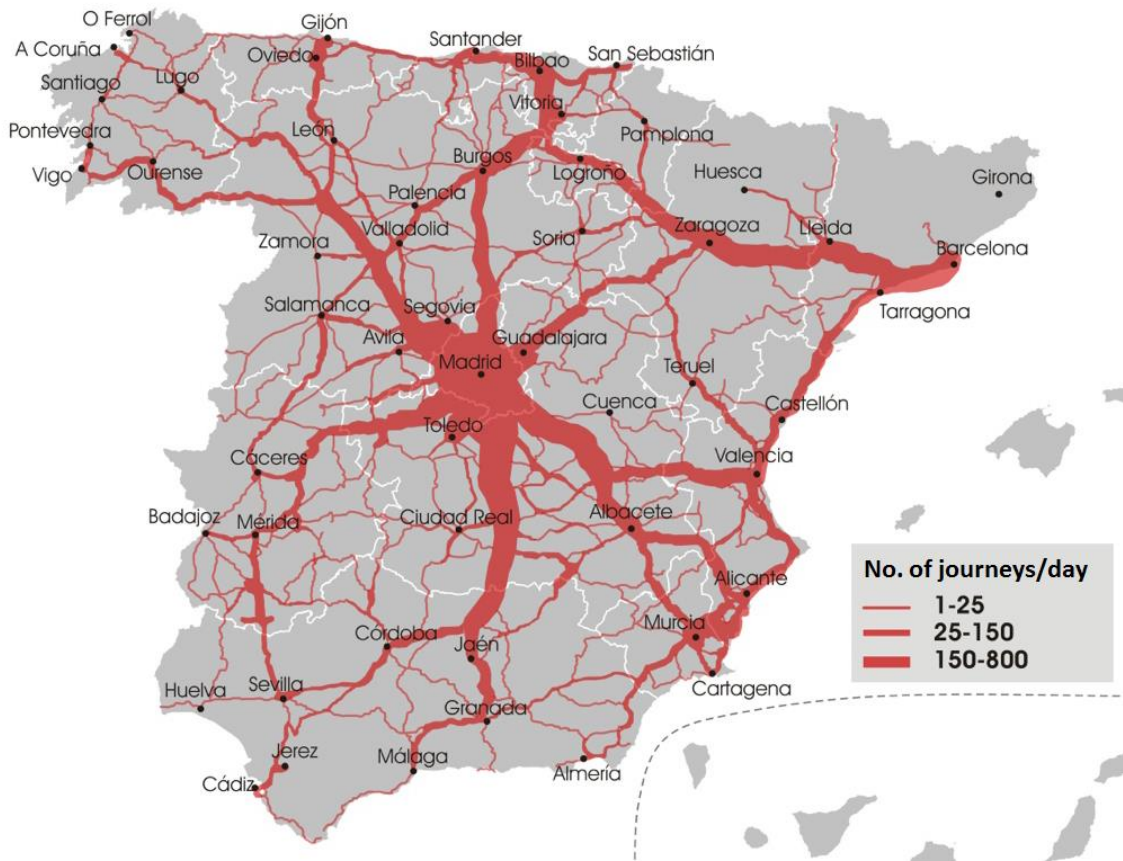
Source: INE.

- A.108 GDP fell by 4%, but long-distance coach volume also fell, while long-distance rail volumes increased. This supports Confibus’s argument that the divergent trends in long-distance coach and rail volumes have been driven mainly by the RENFE’s price strategy.

The interregional network

- A.109 Regular coach transport crossing the boundaries of Autonomous Communities is regulated by the Ministry of Public Works and Transport, and broadly corresponds to the market for long-distance regular services. Figure A.11 shows a map of the network, which is focused on Madrid and, to a lesser extent, Barcelona and Bilbao.

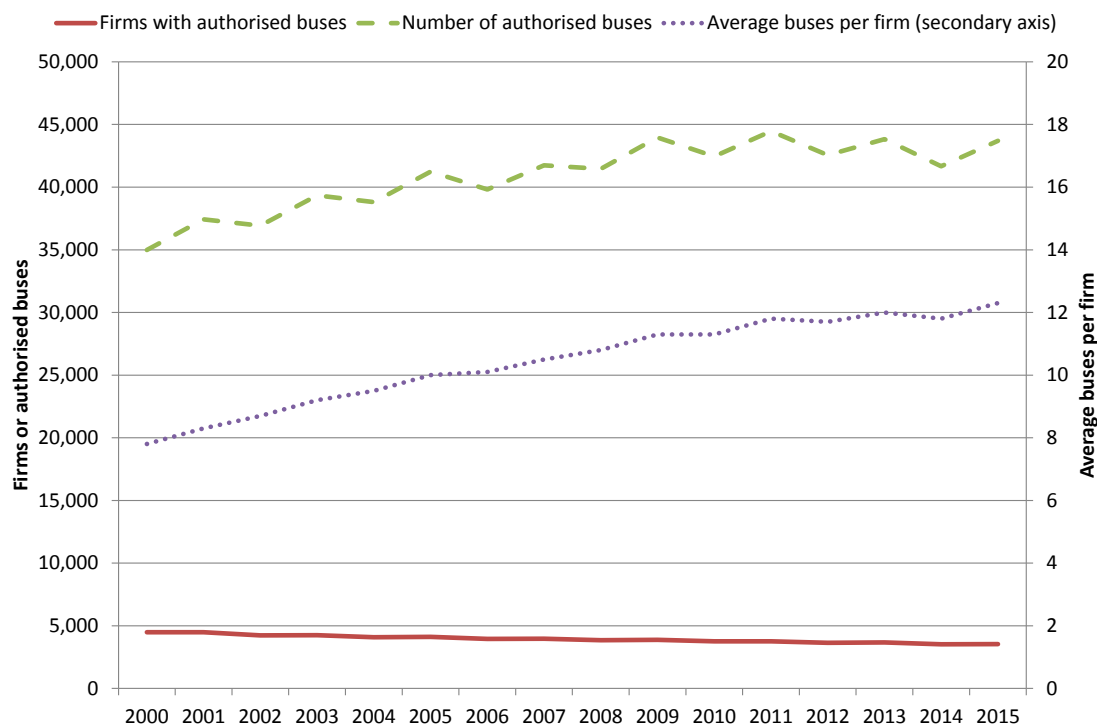
Figure A.11: Spain: the interregional regular coach transport network



Source: Centro de estudios y experimentación de obras públicas (CEDEX), reported in Confibus, El transporte en autocar, una solución sostenible para la movilidad de las personas, 2014.

A.110 Figure A.12 and Tables A.8 to A.12 below summarise indicators of trends on the network.

Figure A.12: Spain: operators and authorised buses (2000-2015)



Source: Observatorio del transporte de viajeros por carretera.

Table A.8: Spain: operators and authorised buses (2000-2015)

Year	Firms with authorised buses	Authorised buses	Average buses per firm
2000	4,490	34,987	7.8
2001	4,483	37,424	8.3
2002	4,233	36,929	8.7
2003	4,255	39,343	9.2
2004	4,087	38,801	9.5
2005	4,115	41,229	10.0
2006	3,958	39,808	10.1
2007	3,963	41,745	10.5
2008	3,848	41,463	10.8
2009	3,884	43,966	11.3
2010	3,753	42,449	11.3
2011	3,760	44,467	11.8
2012	3,649	42,559	11.7
2013	3,666	43,828	12.0
2014	3,517	41,666	11.8
2015	3,544	43,689	12.3

Source: Observatorio del transporte de viajeros por carretera.

- A.111 Figure A.12 and Table A.8 above show that, while the number of authorised vehicles has risen from less than 35,000 to nearly 45,000, the average number of operators has declined steadily. This means that the average authorised buses per firm has risen from fewer than 8 in 2000 to more than 12 in 2015.
- A.112 Table A.9 below shows the decline in the number of interregional concession contracts, which has fallen by more than 50% since 1993.

Table A.9: Spain: interregional concession contracts (1993-2014)

Year	Routes at the start of the year	Routes closed	Routes transferred to the regions	Routes opened	Routes at the end of the year
1993	217	19	68	15	145
1994	145	45	0	37	137
1995	137	32	2	24	127
1996	127	11	0	9	125
1997	125	10	0	7	122
1998	122	7	0	7	122
1999	122	9	0	7	120
2000	120	2	0	2	120
2001	120	3	0	2	119
2002	119	11	0	5	113
2003	113	0	0	0	113
2004	113	4	1	2	110
2005	110	0	0	0	110
2006	110	3	0	1	108
2007	108	0	5	0	103
2008	103	10	0	9	102
2009	102	2	0	3	103
2010	103	3	1	2	101
2011	101	7	0	6	100
2012	100	9	0	4	95
2013	95	6	0	1	90
2014	90	4	0	0	86

Source: Observatorio del transporte de viajeros por carretera

Table A.10: Spain: national concessions' length and number of stops (2000-2014)

Year	Length of routes		Number of stops	
	Total	Average per route	Total	Average per route
1998	76,512	627	4,699	39
1999	79,437	651	4,792	40
2000	80,486	671	5,077	42
2001	80,494	671	5,125	43
2002	80,299	675	5,113	43
2003	78,631	696	5,040	45
2004	78,757	697	5,055	45
2005	78,190	711	5,028	46
2006	N/A	N/A	N/A	N/A
2007	82,012	759	6,202	57
2008	80,016	777	6,316	61
2009	84,917	833	6,508	64
2010	80,548	798	5,262	52
2011	80,878	809	5,355	54
2012	77,337	814	5,083	54
2013	77,254	858,4	4,982	55
2014	75,730	881	4,846	56

Source: Observatorio del transporte de viajeros por carretera

Table A.11: Spain: national concessions' passengers, vehicle- and passenger-kilometres (2000-2014)

	Passengers (thousands)	Vehicle-kilometres (millions)	Passenger-kilometres (millions)	Average trip length (kilometre)	Average passengers per journey
2000	58,772	303	6,884	117	22.7
2001	62,251	320	7,432	119	23.2
2002	61,041	317	7,360	121	23.2
2003	63,189	313	7,418	117	23.7
2004	64,674	315	7,706	119	24.4
2005	66,285	315	7,737	117	24.6
2006	67,015	315	7,845	117	24.9
2007	66,531	316	7,680	115	24.3
2008	64,962	303	7,365	113	24.3
2009	45,611	276	6,396	140	23.2
2010	36,167	257	6,004	166	23.4
2011	34,678	262	6,150	177	23.5
2012	32,149	250	5,946	185	23.8
2013	30,857	249	5,599	181	23.9
2014	29,378	239	5,289	180	22.2

Source: Observatorio del transporte de viajeros por carretera

Table A.12: Spain: national concessions' revenues and revenues indicators (2000-2014)

	Revenue (€ thousands)	Average revenue (€) per ...		
		Passenger	Passenger-kilometre	Vehicle-kilometre
2000	291,948	4.97	0.0424	0.97
2001	324,800	5.22	0.0437	1.01
2002	334,903	5.49	0.0455	1.06
2003	347,681	5.50	0.0469	1.11
2004	375,951	5.81	0.0488	1.19
2005	398,436	6.01	0.0515	1.27
2006	387,839	5.79	0.0494	1.23
2007	386,811	5.81	0.0504	1.22
2008	384,135	5.91	0.0522	1.27
2009	347,072	7.61	0.0543	1.26
2010	338,202	9.35	0.0563	1.32
2011	350,370	10.10	0.0570	1.34
2012	354,915	11.04	0.0597	1.42
2013	353,731	11.46	0.0632	1.47
2014	334,802	11.40	0.0633	1.40

Source: Observatorio del transporte de viajeros por carretera.

A.113 Table A.13 below compares some of the key data for the tables above for 2000, 2007 and 2014.

Table A.13: Spain: summary of national concessions (2000, 2007 and 2014)

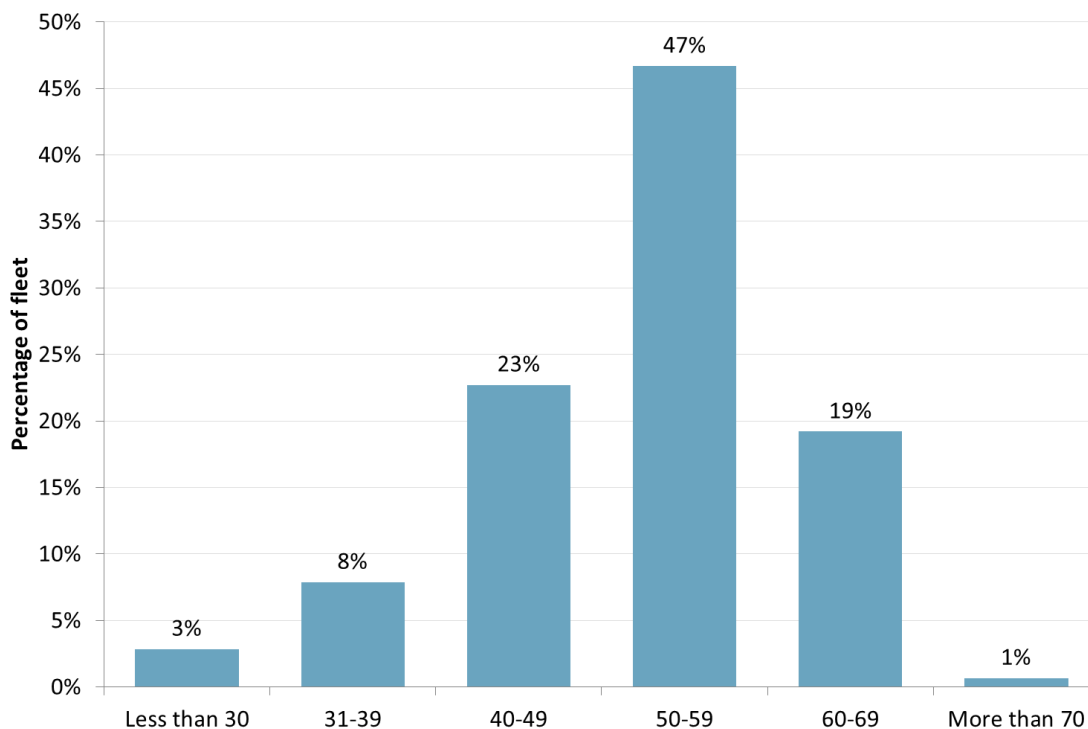
Area	Indicator	2000	2007	2014
Interregional route network	Number of concessions (at the end of the year)	120	103	86
	Total length of the lines (kilometre)	80,486	82,012	75,730
	Average length of each concession (kilometre)	671	796	881
	Total number of stops	5,077	6,202	4,846
	Average number of stops in each concession	42.3	60.2	56.3
Fleet	Number of registered vehicles			1,193
	Average age of vehicles			6.57
	Average seating capacity			51.1
Passengers and services	Passengers (thousands)	58,772	66,531	29,378
	Vehicle-kilometre (thousands)	302,680	316,140	238,364
	Passenger-kilometre (millions)	6,884	7,680	5,289
	Average mileage per passenger (kilometre)	117	115	180
	Average load factor (passengers)	22.8	24.3	22.2
Revenues	Revenues (thousand euros)	291,948	386,811	334,803
	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 (€)	0.965	1.224	1.403

Source: Observatorio del transporte de viajeros por carretera.

- A.114 The total length of national concession routes at the end of 2014 was 75,730 kilometre. The total number of stops was 4,846, or 3,373 excluding duplication of stops on more than one line, in 2,897 towns in 2,073 municipalities.
- A.115 The overall length of the national concession network rose slightly (2%) between 2000 and 2007 and then fell (-7.7%) between 2007 and 2014, and the total number of stops also fell by 21.9% between 2007 and 2014. Over the same period, the number of national concessions fell from 145 in 1993, to 120 in 2000 and 86 in 2014, through the process of consolidation into larger concessions. The average length per concession consequently rose from 671 kilometres in 2000 to 796 kilometres in 2007 and 881 kilometres in 2014.
- A.116 In 2014, 1,193 vehicles were assigned to national concessions, 35.5% of which were equipped to facilitate access and transport of persons with disabilities or reduced mobility. The average age of the fleet was 6.6 years with an average of 51.1 seats per vehicle.

A.117 Figure A.13 shows analyses the fleet by size: 67% is large-size vehicles (equal or more than 50 seats), 31% is composed by medium-size vehicles (between 31 and 49 seats) while only 3% of the fleet is composed by small-size vehicles (30 seats or fewer).

Figure A.13: Spain: coach seating capacity (2014)



Source: Observatorio del transporte de viajeros por carretera.

Principal operators

A.118 Table A.14 summarises data on operators of national concessions.

Table A.14: Spain: firms and groups of firms operating national concessions (2014)

Firm or group	Market share (passenger-kilometre)	Passenger-kilometre (thousands)	Passengers (thousands)	Vehicle-kilometre (thousands)	Firms in group	Concessions	Vehicles	Percentage of vehicles equipped for PRM	Average vehicle age
Alsa	53.6%	2,835,892	12,381	114,702	9	23	392	34%	4.2
Avanza	10.7%	568,216	2,582	27,570	5	10	159	16%	5.0
Samar	6.0%	318,964	4,556	19,071	2	9	181	33%	11.2
Socibus	5.7%	303,418	626	13,571	2	3	35	100%	2.4
Damas	4.2%	224,095	688	6,542	2	4	41	49%	7.5
Bilman Bus	4.1%	215,622	305	6,102	1	1	20	80%	2.2
Monbus	3.1%	161,514	771	9,047	3	5	74	50%	5.8
Jimenez	2.8%	146,472	851	6,586	4	4	42	29%	5.7
Sepulvedana	2.1%	111,858	1,502	6,983	2	2	43	14%	5.8
Bus Madrid-Almeria	1.4%	71,682	129	2,416	1	1	6	100%	3.6
Aisa	1.1%	57,108	1,121	4,233	1	2	50	44%	7.7
Hife	1.0%	53,243	492	4,301	1	2	25	28%	4.4
Dainco	0.9%	45,410	74	2,481	1	1	7	100%	0.6
Leda	0.8%	44,733	757	3,102	1	1	25	8%	6.7
I.R.Bus	0.6%	31,366	840	1,564	2	2	11	91%	3.4
Cevesa	0.6%	29,798	404	4,354	1	4	20	60%	6.8
Linecar	0.3%	16,285	167	1,850	1	1	1	0%	3.6
Therpasa	0.2%	11,654	100	709	1	1	5	0%	7.7
Agreda	0.2%	9,944	147	817	1	1	11	0%	14.2
Costa Azul	0.2%	8,548	230	642	1	1	21	10%	13.2
Miguel Gamon	0.1%	7,630	420	536	1	N/A	N/A	N/A	N/A
Cer	0.1%	7,477	8	579	1	1	6	100%	1.6
Lax	0.1%	3,646	157	241	1	1	7	43%	8.4
Pesa	0.0%	1,267	20	155	1	1	2	0%	13.0
Novatour	0.0%	949	26	135	1	1	5	0%	6.0
Serranica	0.0%	898	11	90	1	1	1	0%	12.9
Molinero	0.0%	873	10	205	1	3	3	67%	7.4
Gzlez y de la riva, SL	0.0%	163	5	52	1	N/A	N/A	N/A	N/A
Total	100%	5,288,727	29,378	238,634	48	86	1,193	35%	6.6

Source: Observatorio del transporte de viajeros por carretera.

A.119 The market is concentrated, with the three largest groups carrying over 70% of total passenger-kilometres.

The international transport market

A.120 The international coach market is supervised by the Ministry of Public Works and Transport. Table A.15 shows the number of Community licences and certified true copies issued between 1999 and 2014.

Table A.15: Spain: Community licences and certified true copies (1999-2014)

	Community licences		Certified true copies	
	Issued	In force at year end	Issued	In force at year end
1999	1,916	1,916	9,074	9,074
2000	322	2,238	1,272	10,346
2001	119	2,357	681	11,027
2002	110	2,467	647	11,674
2003	97	2,564	533	12,207
2004	1,492	2,212	8,535	10,746
2005	421	2,238	1,775	11,243
2006	197	2,317	953	11,793
2007	157	2,364	902	12,304
2008	172	2,288	846	12,270
2009	1,272	2,218	7,495	11,705
2010	424	2,220	2,124	11,917
2011	269	2,292	1,187	12,315
2012	210	2,345	920	12,565
2013	211	2,381	949	12,851
2014	1,116	2,220	7,406	11,715

Source: Observatorio del transporte de viajeros por carretera.

A.121 Table A.16 below shows the number of certified true copies per Community licence.

Table A.16: Spain: Community licences and certified true copies (2014)

	Community licences		Certified true copies		Average number of certified true copies per Community licence
Total	2,220	100%	11,715	100%	5.3
1 certified true copy	369	17%	369	3%	1.0
2 certified true copies	446	20%	892	8%	2.0
3 certified true copies	290	13%	870	7%	3.0
4 certified true copies	210	9%	840	7%	4.0
5 certified true copies	288	13%	1,44	0%	0.0
6-10 certified true copies	407	18%	3096	26%	7.6
11-20 certified true copies	154	7%	2291	20%	14.9
21-40 certified true copies	43	2%	1264	11%	29.4
41-60 certified true copies	12	1%	588	5%	49.0
More than 60 certified true copies	1	0%	65	1%	65.0

Source: Observatorio del transporte de viajeros por carretera

A.122 The Ministry does not hold data on international regular coach traffic and volumes. In 2014, the Ministry of Public Works and Transport authorised 35,175 international occasional coach services within the EU and 688 outside the EU.

Employment

A.123 INE reported that 91,397 people were employed in the bus and coach services sector in 2007⁴⁵.

A.124 In 2014, the coach association Confibus provided its own estimates of direct and indirect employment in the sector in 2013, shown in Table A.17.

Table A.17: Spain: direct and indirect employment in the bus and coach sector (2013)

	Direct employment	Indirect employment	Total employment
Urban bus	19,090	7,907	26,998
Regular interurban coach	10,512	4,354	14,866
School transport	5,099	2,112	7,210
Transport of workers	1,376	570	1,946
Occasional transport	7,384	3,059	10,443
Total (bus and coach)	43,461	18,002	61,462

Source: Confibus, El transporte en autocar, una solución sostenible para la movilidad de las personas, 2014.

⁴⁵ We have also identified a report at http://www.fomento.es/NR/rdonlyres/BEA5A540-6C4A-4585-9A9D-02165C8062ED/128846/OBSERVATORIO_SOCIAL_TRANSPORTE_POR_CARRETERA_2013.pdf.

- A.125 Stakeholders reported that working conditions have changed since the entry into force of Regulation 1073/2009, but that this was due to changes in the economic and labour market, not to the Regulation itself.

Infrastructure and terminals

- A.126 The concession model for coach terminals is a mixed one. Coach terminals are generally owned by public authorities (municipalities or autonomous communities) which tender their operation to private companies, although there are also some commercial private terminals. Table A.18 below provides data on a major terminal, Estación Sur de Autobuses de Madrid, or Mendez Alvaro terminal.

Table A.18: Spain: Madrid's Mendez Alvaro terminal

Issue	Description
Terminal	Estación Sur de Autobuses de Madrid (Mendez Alvaro)
Owner	Autonomous Region of Madrid, City of Madrid
Destinations	Spain and Europe
Operators	Alsa, Avanza, Samar, Arriva Noroeste, Aisa, La Sepulvedana, Cevesa, Eurolines
Capacity	22 bus docks
Passengers	240,000 departures (average 2013/2014)
Facilities	Left luggage, toilets and baby change, luggage porters, eateries, pay phones, cash machines, bureaux de change, international check-in, hotel booking desk
Location	Calle Mendez Alvaro 83, Madrid
Website	http://www.estacionautobusesmadrid.com

Source: Stakeholder consultation.

- A.127 The quality of terminals is variable. Major terminals such as Mendez Alvaro are of high quality, but older terminals often require investment and renewal. The Ministry of Transport has no direct a responsibility for terminal quality, but recognises that investment in terminals and interchanges would improve their attractiveness. Coach services only stop outside terminals to a limited extent, and only by negotiation with the municipalities. Access to coach terminals is totally open and cannot be denied to operators asking for it. Neither the Public Administration, nor associations of bus operators and terminals operators, nor the operators themselves, identified discriminatory barriers to entry⁴⁶.

Persons with reduced mobility

- A.128 The administrations responsible for enforcement of Regulation 181/2011 are the Ministry of Public Works and Transport and the Transport Departments of the Autonomous Communities, although the “Ministerio de Sanidad, Políticas Sociales e Igualdad” also has a role through the “Agencia Española de Consumo, Seguridad Alimentaria y Nutrición” (AECOSAN).
- A.129 Only just over one third operating these concessions are yet equipped for the transport of PRMs, but the issue is not lack of investment. The national concession specifications require

⁴⁶ Consultations with Confibus (association of bus and coach operators) and the association of terminals.

that coaches are equipped for PRMs, and fleet renewal will reach the goal of 100% vehicles equipped for PRMs within concessions tendered under the new terms of reference.

- A.130 Most terminals are properly equipped for PRMs. The most common issue mentioned by stakeholders related to the lack of infrastructures for PRMs in the areas surrounding the terminals, for which the municipalities are responsible.

France

Introduction

- A.131 Until August 2015, the market for long-distance regular coach services in France was strictly regulated. Long-distance coach services were restricted to cabotage of international services provided that cabotage traffic remained small, or were operated under public service contracts.
- A.132 In 2015 the market for coach services, with distances between stops of over 100 kilometres, was deregulated. If stops are within 100 kilometres, the newly appointed independent regulator must assess whether the services pose an economic threat to existing rail or road PSO contracts.

Regulatory framework

Background

- A.133 Until August 2015, the French regulatory environment was characterised by a history of strict regulation. The regulatory environment opened up slightly in 2011 as a result of European Regulation 1073/2009, but it was not until the Macron law⁴⁷ was passed in July 2015 and signed in August 2015 that the regulatory environment was significantly relaxed.

Regulatory framework before 2011

- A.134 Until 2011, interregional coach services in France could only be operated if one or more of the following conditions were met:
- They were subject to a public transport contract between competent transport authorities and coach companies. Some services involved only one authority while others involved more than one.
 - They were provided as substitutes for regional rail services.
 - They were operated on lines of “national interest”. This was the case for only three lines between Roissy-CDG airport and Paris, and between Beauvais airport and the Picardie region.
- A.135 For decades, 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.

Regulatory framework between 2011 and 2015

- A.136 According to article 38 of law no. 2009-1503 of December 2009, between 2011 and 2015 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 national service on a route. For instance, a Lille-Paris or Paris-Lyon route could have been operated under cabotage of an international Brussels-Lyon coach service

⁴⁷ Law for the growth, activity and equal economic chances

operating via Lille and Paris. The same coach had to be used for the entire route, with no change of vehicle permitted.

- A.137 Additional conditions had to be met by cabotage operations: over a year, domestic passengers carried through cabotage services could not exceed more than 50% of the passengers, or contribute more than 50% of the turnover, on any given route. In addition, cabotage operations were not allowed between stops located within the same region.
- A.138 The French Ministry of Transport had three months to approve applications. According to a 2013 study by the French Competition authority⁴⁸, the Ministry approved about 60% of the applications it received.
- A.139 Decree no. 2010-1388 November 2010, determined the application process and specified the conditions for authorisation, which was given provided that cabotage services would not impair the economic balance of PSCs for passenger services by any mode including rail. However according to the French competition authority (Autorité de la concurrence), the conditions for granting authorisation were not clearly specified, and decisions to accept or reject a new coach route often lacked economic justification. In addition, evaluation methods were not centralised and differed between regions.
- A.140 The obligation to form part of an international route resulted in restricting the long-distance coach services to some parts of the country and some large cities. Turnover restrictions and limits on the number of passengers also complicated operating activity.
- A.141 In 2013, the competition authority recommended the modernisation of the system of administrative approvals. It highlighted that the 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 before 2015

- A.142 The Macron law (July 2015) introduced significant market deregulation. It states that:
- Domestic routes on which the distance between two stops is greater than 100 kilometres are to be liberalised. There is no need for coach operators to go through an approval process; they will now 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 remains unclear, and operators expect clarification from the Government on this point.
 - Domestic routes on which the distance between two stops is less than 100 kilometres will require a demonstration that the new coach service will not negatively impact the economic balance of the PSC for regional rail services.
- A.143 The new independent regulator is the Autorité de régulation des activités ferroviaires et routières (ARAFER), previously known as Autorité de régulation des activités ferroviaires (ARAF) responsible for rail regulation.

⁴⁸ “Enquête sectorielle - Transport interregional régulier par autocar”, Autorité de la concurrence, 13 November 2013

Route authorisation process

- A.144 The competent authority responsible for granting route authorisations in accordance with the Macron law of July 2015 is the newly formed ARAFER. Coach operators wishing to operate a service where the distance between stops is less than 100 kilometres must inform ARAFER, which will immediately publish the declaration on its website.
- A.145 If a competent transport authority or the state 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.
- A.146 ARAFER 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 based on objective and reliable criteria. The contents of the request will be published on ARAFER's website.
- A.147 Although the precise design of the test is not known at this stage, 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 take into account any positive effects of allowing new coach services for passengers, SNCF and the regional economy⁴⁹. The Authority will have 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.
- A.148 ARAFER will publish, in a notice on its website, its legally binding decision on the proposed service. Only after this process will operators be able to operate their services on the routes concerned. 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 market for coach travel

Before 2015

- A.149 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 is minimal. Statistics published by the French government show that in 2013 only 110,000 passengers travelled by long-distance coach, or 0.0005% of long-distance domestic trips. Even excluding high-speed train services, rail carried ten times more long-distance passengers than coach.

After 2015

- A.150 It is unclear how much the market will develop in France after deregulation. Forecasts vary:

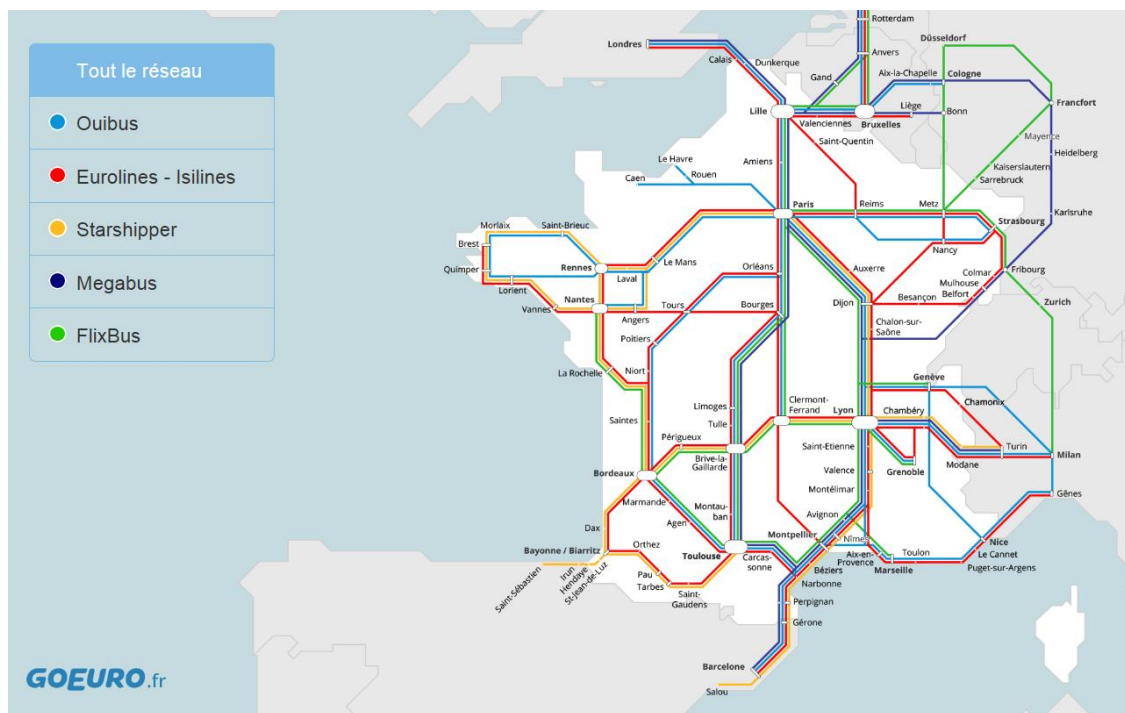
⁴⁹ See <http://www.oxera.com/Latest-Thinking/Agenda/2015/En-route-to-French-transport-liberalisation-the-co.aspx>

- At a meeting with the Minister of Economy in July 2015, bus operators indicated that they wanted to open 50 new routes by the end of 2015 and nearly 200 by the end of 2016.
- The Ministry of Economy estimated that up to 5 million passengers could opt for this mode of transport by the end of 2016.
- A study commissioned by the French government estimated that there might be a 50% increase in supply (as with market opening in the UK) and productivity savings of 10%, resulting in 22,000 direct and other new jobs in the sector by 2025, with further jobs in the French industrial sector associated with the acquisition of new coaches.

Coach line network

A.151 Specialist website *goeuro* plotted the map in Figure A.14, which shows the main routes operated in October 2015, but we note that this information may rapidly become out-of-date.

Figure A.14: France: coach network as at October 2015



Source: goeuro.fr, October 2015.

Operators in the market

- A.152 A number of existing operators in the French market plan additional services following deregulation. With no traffic numbers published since the opening up of the legislative framework, it is difficult to estimate the largest operators.
- A.153 From the routes and cities served, goeuro prepared the estimate shown in Table A.19.

Table A.19: France: market structure as at August 2015

	Number of national routes	Number of cities served
Eurolines/Isilines	160	61
Ouibus (was iDBUS)	6	7
Starshipper	20	7
Megabus	1	2
FlixBus	0	0

Source: goeuro.fr, August 2015

- A.154 Eurolines is a group of 29 independent private coach companies which began operating in 1985 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.
- A.155 In France, Transdev has branded its French long-distance coaches as “Isilines” which, from 10 July 2015, has operated about 17 national routes interconnecting as many as 50 destinations. Ten of these routes already existed but will be expanded and seven new routes, such as Nice-Bordeaux-Toulouse have been created. As both brands operate on the French market, some services will be operated by Eurolines (when domestic services follow international routes) and others by Isilines. The group's objectives are ambitious; by 2017 it expects to have 300 coaches able to carry 5 million passengers. This would create 1,000 direct jobs and a turnover of €100 million.
- A.156 Ouibus (formerly iDBUS) the long-distance coach service run by SNCF, launched operations in 2012. It is operated by a subsidiary of SNCF called SNCF-C6 and has a registered capital of €17 million. iDBUS displayed its link with the SNCF Group in different ways; on its coaches, on its website, in stations. By Dec 2014, iDBUS had carried a million passengers since its launch in July 2012. It operates 20-25 services to international cities in 7-8 countries and recently began domestic services to Strasbourg, Nantes and Normandy.
- A.157 Starshipper Coach association “Réunir” brings together hundreds of SME coach companies and provides its members with advisory and other pooled services. The Starshipper brand was developed for long-distance services along the Rhône river operated by *Réunir* member *Les Courriers Rhodaniens*. Starshipper coaches now provide service to the towns of Rennes, Nantes, Angers, Le Mans and Lyon from Paris. A Toulouse-San Sebastian line was also opened in the Southwest, serving Pau, Bayonne, Biarritz and Saint-Jean-de-Luz.
- A.158 Megabus is a subsidiary of Stagecoach, one of the most recent entrants into the French market. Stagecoach announced in May 2015 that it is opening an operational base in the suburbs of Lyon with 7 based vehicles and the creation of 35 direct jobs. The operator has also created a new international route: Barcelona-Frankfurt, serving stops in France in Perpignan, Montpellier, Avignon, Lyon and Mulhouse. More recently Megabus opened a new line between Milan and London, via Lyon, Paris and Lille. In August 2015, it announced the opening of an additional route between Brussels, Luxembourg and Strasbourg⁵⁰.

⁵⁰ As of February 2016, we understand that Megabus is still expanding its services

A.159 We understand that FlixBus, which, after merging with MeinFernbus, will be the dominant market player in Germany, is planning to begin operating services in France. It currently operates some French services through international services (Paris-Maastricht-Antwerp-Brussels, Germany-Metz-Reims).

Coach terminals

Existing legislative framework

A.160 Coach and bus terminals in France are regulated under a legislative framework dating from 1945⁵¹, 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. According to the Transport code authorities, there can be a large variety of competent authorities involved:

- the state for services of national interest;
- the regions for regional services;
- the departments for departmental services; and
- the local municipality or group of municipalities, for urban transport services.

A.161 In practice, today it is mainly the departments or municipalities that are the owners of the coach infrastructure, whatever management model is chosen. A 2012 study by FNTV found that 44% of coach stations belonged to urban municipalities and 37% to departments. The remaining owners of coach stations depended on the local situation and included, among others, private companies, SNCF, and a State-SNCF-department association.

A.162 The transport code leaves the choice of management model of the coach terminals to the competent authorities. The management 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 would be terminals 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.

A.163 This legislative framework creates significant issues for the industry:

- The large variety of ownership structures creates practical problems: some operators report great difficulties in even identifying the authority in charge of the terminals in some places.
- The term coach “terminal” encompasses different types of infrastructures, from coach station as commonly understood to a coach stop by the side of the road.

A.164 A large coach operator confirmed that the state of “terminal” infrastructure was highly variable across France with “very few facilities”.

⁵¹ Ordinance from 24 October 1945

Future legislative framework

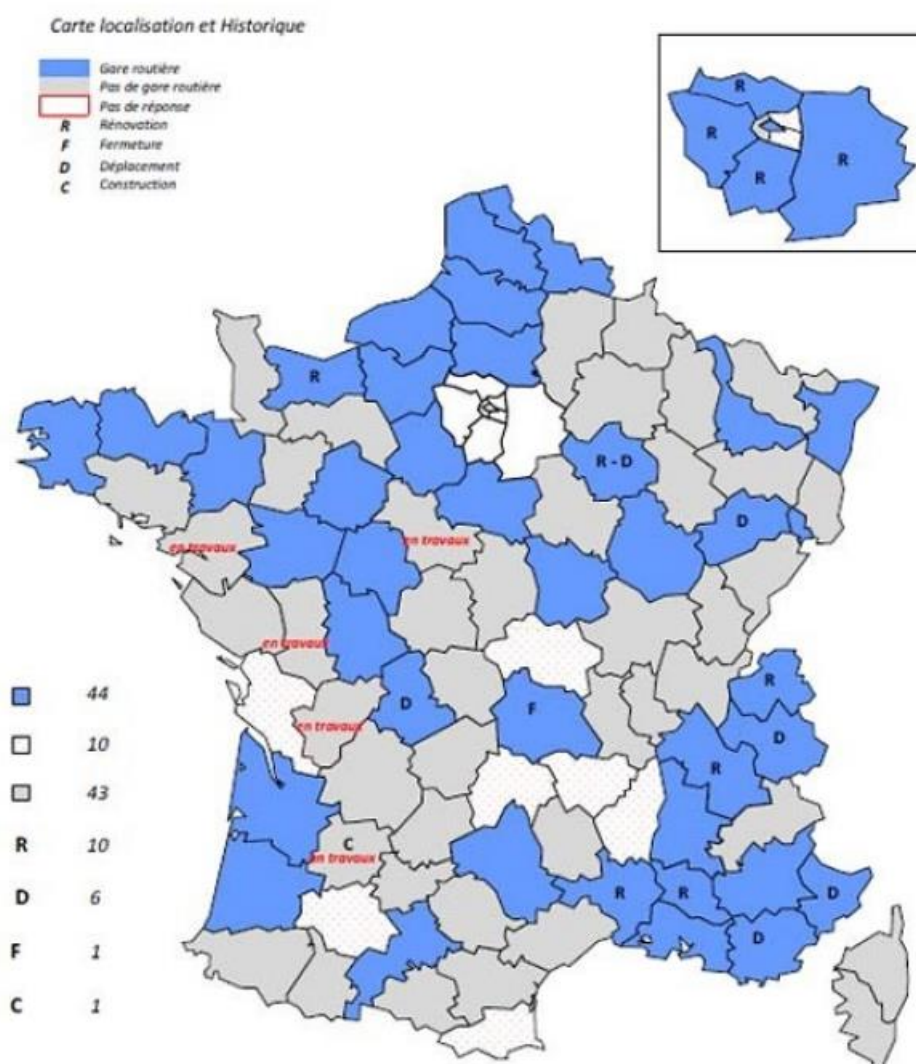
- A.165 The new regulatory authority ARAFER is currently in charge of clarifying the rules related to access to coach stations for operators and for PRM. ARAFER will also be asked to settle disputes relating to access or use of the stations. The aim is to ensure equitable access to infrastructure.
- A.166 During press briefings related to the new Macron law of July 2015, the Minister of Economy and the Minister of Transport clarified that an ordinance would be written before the end of 2015 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 economy Minister called for coach operators to pool the use of coach terminals.

On the ground

- A.167 We discuss in turn below a number of issues relating to coach terminals: location in city and town centres; location relative to railway stations; quality; and staffing.
- A.168 In practice, not every large town or even city in France has a coach terminal with enough passenger or vehicle infrastructure to qualify as a coach “station”. For instance in Lille, the coach terminal is a simple bus stop opposite the railway station, with no platform, ticket desk or toilet facilities⁵².
- A.169 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 illustrated on the map below. Where coach stations exist, most (91%) are located in the town centre with only 9% on the outskirts of the town.

⁵² FNTV website, 05/01/2015, <http://www.fntv.fr/transport-par-autocar/autocar-longue-distance/lignes-nationales/article/lignes-d-autocars-mais-ou-sont-les>

Figure A.15: France: coach terminals



Source: FNTV, October 2012 study:

blue = coach station in the prefecture, grey = no coach station available.

R = renovation, F = closing, D = being moved, C = being built.

- A.170 The proximity of coach terminals with railway terminals is also important. On one hand, 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 stations 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.
- A.171 On quality, the infrastructure 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 for international coaches.
- A.172 Staffing is also problematic. According to the 2012 FNTV study:
- In only 40% of cases are coach terminal staff available throughout the day, from the first morning departure to the last evening arrival.

- In 25% of cases, no staff are available at all during the day, and tickets must be bought from ticket vending machines or purchased on board services.

Drivers and working conditions in the coach market

A.173 A 2015 report by the French Ministry of Transport⁵³ examined working conditions in the road passenger market, excluding urban and suburban road transport of passengers⁵⁴. We note, however, that, until summer 2015, at least two-thirds of the road passenger transport turnover was generated from PSCs between operators and competent authorities, with the remaining third generated by non-regular services run by private operators. These statistics provide useful indicators of the coach market in France, but are not specific to the domestic long-distance regular coach market which barely existed in summer 2015.

Employment trends

- A.174 In 2013, the road passenger transport sector employed 94,300 people. The sector grew by 3.2% in 2008 and 3% in 2012.
- A.175 Two thirds of the salaried workforce in the sector, representing 61,800 staff, are employed in the scheduled road transport. However, the growth in employment is significantly higher in the other road passenger transport (7.0% more in 2013 than 2008) than in the regular sector (1.5% more in 2013 than 2008).
- A.176 Drivers represent by far the largest category of staff in both the regular and other road passenger transport sector, representing 80.2% and 82.3% of total staff respectively.
- A.177 The use of temporary staff in road passenger transport in France is low and only represented 1% of the sector's FTEs in 2013.
- A.178 In 2013, the labour movement of employees in road passenger transport in France was stable at around 30% of leavers and entrants.
- A.179 In the sector as a whole, 70% of staff work for businesses with 50 or more staff, and only 5.2% for businesses with 9 or less staff.

Employment characteristics

- A.180 The proportion of part-time workers in the coach market has been increasing since 2006, from 34.2% to 41.4% by 2012. Drivers and other workers more often work part-time in the chartered coach market than in the regular coach market. In both markets, women are also more likely to work part-time (51.6% overall) than men (37.9% overall).
- A.181 At the end of 2012, the average age of workers in the coach market (both regular and other services) stood in France at 46.8 years. For drivers it was 47.9 years.
- A.182 One in four employees (25.7%) and just over one in five drivers (21.9%) were women in 2012.

⁵³ Commissariat Général au Développement Durable, Bilan social du transport routier de voyageurs.

⁵⁴ Defined as regular road passenger transport, which includes operation of long-distance coach lines according to pre-determined schedules, even if seasonal, operation of airport shuttles, operation of regular school services and other passenger road transport such as tourism trips by coach.

Salaries

- A.183 On 1 January 2014, 11% of the road passenger transport staff was paid at the minimum wage in France.
- A.184 In 2012, the average net⁵⁵ monthly salary in the sector was €1,770. Skilled workers' (the most common classification of drivers) average net monthly salary was €1,650. The average net monthly salary (in full-time equivalent) of employees of the road passenger transport sector decreased by 3.3% in real terms in 2012, the strongest decline recorded during the last decade.
- A.185 The average net monthly salaries are very close between the regular road passenger transport sector (€1,820 on average) and the non-scheduled road passenger transport for all occupational categories (€1,670 on average) with the exception of executives, who were much better paid in the regular road passenger transport sector.
- A.186 The average net hourly wage of part-time employees decreased in 2012, amounting to €9.90 per hour. The hourly wage of part-time employees is 16.8% lower in average than that of full-time employees, but this gap has reduced slightly since 2007.

Training

- A.187 In 2012, the road passenger transport businesses paid 2.1% of their payroll towards training, the lowest rate since 2008. This rate is significantly lower than that observed in all other economy sectors.
- A.188 In 2012, 35.2% of employees in road passenger transport received training, on average equivalent to 8.8 hours per employee. Access to training increases with the size of the company.

Persons with reduced mobility

- A.189 The accessibility of coach services by persons with reduced mobility remains variable across France. Regulation 181/2011 on bus and coach passenger rights provided obligations regarding persons with reduced mobility, including assistance on board services and in coach terminals. In France, however, only 11 coach stations⁵⁶ are able to provide assistance to PRMs: Paris-Bercy, Bagnolet, Caen, Rouen, Strasbourg, Metz, Angers, Niort, Poitiers, Toulouse and Aix-en-Provence.
- A.190 In addition, a law requiring public spaces to be accessible by 2015 has seen its deadline extended, after only 40% of public spaces were found to comply. In the transport sector, urban transport was given a time limit of three years, interurban transport a time limit of six years and rail services a time limit of nine years.
- A.191 Some coach operators offering services in France mention accessible services for PRM, but it remains unclear whether all coaches are accessible, or the amount of notice that must be given to operators for the transport of PRM.

⁵⁵ The net salary is net of any social or pension contributions

⁵⁶ http://ec.europa.eu/transport/themes/passengers/road/doc/designated_bus_terminals_en.pdf

Table A.20: France: PRM provisions by operators

Operator	Coach services amenities	Notice to be given by PRM	Assistance available
Isilines/ Eurolines France	Unclear	Need to contact operator 36 hours before departure	Unclear
Ouibus (was iDBUS)	100% of coaches for international services have a dedicated space for one PRM and an elevated platform	Need to contact operator 48 hours before departure at minimum	Website mentions assistance at departure and arrival points
Starshipper	Website states that services should be available “in a few months”		
Stagecoach France	Some coaches have dedicated space for PRM and an elevated platform	Need to contact operator 48 hours before departure at minimum	Unclear
FlixBus	No information provided on website		

Source: Steer Davies Gleave research, effective September 2015.

- A.192 The Macron law does not contain any specific provisions for PRM.
- A.193 A large operator commented that demand for PRM services was currently “very low”. This may be explained by the state of the coach terminal infrastructure (see below) and the postponement of the law on public space accessibility for PRM.

Summary of key issues

Interpretation of minimum distance between stops of 100 kilometres

- A.194 Our discussion with stakeholders has shown that most operators are focusing on services with a minimum distance of 100 kilometres, where there remains scope for service development. We assume that operators are keen to build their market, establish their operations and brand, before looking for opportunities under 100 kilometres.
- A.195 One key issue may be access to airports, which are almost always within 100 kilometres of the main city they serve.

Access to coach terminals

- A.196 Operators to whom we spoke reported that it can be difficult to identify the owner or manager of coach stations in France, and argued that the legislative framework is outdated and would benefit from an update. OUIBUS (formerly iDBUS), owned by SNCF, has the advantage that it can use railway stations as coach stations.

Italy

Overview

- A.197 Passenger transport by road in Italy is subject to different regulatory regimes, based on the following classification:
- Regular services subject to PSO contracts operated under the provisions of Regulation 1370/2007: these are local (urban and regional) public transport services subject to PSO contracts which include services of public interest operated on a continuous or periodic base with fixed itineraries, schedules, frequencies and tariffs, over a regional or sub-regional territory. Each region sets the process of identifying services subject to PSO, the level of public compensation needed, and the entities (such as local transport agencies) responsible for awarding the corresponding contract. The services provided within a single PSO contract usually cover areas within 50-60 kilometres of a town or city.
 - Other regular services not subject to PSO that include:
 - International coach services: these are liberalised and subject to Regulation 1073/2009.
 - Long-distance national coach services crossing more than two NUTS 2 regions: these are liberalised and subject to a non-exclusive authorisation regime under national competence (pursuant to Legislative Decree 285/2005).
 - Regional coach services within one region or between two NUTS2 regions: these are liberalised and regulated by regions/local authorities through an authorisation system.
 - Occasional services: private coach services carried out on behalf of targeted groups, which are liberalised and regulated by national Law 218/2003⁵⁷.
- A.198 Data from ANAV⁵⁸ in Table A.21 below shows that the long-distance coach market forms only 3% of the turnover and 2% of the vehicle-kilometres of the total bus and coach sector in Italy.

Table A.21: Italy: bus and coach market indicators (2012)

	Bus and coach sector	Long-distance coach sector
Turnover (€ million)	10,000	250
Mileage (million vehicle-kilometres)	6,000	140
Passengers (million passengers)		10
Operators	5,000	200
Vehicles	74,700	1,200
Employees	112,600	1,600

Source: ANAV estimates.

⁵⁷ Note, however, that some regions must still pass this national provision in their regional transport act.

⁵⁸ ANAV is the national coach association representing about 40% of the total bus and coach market and virtually all long-transport coach operators in Italy.

Regulatory framework

A.199 Authorisation processes to operate regional regular coach services, carried out within two NUTS2 regions, are defined by regional competent authorities and vary from region to region.

A.200 We describe below the unified national regulatory framework and authorisation process for:

- long-distance regular coach services, crossing more than two NUTS2 regions;
- international services; and
- occasional services.

Domestic regular services

A.201 Before 2005, inter-regional services were operated under a concession regime, which provided for concession agreements between the operators and the Ministry of Infrastructure and Transport (MIT). These concessions were exclusive and tended to be renewed automatically, resulting in no competition either for and within the market.

A.202 Liberalisation took place in two stages. Legislative Decree No. 285/2005 identified MIT as the competent authority for international coach services and regular interregional services crossing more than two regions, and the regional authorities as competent authorities for regional services. The Decree liberalised the interregional coach market, but some of its initial provisions precluded new entry. More specifically, the Decree established that new authorisations could not be issued for routes either:

- already operated by the previous concessionaires; or
- less than 30 kilometres from the old concessions.

A.203 Restrictions in Legislative Decree No. 285/2005 were removed in early 2007 by Decree-Law No. 7/2007 (converted into Law No. 40/2007), which form the basis for the full liberalisation of the interregional regular coach services. The new provisions, which entered into force in 2013 after a transition period, allow any operator to enter the market for long-distance interregional coach services by submitting an authorisation request to MIT.

A.204 Once authorised, services are run on a purely commercial basis. MIT does not specify either fare levels or routes to be served, but does not offer exclusive rights, and operators compete with each other.

A.205 The authorisation process, ruled by Article 3 of Legislative Decree No. 285 of 21/11/2005 (“Reorganisation of interregional bus services of national jurisdiction”), is intended only to verify that the operators comply with technical, financial and legal requirements.

A.206 For long-distance regular domestic coach services, the process has two stages:

- First, the applicant submits a request to the technical department of MIT in the capital city of the Region where the applicant is registered (referred to below as “the MIT regional office”), which must approve the schedules and routes of the proposed service. This first phase is completely computerised.
- Second, a paper application is submitted to MIT, which verifies its compliance with the requirements specified in Art. 3, Par. 2 of Legislative Decree No. 285/2005 and others provided for by law, including:
 - absence of sanctions of a certain gravity repeated over time;
 - absence of disqualification by the Anti-Mafia discipline;
 - presence of Quality Certification;

- management consistency of the company (that is, the adequacy of equipment and personnel to operate the service), verified by the MIT regional office;
- accounting separation from services subject to PSO; and
- absence of “cherry picking” (where new entrants takes profitable passenger flows from existing PSO services, worsening their financial position).

A.207 On cherry-picking, the Italian legislative framework⁵⁹ restricts the verification of cherry picking only to the cases where the new service runs along the same route and operate over the same days of an existing profitable service. In these cases MIT identifies whether there is an issue of cherry picking and then decides whether to authorise the new service. In practice, very few cherry-picking cases have been assessed by MIT, because the test is avoided if operators propose slightly different routes or stops from existing routes.

A.208 On successful application, and payment of a contribution, the MIT regional office issues the authorisation. A paper copy of the authorisation must be kept on board each coach.

International regular services

A.209 The authorisation process for regular international coach services within the EU is as follows:

- The company submits an application in the format required by MIT Regulation EC No. 361/2014 to Division No. 2, including all documentation required by Regulation 1073/2009 and MIT circular No. 8/2004, including:
 - with reference to the proposed route, clearance issued by the MIT regional office;
 - a declaration of suitability verified and certified by the MIT regional office; and
 - tables describing driving times, timetables, prices and a map of the route⁶⁰.
- The authorisation request is then passed to MIT Division No. 2 which verifies if the operator is able to perform the service (through an investigation from its peripheral office located in the capital city of the Region where the company is established) and, if so, submits a formal request for Agreement to the Member States affected by the service proposed.
- If agreed by the Member States, MIT Division No. 2 issues the authorisation, consisting of paper documentation in the format required by Regulation 361/2014, a copy of which has to be carried on board each coach.

A.210 MIT identified some flaws in the existing EU legislative framework and procedures to operate international coach services in the EU. In particular, they suggested clarifying how the Member State managing the authorisation process should deal with responses received by other Member States that raise concerns or highlight issues with the proposed service which are outside the grounds for refusal in Article 8(4) of Regulation 1073/2009. MIT stressed that it would be useful to consider more uniformity on the procedure and processing times for these observations.

⁵⁹ Art. 3 of Ministry of Transport Decree No. 316/2006.

⁶⁰ Quality Certification is required for domestic services but not for international services in the EU.

International occasional services

- A.211 As set out in Regulation 1073/2009 operators of occasional services within the EU must possess a Community Licence and complete a journey form.

Domestic occasional services

- A.212 Domestic occasional services⁶¹, known in Italy as “services of coach rental with driver”, are liberalised and regulated by Law No. 218/2003 and the corresponding regional implementation regulations. The possession of the title of admission to the profession of road transport pursuant to Regulation (EC) No. 1071/2009 is required to operate these services.
- A.213 Under Law No. 218/2003, regional governments are the competent authorities (for both European and national rules) regulating the procedures for issuing licences and establishing procedures for periodic assessment of the permanence of the requirements for the performance of passenger transport. The Regions must also establish a regional register of coach rental companies, and provide this data annually to MIT.
- A.214 Not all regions have yet implemented the provisions of Law No.218/2003. Operators registered in Marche, Calabria, Puglia, Lazio and Campania still operate on the basis of the previous regulatory regime, that mandated licences issued by municipalities. This creates some discrepancies in the procedures to be followed by operators established in different regions, but does not affect the openness of the market which is fully liberalised nationally.
- A.215 Each region has independently regulated the process of issuing permits in compliance with the principles of the protection of competition laid down by national legislation. The process requires the submission of an application which must generally prove:
- possession of the requirements of access to the profession;
 - availability of buses not purchased with public funds (some Regions may also limit the age of the vehicle fleet);
 - correct contractual status of drivers (some Regions specify ratios of drivers to buses); and
 - availability of sites for a bus depot.

Competition

- A.216 In issuing the authorisations described above, competent authorities verify the compliance of the application with the market access requirements. The process needs to be transparent and non-discriminatory.
- A.217 When authorisation is denied, any operator suspecting discriminatory practices can challenge the decision in court. In addition, if there are concerns of illegitimate denial of authorisation, the Italian national competition authority (AGCM) can raise the issue and ask to the competent authority to amend its position to ensure non-discriminatory practices. If the competent authority persists with its position, AGCM can eventually take it to court.

⁶¹ Occasional services are defined (by Art. 2, Par. 2 of Law 218/2003) as “services of carriage of passengers by a professional company for one or more trips requested by third party contractors or offered directly to preformed groups, with prior definition of the period of execution, duration and the total amount due for the use and engagement of the bus, to be paid jointly or be split between the individual members of the group”.

A.218 For example, in March 2015 AGCM contested a draft of a new proposed regulatory framework in Regione Campania regarding commercial coach services, in which the Region allowed the authorisation of regional long-distance commercial services to be refused if there was “significant” overlap with services subject to PSO. AGCM claimed that such a criteria is was too discretionary and might allow discriminatory practices in favour of operators of PSO contracts⁶².

A.219 In addition, on a number of occasions AGCM has intervened to grant fair competition between occasional tourist services and regular bus services subject to PSO. Examples include:

- points made by AGCM on the draft of a new proposed regulatory framework issued by Province of Rome regarding access to the market to occasional tourist service⁶³; and
- claims raised against the Municipality of Venice that ended into a recourse to court⁶⁴.

The market for coach travel

Domestic regular market

A.220 In a 2011 study, P. Beria, R. Grimaldi and A. Laurino constructed a geographical database of the supply of regular long-distance coach services in Italy, based on the data provided by 42 members of ANAV, representing the vast majority of Italian coach operators. They estimated overall 2010 supply at about 90 million vehicle-kilometres which, assuming an average load factor of 30 passengers per vehicle, suggested a volume of approximately 3 billion passenger-kilometres. Private coach operators were found to be generally medium to small-sized:

- Only four firms produced more than 6 million vehicle-kilometres per year.
- Only seven firms produced between 2 million and 6 million vehicle-kilometres per year.

A.221 This study was updated in 2013 using data for 2012 and, correcting for some inaccuracies found in the 2011 analysis, concluded that supply was 87.9 million vehicle-kilometres and volume was 2,600 million passenger-kilometres. However, comparison of the 2011 and 2013 studies revealed increased concentration in the industry. While the output had remained almost unchanged, output by the major market players had increased consistently between 2010 and 2012. This process of concentration is also confirmed by data provided by MIT. Data in the 2011-2012 and 2012-2013 statistical reports⁶⁵ indicate a 25% fall in the number of operators between 2012 and 2011, and that 54% of all operators are based in the southern regions.

A.222 In general the comparison between 2011 and 2012 figures provided by MIT shows an overall increase of the vehicle-kilometres operated at the national level (+15%), achieved due to the strong increase of the service operated by firms based in the northern and central regions of Italy (respectively, +137% and +168%). The total number of passengers was estimated as being equal to 6.8 million in 2012 (-3% over 2011) and the number of passenger-kilometres as being equal to 3,728 million (+9% over 2011).

⁶² See AGCM AS1196/2015.

⁶³ See AGCM AS1107/2014 and AS1138/2013.

⁶⁴ See AS1138/2013

⁶⁵ Conto Nazionale Trasporti.

- A.223 These findings appear to be consistent with those reported in the studies by P. Beria, R. Grimaldi and A. Laurino, and confirm a trend towards concentration in the industry. Comparison of 2011 and 2012 shows a 25% fall in the number of firms, mostly in the centre and south, a 10% rise in fleet size, a 15% rise in output, a 12% rise in average journey length and a 9% rise in passenger-kilometres.

Table A.22: Italy: long-distance domestic coach services (2011)

Year	Territorial area	Number of firms	Number of vehicles	Number of employees	Length of routes (kilometres)	Mileage (thousand kilometres)	Number of passengers (thousand)	Passenger-kilometres (million)
2011	Northern Italy	39	161	209	31,418	6,265	605	213
	Central Italy	31	106	139	15,169	7,383	742	246
	Southern Italy and Islands	88	647	1,684	173,696	113,889	5,693	2,971
	Total	158	914	2,033	220,283	127,536	7,040	3,431
2012	Northern Italy	33	134	172	35,598	14,821	627	466
	Central Italy	22	124	338	29,137	19,759	1,120	652
	Southern Italy and Islands	64	746	1,527	221,631	111,848	5,079	2,611
	Total	119	1,004	2,037	286,366	146,428	6,826	3,728
Change 2011 to 2012	Northern Italy	-15%	-17%	-18%	13%	137%	4%	118%
	Central Italy	-29%	17%	143%	92%	168%	51%	165%
	Southern Italy and Islands	-27%	15%	-9%	28%	-2%	-11%	-12%
	Total	-25%	10%	0%	30%	15%	-3%	9%

Source: Ministry for Infrastructure and Transport, Conto Nazionale delle Infrastrutture e dei Trasporti, 2012-2013, editions 2011-2012 and 2012-2013.

- A.224 Tables A.23 and A.24 below show that the majority of operators are micro and small enterprises, with fewer than 3 vehicles and 10 employees. In 2012, only 8 operators owned more than 20 vehicles and only 20 had more than 20 employees.

Table A.23: Italy: firms operating domestic coach services, by vehicles (2012)

	1-3	4-6	7-9	10-12	13-15	16-20	Over 20	Total
Northern Italy	24	7	0	0	0	0	2	33
Central Italy	10	3	5	0	2	2	0	22
Southern Italy and Islands	31	10	7	5	1	4	6	64
Total	65	20	12	5	3	6	8	119

Source: Ministry for Infrastructure and Transport, Conto Nazionale delle Infrastrutture e dei Trasporti, 2012-2013.

Table A.24: Italy: firms operating domestic coach services, by employees (2012)

	1-3	4-6	7-9	10-12	13-15	16-20	Over 20	Total
Northern Italy	23	2	6	0	0	0	2	33
Central Italy	6	9	2	0	0	0	5	22
Southern Italy + Islands	12	19	8	12	0	0	13	64
Total	41	30	16	12	0	0	20	119

Source: Ministry for Infrastructure and Transport, *Conto Nazionale delle Infrastrutture e dei Trasporti*, 2012-2013.

- A.225 A recent study (December 2015) by P. Beria, A. Laurino, A. Bertolin, and R. Grimaldi⁶⁶ updated the previous findings with the aim of assessing the market developments in the first year following the full liberalization of long-distance regular services.
- A.226 The comparison of supply in 2013 and 2015 shows an overall increase in terms of number of routes (from 286 to 380 one-way routes per week) and number of services (from 1,421 one-way services per week to 1,973). In terms of number of services, almost half of the operators belonging to ANAV have increased their offer (25% increasing their offer with more than 10 new services per week), 20% have decreased their offer, while one third of them have not changed it.
- A.227 The study highlights a number of recent trends in the market, and in particular, the entry of two foreign newcomers (Megabus and FlixBus) in the market, with large networks and a high number of services (in terms of number of services, the newcomers represent the first and sixth operator in the long-distance regular market).
- A.228 The new services provided are different from those traditionally supplied by the Italian existing operators. The newcomers have entered the intercity segment, with a lower number of stops, a less widespread network mainly competing with the railway, and services mainly focused on the Northern towns with extensions to the major towns in the Centre and South.
- A.229 The major developments in the market, also because of the entrance of the newcomers, are as follows:
- There has been a significant relative growth of the offer in the North, with the starting of many new intercity coach services. The new routes are within the North and from North to the Centre.
 - There has been a strengthening in the South, where the supply remains more dense and widespread than elsewhere: liberalisation has not led to a contraction in the South.
 - Services are both expanding and becoming more specialised. New services include intercity services directly competing with rail, night services, low cost services, and hub and spoke networks.
- A.230 ANAV claims that the new developments prove that the potential market for long-distance coach transport in Italy is largely larger than the historical one. ANAV underline, however, that a number of actions are required by the companies to fully exploit this potential. These are mainly improvements and innovations in the areas of types of services, business models (such

⁶⁶ Beria P., Laurino A., Bertolin A., Grimaldi R. (2015), *Autolinee statali: gli effetti della riforma. Risultati, opportunità e criticità dell'apertura del mercato – Studio ANAV 2015*

as collaboration between operators), on-board technologies, marketing and communications, pricing, and terminal standards.

The domestic long-distance regular coach network

A.231 P. Beria, R. Grimaldi and A. Laurino (2013) constructed a map of regular domestic services by ANAV operators. Figures A.16 and A.17 show weekly services and bus stop departures.

Figure A.16: Italy: weekly services on long-distance domestic routes (2013)



Source: P. Beria, R. Grimaldi and A. Laurino, *Il trasporto passeggeri su autobus per le lunghe distanze – Studio 2013*, December 2013.

Figure A.17: Italy: points served by long-distance domestic routes (2013)



Source: P. Beria, R. Grimaldi and A. Laurino, *Il trasporto passeggeri su autobus per le lunghe distanze – Studio 2013*, December 2013.

A.232 Figure A.17 highlights a number of features:

- An extensive network in the South of Italy, with many routes serving small towns with no or poor rail connections to the main destinations, providing them with both local and long-distance services.
- Most services connect the southern regions of Puglia, Basilicata, Calabria and Sicily with Rome, Naples and the main northern cities.
- Connections between the Adriatic coast to Rome.

- Little service within the North of Italy, with almost all services in the north being to provide connections to the South.

A.233 The distribution of stops also differs:

- In the South and on the Adriatic Coast, widespread and in a large number of small towns.
- In the Centre and North, coach stops are only found in the major cities and towns.

A.234 In the most recent study (2015) Beria, Laurino, Bertolin, and Grimaldi reported a map of the new network offered by the foreign newcomers (Megabus and FlixBus), shown in Figure A.18.

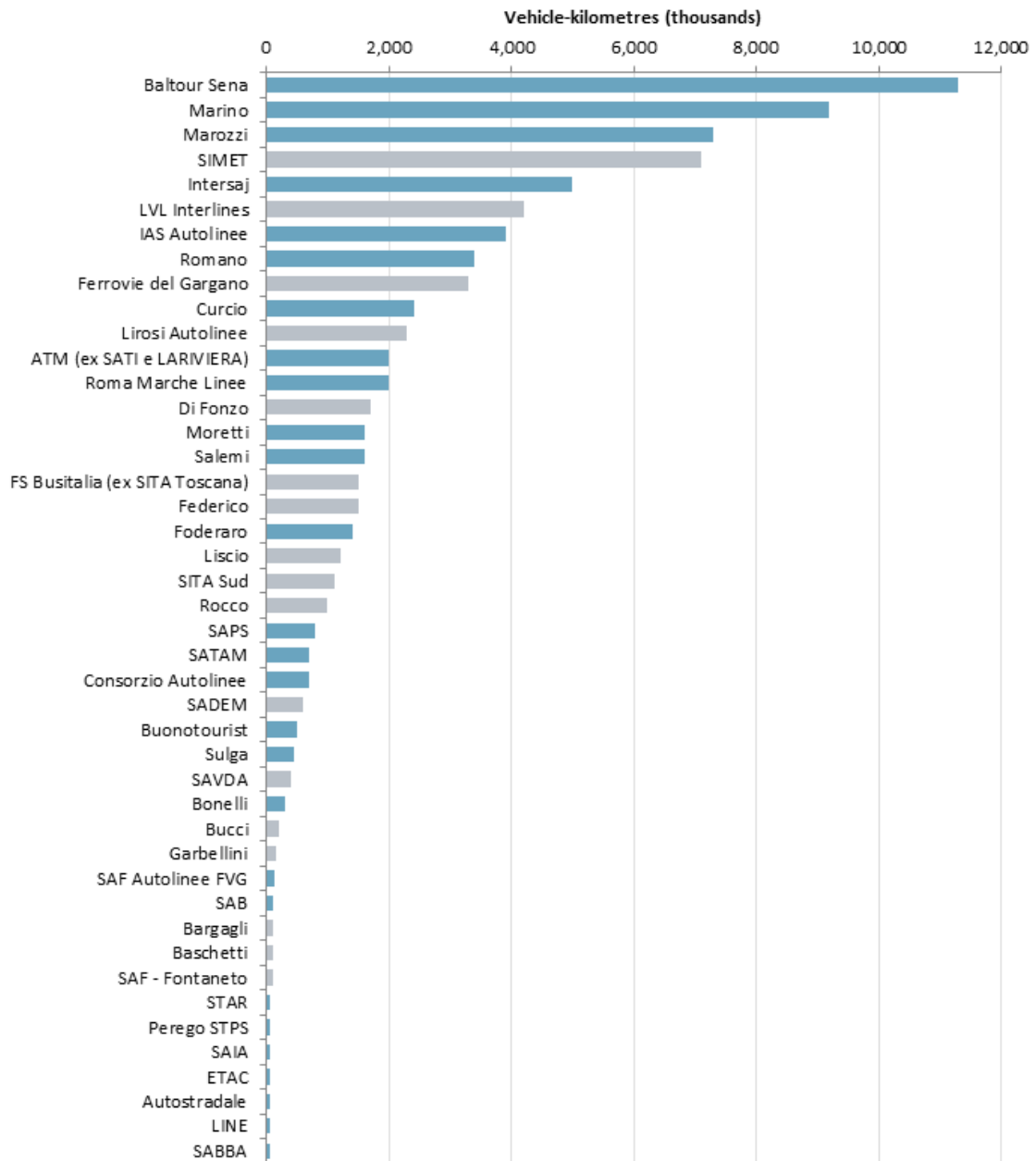
Figure A.18: New entrant service (2015)



Source: Beria P., Laurino A., Bertolin A., Grimaldi R. (2015). Autolinee statali: gli effetti della riforma. Risultati, opportunità e criticità dell'apertura del mercato. Studio ANAV 2015.

A.235 Figure A.19 shows long-distance market share in 2012 (or 2010 when 2012 data not available).

Figure A.19: Italy: long-distance domestic coach operators (2012)



Source: Steer Davies Gleave analysis of P. Beria, A. Debernardi et al. (2013), “Il trasporto passeggeri su autobus per le lunghe distanze, Studio 2013”, on behalf of ANAV. Data for 2012 (blue) or 2010 (grey).

Note: analysis is limited to members of ANAV who provided data.

A.236 Note that the sample is limited to ANAV members who have provided information to ANAV.

A.237 The five largest operators collectively provide around half the total mileage of the operators in the sample.

International services

A.238 Table A.25 shows data on regular international coach services from MIT’s statistical report.

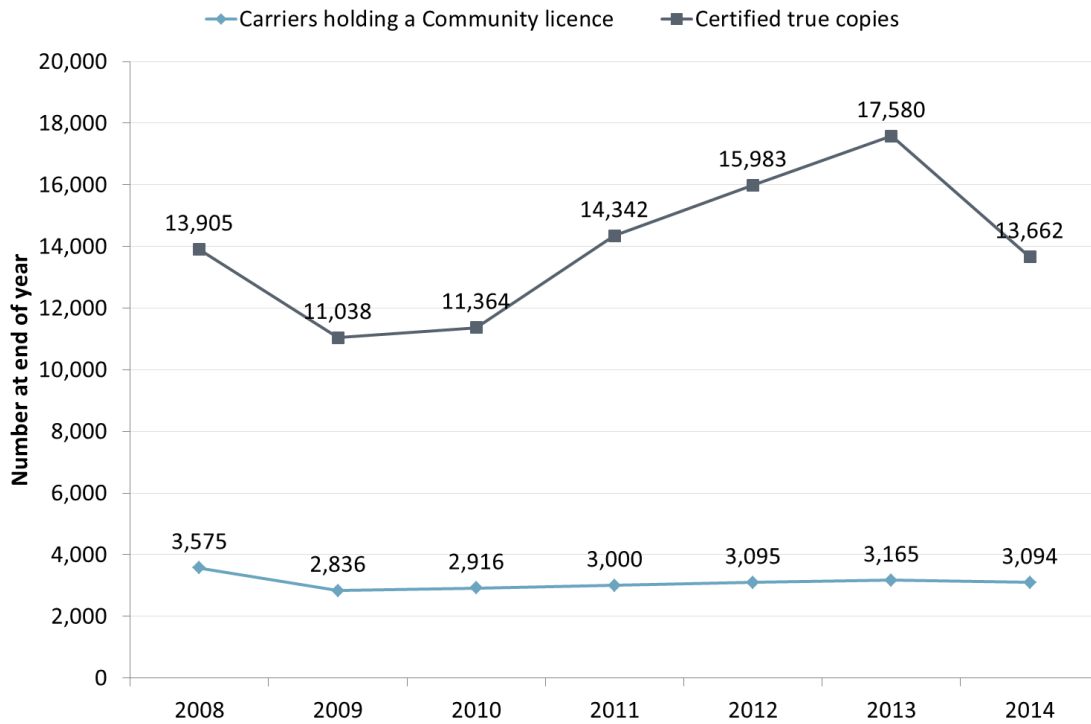
Table A.25: Italy: regular international coach services (2012)

Territorial area	Number of firms	Number of vehicles	Number of employees	Length of routes (kilometres)	Mileage (thousand kilometres)	Number of passengers (thousand)	Passenger-kilometres (million)
Northern Italy	10	22	183	32,725	1,775	273	403
Central Italy	2	4	20	1,923	86	23	29
Southern Italy and Islands	31	110	492	111,325	17,421	540	822
Total	43	136	695	145,973	19,282	837	1,254

Source: Ministry for Infrastructure and Transport, *Conto Nazionale delle Infrastrutture e dei Trasporti*, 2011-2012.

A.239 However, many more operators are permitted to provide occasional international services. Figure A.20 below shows that Italian operators hold around 3,000 Community licences and four to five times as many certified true copies.

Figure A.20: Italy: Community licences and certified true copies (2008-2014)



Source: European Commission

Tourist services (open buses)

A.240 City sightseeing services by coach, mostly uncovered ("open buses"), fall within the scope of regular public transport services as their offer is provided to the general public and the service is characterized by fixed routes and pre-defined timetables and prices. These are commercial services, primarily intended for tourists, which are regulated by local government. At present

there is no uniformity in market regulation across the country. In the majority of cases local municipalities are free to set the regulatory regime:

- Florence and Rome have adopted quotas to restrict access to the market to limit impact on traffic and congestion.
- Milan has not established any similar restrictions.

A.241 In a recent publication (*Open Bus – un modo alternativo di vedere le città*, December 2015), ANAV provided a number of statistics describing the features of the sector:

- 56 enterprises operating in almost 40 cities (or routes crossing the territory of more municipalities);
- 168 coaches, mainly uncovered;
- about 900 employees (drivers and guides/stewards) in peak periods, many of them women;
- annual turnover around € 55 million, of which about 50% is generated by the operators in Rome alone; and
- about 3.2 million passengers transported annually (in the cities of art about 10% of incoming tourists use city sightseeing buses).

Occasional services

A.242 In 2012 ANAV published figures⁶⁷ on the market for occasional coach services including:

- 3,690 firms operated coach rental with drivers.
- 29,780 coaches were registered, of which 3,182 were school buses.
- 24,000 people were employed in the sector, of whom 22,000 were drivers.
- 1.2 billion vehicle-kilometres of services were operated.
- €2.0 trillion was total turnover.

A.243 Operators of occasional services were generally individuals or small privately-owned companies, with an average of 7.2 coaches per firm and an average fleet age of 11.8 years. Their reported workload was:

- 48% tourist services;
- 22% student transport;
- 14% transport of pilgrims;
- 5% transport of workers;
- 5% conference transport; and
- 6% other.

A.244 52% of services were carried out in four months in spring, March to June, 27% in summer, July to September, and 21% of services in winter, October to February.

Coach terminals

A.245 There is little discussion and networking activity among coach terminal operators in Italy, and the features of coach terminals vary widely depending on the attitude of the local administration and key stakeholders involved in the coach sector. Some coach terminals are

⁶⁷ ANAV (2012), "Trasporto turistico e noleggio autobus con conducente. Le prospettive di sviluppo", Rimini, 19/10/2012

well-integrated within the urban infrastructure network, but others have been forced to locate outside the city centre to reduce urban congestion and pollution. Different factors have dictated a number of different models, summarised in Table A.26.

Table A.26: Italy: typical models of terminal operation

Type	Examples	Issues
Well integrated In the city centre	Turin, Bologna, Firenze, Catania	Poor for access or diversion time from the interurban road network. Good for visibility and interchange with other modes.
Peripheral or “gateway”	Rome, Milan	Low diversion time from the interurban road network, allowing high commercial speeds. Poor access and interchange with other modes without good local links.
None, with stops at other locations	Naples, Palermo	Poor accessibility, visibility and service quality.

Source: Steer Davies Gleave analysis

A.246 Bologna bus and coach terminal is recognised as good practice. The terminal, owned by *Autostazione di Bologna Srl*, a public company owned by the Municipality and the Metropolitan City of Bologna, provides high quality services including:

- 24 hour opening;
- user assistance and surveillance with security guards;
- dynamic areas dedicated to carriers for ticketing and check-in activities;
- information system for the dynamic management of bus platforms, to optimise the positioning of arriving carriers and deal with peak times;
- internal regulation concerning the assistance to PRMs.

A.247 For PRMs, the terminal is equipped with:

- guidelines on the floor;
- acoustic signals to indicate the entrance;
- braille plaques at the entrance with a description of the route to the platforms;
- braille numbers at the platforms; and
- a toll-free number for the blind with destinations and timetables.

A.248 Bologna bus and coach terminal of is equipped with 24 bus platforms. As of November 2015, there were 81 operators authorised to supply regular services. Table A.27 shows the average number of services per month by type of service.

Table A.27: Italy: monthly average number of services at Bologna terminal (2014-2015)

Type of service		2014	2015	Change 2014-2015
Day	Provincial	7,003	6,982	0%
	Regional	2,327	2,329	0%
	National	1,981	2,301	16%
	International	676	805	19%
Night	National	632	755	19%
	Regional	28	19	-33%
	Provincial	40	40	0%
	International	5	8	84%

Source: Bologna terminal.

Note: monthly averages for period January to October.

Note: definition of international services may not be additive with other Member States.

A.249 The operator of the coach terminal alleged that some carriers illegally load and unload passengers in areas other than the terminal, particularly foreign operators of international services, and has requested that:

- A public register of all operators authorised on each route is established at EU level.
- A common EU template for licences and authorisations is defined, to facilitate inspection by competent police forces. (In practice, a model licence is provided in Annex II. to Regulation 1073/2009, and a model authorisation is provided in Annex IV. to Regulation 361/2014.)
- A regulation with rules for coach loading and unloading activities is defined at EU level.

A.250 Table A.28 shows the monthly average number of international services in 2014 and 2015.

Table A.28: Italy: monthly average number of international services at Bologna terminal (2014-2015)

Destination	2014	2015	Change
Romania	160	194	21%
Poland	154	153	-1%
Albania	44	112	154%
Bulgaria	61	60	0%
Czech Republic	48	57	19%
France	37	35	-7%
Croatia	26	31	21%
Serbia	24	29	24%
Spain	26	29	11%
Hungary	28	29	2%
Slovakia	11	19	76%
Ukraine	19	19	1%
Netherlands	11	17	60%
Macedonia	18	16	-12%
Morocco	8	12	38%
Russia	6	1	-84%
Greece	1	1	-38%
Total	681	813	21%

Source: Bologna terminal.

Note: monthly averages for period January to October.

Note: definition of international services may not be additive with other Member States.

Issues and emerging trends

- A.251 Megabus has recently enlarged its coach network to serve Italy, with a fleet of 23 vehicles, each with a capacity of 87 passengers, at two operational bases in Bergamo and Florence. The new services began in June 2015 and now connect 13 Italian cities: Rome, Milan, Florence, Venice, Naples, Turin, Bologna, Verona, Padua, Siena, Genoa, Sarzana (La Spezia) and Pisa. Megabus employs 95 workers, mostly of Italian nationality and on permanent contracts⁶⁸.
- A.252 Also FlixBus has recently (October 2015) expanded its network in Italy to include 14 new cities, for a total of more than 30 cities served and over 400 services per day. The business model adopted by FlixBus is based on the collaboration with a network of local small and medium-sized partner companies in Italy. The German parent company is responsible for route planning, marketing and pre-sale and after-sale services, while local partners operate the transport service respecting the quality standards established by FlixBus.
- A.253 In September 2015 Baltour, one of the major Italian bus operators, reported significant growth over the summer period, as a consequence of both Italians and tourists using the buses more

⁶⁸ Source: www.megabus.com; La Repubblica 16/06/2015

for travel during the summer. The overall number of passengers increased by 10%, with growth of 31% on the Milan-Naples route and 20% on international routes, in particular to France, Spain and Germany. The company attributed this growth to the high service quality offered to users and pattern of extending services into a large number of small communities. The increase on the Milan-Naples route could, however, also be attributed to the reduced availability of cheap rail services from Trenitalia after the introduction of high speed rail services.

- A.254 The long-distance market is fully liberalised and compliance with the rules governing fair competition is effectively monitored by regulatory authorities. Recourse to court for claims of discriminatory practices appears to be more frequent with services under the competence of regional governments. This might be partially explained by the fact that regional governments are also responsible for PSCs, and need to prevent commercial lines from eroding the economic and financial viability of existing PSCs.
- A.255 A key choice for regional governments is the extent to which they include profitable regular bus and coach services within the framework of PSCs rather than separately. Current economic and financial constraints limit the resources and cash available to subsidise PSCs, and keeping profitable local and regional bus and coach regular services within PSO contracts may be preferred by regional and local competent authorities, as this reduces the amount of compensation they need to provide to operators.
- A.256 Transport operators claim that a further easing of the administrative procedure required to provide long-distance regular services could reduce their costs and benefit market entering. The Italian Transport Ministry recently declared in a public conference on the theme that they are looking closely at this situation and aim to further simplify the procedure, for example by creating a single contact point within their offices for the requirements falling within their competences as at present two separate offices, the regional and national departments of the ministry, are involved.
- A.257 As far as occasional services are concerned, ANAV claims that a number of issues worsen the performance of providers of occasional services, in particular:
- The national excise duty on diesel fuel, the second highest in Europe after the UK, is particularly high when compared to those in force in the neighbouring countries such as France, Austria, and Slovenia.
 - The wide range of coach access fees levied by Italian Municipalities to restrict coach access to city centres, supposedly to reduce congestion and pollution levels, unbalances competition between transport modes and penalises coach.
 - The lack of adequate coach parking infrastructure in many Italian cities is unwelcoming to tourists using this mode of transport.
- A.258 ANAV suggests a number of interventions at national and local level to improve the framework for occasional services, such as:
- National excise duty on diesel fuel could be reduced to align it to the EU average.
 - Access fees could be significantly reduced or abolished in cities that also apply the tourist tax, a discretionary fee they can apply to those staying in accommodation in their territory.
 - Some price discrimination in access fees could be applied, to take account of the service offered by the municipality, such as parking spaces and real time information on traffic, and of the type of vehicle used, to incentivise those with lower environmental impacts.

- Adequate infrastructure designed for tourist coach parking could be provided.

A.259 ANAV also claims that the incomplete and uneven implementation of Law No. 218/2003 has a impedes competition between operators, as it creates different conditions of market access and service operation. For example:

- Different regions apply different rules on the maximum ages of buses that they will authorise.
- Some regions prescribe employment of a minimum number of drivers for each bus owned by an authorised operator.

A.260 ANAV proposes more uniform market access rules at national level, and requests the removal of regional rules on the workforce required to provide services.

Lithuania

Introduction

- A.261 Bus and coach transport in Lithuania is divided into regular, occasional and special services.
- A.262 The Road Transport Code, enacted in 1996, is the main piece of regulatory legislation. To provide a bus or coach services an operator requires authorisation from the relevant local or national authority. Bus and coach services are usually provided by private operators through a competitive tendering process. Key statistics include:
- 367 routes;
 - 43 coach and bus operators, the largest by number of routes being Toks, Kautra, Ecolines, and Eurolines;
 - 51 terminals; and
 - just over 1 billion passenger-kilometres in 2014, down from a peak of 1.4 billion passenger-kilometres in 2007.

Regulation of coach service in Lithuania

- A.263 The *Road Transport Code of the Republic of Lithuania*, the main piece of legislation regulating coach transport, has been amended 14 times and is currently undergoing further amendments. It classifies road passenger transport as:
- Regular services, which provide carriage for passengers at specified intervals, along specified routes and according to a timetable and fares set in advance. Regular services can be classified as:
 - International services, that carry passengers on a specified route crossing the state border.
 - Long-distance services, where passengers are carried through the territories of more than two municipalities.
 - Local suburban services within the territory of a municipality, which can be extended into the territories of two neighbouring municipalities if agreed with the State Road Transport Inspectorate.
 - Local urban services within a city.
 - Occasional services, which carry a predetermined group of passengers on a predetermined route.
 - Special services, which provide carriage for special passenger groups, such as employee shuttle buses or school buses.
- A.264 Provision of regular passenger services is subject to authorisation:
- International and long-distance domestic services are authorised by the Ministry of Transport and Communications or the institutions authorised by it.
 - Local suburban or urban service are authorised by the municipalities, or the offices authorised by them.
- A.265 The Road Transport Code and other pieces of legislation regulating coach transport in Lithuania are summarised in Table A.29.

Table A.29: Lithuania: principal road passenger transport legislation

Law	Code	Link
Road Transport Code of the Republic of Lithuania	(No. I-1628/1996)	http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_l?p_id=494132
Law on the Basics of Transport Activity	(Law No. IX-747/2002)	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=281967
Order by the Minister of Transport and Communications of the Republic of Lithuania Regarding the Approval of the Rules of Issuing Permits for Passenger Carriage by Regular Road Transport Routes	Order No. 3-62/2006	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=271060&p_query=&p_tr2=
Decision by the Government of the Republic of Lithuania Regarding the Approval of Road Transport Activity Licensing Rules	Decision No. 1434/2011	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=449518
Order by the Minister of Transport and Communications of the Republic of Lithuania Regarding the Rules of Passenger and Baggage Carriage by Road Transport	Order No. 3-223/2011	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=396775&p_query=&p_tr2=2
Decision by the Government of the Republic of Lithuania Regarding the Rules of the Control of Technical Condition of Road Transport Vehicles in the Roads of the Republic of Lithuania	Decision No. 403/2012	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=419562
Decision by the Government of the Republic of Lithuania Regarding the Approval of the Description of Procedures of Reporting and Inspecting Driver's Work and Rest Regime	Decision No. 546/2009	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=358513&p_query=&p_tr2=
Order by the Minister of Transport and Communications of the Republic of Lithuania Regarding the Rules of International Passenger Transport by Roads	Order No. 505/1998	http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=70464&p_query=&p_tr2=

Source: Parliament of the Republic of Lithuania

A.266 The national government and the municipal institutions are responsible for the provision of public transport services. Licences for public service contracts are granted to private operators for a period of 5 years through competitive tendering. Operators that sustain losses on routes that are not profitable are compensated with public funds. PSCs cover:

- The nature of the service to be provided, including routing, standards of operational continuity and regularity, capacity and quality of service.
- The price of the service and details of financial relations between the two parties.
- The rules concerning amendment and modification of the contract.
- The period of validity of the contract.
- Penalties in the event of failure to comply with the contract.

Line authorisation process for long-distance services

A.267 The State Road Transport Inspectorate is the competent authority responsible for the authorisation of long-distance regular coach services. All municipalities and local road authorities affected by a requested new service are involved in the of authorisation process.

A.268 Operators which take part in a competitive tender must provide:

- The company registration certificate.
- A licence for the right to carry passengers in the relevant territory.
- The list of road vehicles to be used to carry passengers on regular routes, in the form of certified copies of the Community licence.
- Employees' work and rest time schedule.
- Information on the maximum tariff levels agreement with the State Prices and Energy Control Commission and the proposed fare structure.

Licences, authorisations and permits

A.269 The number of active licences for domestic passenger operations and the number of active Community licences in 2014 is shown in Table A.30 below.

Table A.30: Lithuania: active licences on specific coach services (2014)

	Total services	Note
Domestic operators operating bus and coach services in the domestic market	241	Licences for domestic passengers carriage, including also urban and suburban services
International operators operating coach services in the domestic market	332	Number of Community licences
Operators operating cabotage services	1	

Source: State Road Transport Inspectorate.

A.270 The number of authorisations issued to operators running domestic services, journey forms and certificates issued by the Road Transport Inspectorate is shown in Table A.31 below.

Table A.31: Lithuania: certificates, authorisations and licences issued (2009-2014)

Type	2009	2010	2011	2012	2013	2014	Note
Authorisations	16	13	6	0	3	6	Authorisations under Regulation 684/92 and Regulation 1073/2009
Domestic licences		36	29	27	22	12	Number of operators with licence for domestic passengers carriage
Journey forms		33 6	38 4	35 8	39 0	42 8	Books under Regulation 684/92 and Regulation 1073/2009 (occasional services)
Certificates		71	74	93	66	64	Under Regulation 684/92 and Regulation 1073/2009 (copies of the authorisation stored in the vehicles)

Source: State Road Transport Inspectorate.

The market for coach travel

A.271 In Lithuania there are 367 long-distance domestic routes total and 43 operators that operate services on these routes.⁶⁹ There are 144 international services that stop at Lithuanian terminals, 29 of which are operated with Lithuanian authorisations, 55 with authorisations issued by other Member States and 60 with authorisations issued by non-EU countries.

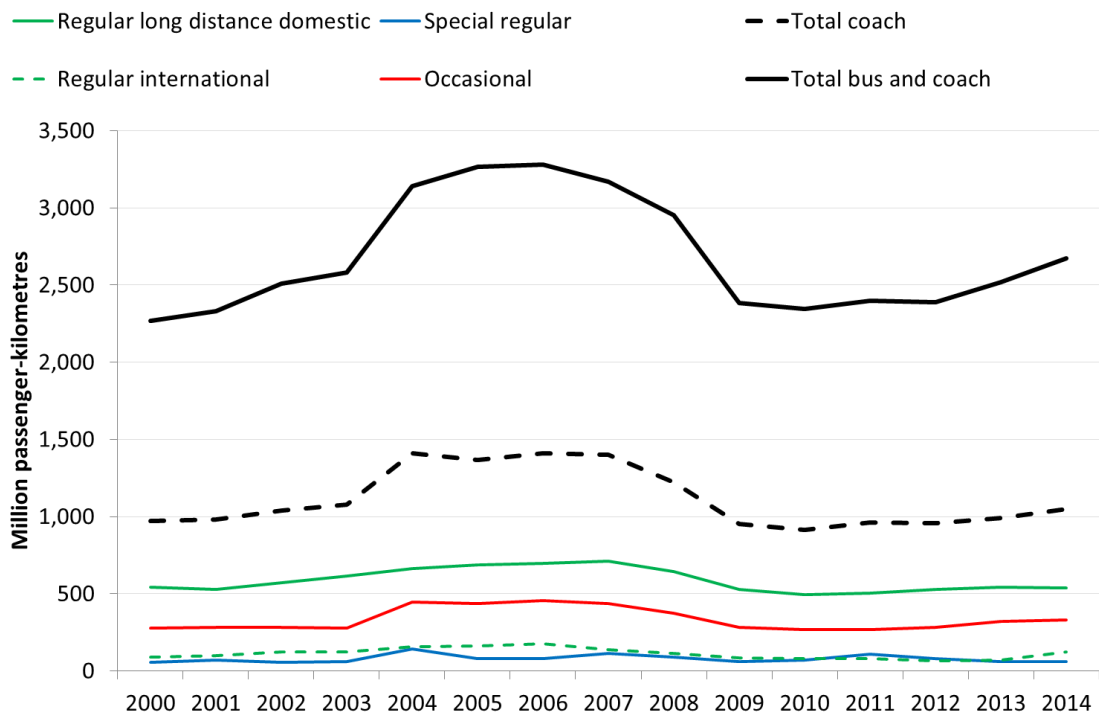
⁶⁹ <http://www.vkti.gov.lt/index.php?1225828646>

A.272 The tables below contain statistics relating to the operation of bus and coach services in Lithuania in 2014:

- Bus and coach services covered 2,672 million passenger-kilometres.
- Coach services covered 1,049 million passenger-kilometres, comprising:
 - 123 million regular international services;
 - 536 million regular domestic services;
 - 59 million regular special services; and
 - 331 million occasional services.

A.273 Total coach passenger-kilometres increased from 0.97 billion in 2000 to 1.4 billion in 2004, and remained relatively constant at this level until 2007. In the following three years to 2010, total coach passenger-kilometres fell by 35% to 915 million, apparently due to the global recession, but volume has been steadily recovering since then.

Figure A.21: Lithuania: bus and coach passenger-kilometres (million) (2000-2014)



Source: Lithuanian Statistics Department

Table A.32: Lithuania: vehicle-kilometres (million) (2000-2014)

Year	Coach services					Bus services		Bus and coach services	
	Regular domestic	Regular international	Special regular	Occasional	Total	Suburban	Urban	Total	Total regular
2000	48.7	6.7	5.5	12.6	73.5	55.3	106.8	235.7	217.6
2001	50.4	6.4	7.3	12.9	77.0	61.9	121.8	260.8	240.6
2002	53.8	7.7	4.9	15.1	81.5	61.4	142.9	285.8	265.8
2003	58.0	9.6	4.6	14.9	87.1	83.1	148.9	319.1	299.6
2004	59.9	11.9	7.8	76.1	155.7	74.0	152.9	382.5	298.6
2005	60.7	12.9	11.9	31.2	116.8	79.6	187.2	383.6	340.4
2006	74.3	10.8	8.1	28.9	122.2	72.3	155.1	349.6	312.6
2007	75.3	9.5	11.6	24.3	120.6	71.0	131.6	323.2	287.3
2008	57.9	8.7	9.2	22.6	98.4	67.3	118.1	283.7	251.9
2009	54.9	5.8	7.5	16.9	85.1	59.7	107.9	252.7	228.3
2010	52.6	5.9	6.7	22.3	87.5	57.0	101.5	246.0	216.9
2011	54.1	6.0	6.6	23.9	90.7	59.1	102.3	252.1	221.5
2012	54.8	5.7	4.7	27.2	92.3	58.0	96.0	246.3	214.4
2013	55.7	5.7	4.8	29.3	95.5	55.7	96.8	247.9	213.9
2014	56.6	7.9	5.0	30.1	99.7	58.0	97.0	254.6	219.4

Source: Lithuanian Statistics Department.

Note: definition of vehicle-kilometres for international services may not be additive with other Member States.

Table A.33: Lithuania: passenger journeys (million) (2000-2014)

Year	Coach services					Bus services		Bus and coach services	
	Regular domestic	Regular international	Special regular	Occasional	Total	Suburban	Urban	Total	Total regular
2000	13.3	1.1	3.7	1.6	19.7	30.8	207.8	258.3	253.0
2001	12.0	1.0	2.3	1.6	17.0	33.2	190.2	240.4	236.5
2002	12.5	1.1	2.4	1.7	17.8	33.6	213.7	265.0	260.8
2003	12.6	1.0	2.0	1.7	17.3	36.1	228.4	281.8	278.2
2004	12.8	1.1	3.7	2.8	20.4	41.3	236.1	297.8	291.3
2005	12.7	1.0	3.7	2.6	20.0	42.1	243.9	306.0	299.7
2006	12.6	1.2	3.7	3.1	20.6	41.8	249.5	312.0	305.1
2007	13.1	0.6	4.2	2.4	20.3	38.3	259.4	317.9	311.3
2008	11.5	0.4	3.7	2.4	18.1	37.6	261.6	317.3	311.1
2009	9.2	0.3	2.5	2.0	14.0	29.6	222.8	266.3	261.8
2010	8.7	0.3	2.8	2.0	13.8	27.4	227.5	268.7	263.9
2011	9.1	0.3	3.1	2.0	14.5	27.1	233.2	274.8	269.7
2012	8.8	0.3	2.7	2.3	14.1	26.1	234.9	275.1	270.2
2013	9.2	0.3	2.3	2.4	14.2	25.9	258.1	298.2	293.5
2014	9.2	0.4	2.2	2.6	14.4	25.5	281.6	321.5	316.6

Source: Lithuanian Statistics Department.

Note: definition of passenger journeys for international services may not be additive with other Member States.

Table A.34: Lithuania: passenger-kilometres (million) (2000-2014)

Year	Coach services					Bus services		Bus and coach services	
	Regular domestic	Regular international	Special regular	Occasional	Total	Suburban	Urban	Total	Total regular
2000	544.1	90.7	56.9	278.6	970.4	429.4	866.6	2,266.4	1,930.8
2001	529.5	98.1	70.5	281.2	979.3	544.1	807.6	2,331.0	1,979.3
2002	571.6	125.5	56.0	284.6	1,037.6	474.0	996.4	2,508.0	2,167.4
2003	613.3	122.3	62.0	277.9	1,075.5	468.2	1,038.8	2,582.5	2,242.6
2004	661.2	159.0	144.0	447.2	1,411.4	579.3	1,148.9	3,139.5	2,548.3
2005	688.1	162.2	82.4	435.7	1,368.4	576.8	1,321.9	3,267.1	2,749.0
2006	696.1	178.2	80.4	458.0	1,412.6	574.5	1,295.6	3,282.6	2,744.3
2007	711.8	138.4	114.9	435.8	1,400.8	545.0	1,224.5	3,170.3	2,619.7
2008	646.4	112.0	90.4	374.6	1,223.5	521.8	1,206.8	2,952.1	2,487.0
2009	527.2	83.2	62.2	281.6	954.3	392.8	1,035.1	2,382.3	2,038.4
2010	495.2	81.3	72.0	265.9	914.5	381.0	1,052.4	2,347.9	2,009.9
2011	506.0	77.8	110.9	265.8	960.5	362.3	1,077.7	2,400.5	2,023.8
2012	527.8	64.4	80.2	283.6	956.0	356.7	1,073.9	2,386.6	2,022.8
2013	541.6	70.1	60.5	321.0	993.2	355.6	1,172.6	2,521.4	2,139.9
2014	536.3	122.8	59.0	330.8	1,048.9	356.7	1,266.1	2,671.7	2,281.9

Source: Lithuanian Statistics Department.

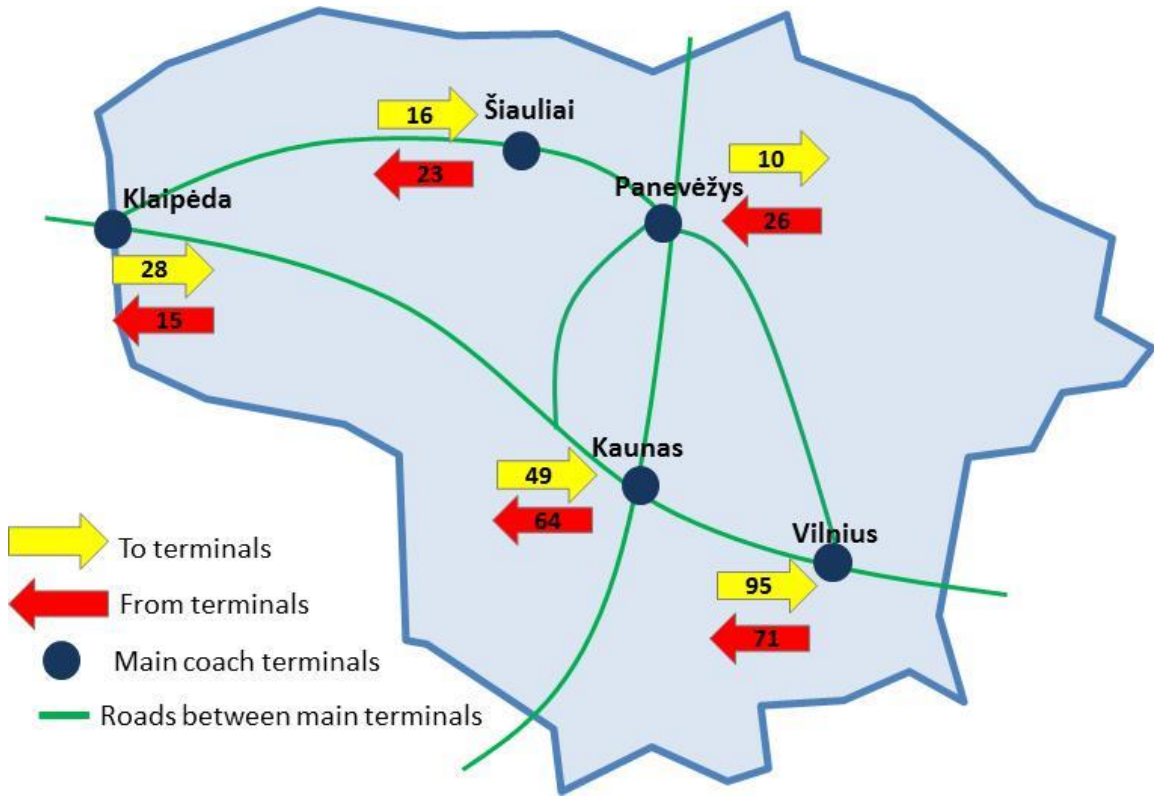
Note: definition of passenger-kilometres for international services may not be additive with other Member States.

Terminals

- A.274 Vilnius is the capital city of Lithuania, a large number of international tourists come to Vilnius by plane and use coach services to travel throughout Lithuania. Almost all Lithuanian universities and colleges are located in Vilnius, and many students from other towns reach Vilnius by coach because it is cheaper, faster and more comfortable than traveling by rail.
- A.275 The second largest city of Lithuania is Kaunas, which many coach routes pass through because of its central location within the country. The Kaunas coach terminal is mainly used by international tourists, students and commuters.
- A.276 The third largest city in Lithuania is Klaipėda, its coach terminal is mainly used by commuters and tourists and several coach services connect Klaipėda with the seaside towns Nida and Palanga.

A.277 There are currently 51 coach terminals in Lithuania. The five main terminals are located in Vilnius, Kaunas, Klaipėda, Šiauliai, and Panevėžys, as shown in Figure A.22 below.

Figure A.22: Lithuania: principal terminals for long-distance routes



Source: State Road Transport Inspectorate

A.278 The most important long-distance routes, summarised in Tables A.35 and A.36, are from or to:

- Vilnius, with 71 outbound and 95 inbound services; and
- Kaunas, with 49 outbound and 64 inbound services.

Table A.35: Lithuania: main routes served from the Vilnius terminal

	Route	Average service interval	Number of operators on route
Domestic routes	Vilnius-Kaunas	90 minutes	9
	Vilnius-Alytus	120 minutes	5
	Vilnius-Šiauliai	200 minutes	3
	Vilnius-Palanga	270 minutes	4
	Vilnius-Klaipėda	220 minutes	5
International routes	Vilnius-Minsk	240 minutes	5
	Vilnius-Riga	250 minutes	3
	Vilnius-Lida	160 minutes	3
	Vilnius-Tallinn	540 minutes	3
	Vilnius-Warsaw	360 minutes	3
	Vilnius-Kaliningrad	420 minutes	3

Source: Vilnius bus terminal.

Table A.36: Lithuania: main routes served from the Kaunas terminal

	Route	Average frequency	Number of passenger per month
Domestic routes	Kaunas-Vilnius	18 per day	17,000
	Kaunas-Klaipėda, Nida, Palanga	9 per day	15,325
	Alytus-Vilnius	14 per day	12,856
	Kaunas-Šiauliai	4 per day	11,529
	Kaunas-Mažeikiai	4 per day	8,994
	Kaunas-Druskininkai	7 per day	7,162
	Kaunas-Panevėžys	9 per day	6,320
	Vilnius-Druskininkai	2 per day	1,884
International routes	Riga-Cologne	4 per day	
	Riga-Stuttgart	3 per day	
	Kaunas-Riga	1 per day	
	Druskininkai-Grodno	1 per day	
	Vilnius-Minsk	1 per day	
	Vilnius-Rome	1 per day	

Source: Kaunas bus terminal.

A.279 Most terminals are operated and controlled by the coach operators. The Kaunas bus terminal is managed by Kautra, and the Šiauliai bus terminal is operated by Busturas.

A.280 International services can stop anywhere there is a coach stop, and only the start and end points of international routes must be at the coach terminals. All stops on a route must be authorised before prior to the starting of the service.

Persons with reduced mobility

A.281 Lithuania has 56,000 persons with reduced mobility (PRM), about 7,400 of them children.⁷⁰ Of the 51 terminals, 9 are designated to comply with Regulation 181/2011 (cf. Article No. 12). All coach terminals have agreements with security services to ensure that coaches can be reached easily by PRM, who must generally pre-book assistance 48 hours before the scheduled departure time of their coach.

A.282 The Kaunas terminal is now being modernised, after which it will be fully suitable for PRM travellers. The Klaipėda terminal, opened in 2009, has been designed to take into account the needs of PRMs, with features including:

- The terminal is built entirely at ground level.
- All doors are marked with yellow slashes to help PRMs to find door handles.
- There are automatic doors.
- There are toilets specifically equipped for PRMs and are wheelchair accessible.
- At the coach decks, large numbers have been painted on the floor to help those with difficulty reading the display screens.

⁷⁰ <http://www.socmin.lt/lt/socialine-integracija/neigaliuju-socialine-integracija/statistika.html>

Poland

Introduction

- A.283 The Polish long-distance and international coach market has been partially liberalised since the introduction of the Economic Activity Act in 1988. While there are few regulations specific to the operation of long-distance coaches, as with other EU Member States there are practical barriers to operation. To operate a long-distance coach or bus service through Poland or internationally, an operator must obtain the required operators licences at a national level, and subsequent permissions to operate within or across different regions. Operators seeking to establish services internationally must also obtain an international permit as provided for in Regulation 1073/2009.

History of coach services in Poland

- A.284 Until disbanded in 1990, public transport was organised by state-run firms which consisted of a single national State Road Transport firm (PKS) and three regional companies. PKS was the main national and international operator and carrier of passengers and freight across all road transport modes⁷¹. The Economic Activity Act in 1988 liberated many market areas, including the Polish coach market, to competition, which resulted in immediate changes to the structure of PKS. During the early 1990s restructuring resulted in the once-nationalised PKS organisation and its regional branches being divided into 233 individual, independent operators. Nearly half were subsequently privatised⁷², although the number privatised was fewer than had been anticipated due to a lack of interest from national and foreign investors.
- A.285 In the early 1990s there was little market entry, leaving PKS operators with the largest market share. Toward the end of the decade the coach market had begun to evolve and competitive pressures created a more financially challenging environment for the public independent operators, which resulted in some bankruptcy. New local and regional competition to independent PKS companies arose from small firms, offering connections along profitable routes, using small fleets of poorer quality coaches and buses. In many cases competition came from semi-legal and illegal outfits operating without the necessary licences and permits. In addition to local and regional competition, these new market entrants offered connections to neighbouring countries and competed on international routes. At its height it was estimated that this competition from illegal operators accounted for 80% of the international coach market share for journeys to/from Poland⁷³.
- A.286 Since 2000, the share of ownership of coach operators has moved substantially from public ownership to private firms as shown in Figure A.23 below. This trend is significant and

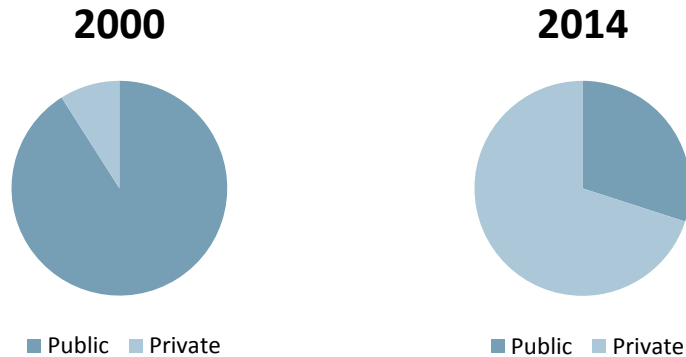
⁷¹ Didier Van de Velde, “Long-distance bus services in Europe: concessions or free market?: The Future of Interurban Passenger Transport” (paper presented at the 19th International Transport Research Symposium, Madrid, November, 2009).

⁷² Taylor, Z and A. Ciechanski, “What Happened to the National Road Carrier in a Post-Communist Country? The Case of Poland’s State Road Transport”, *Transport Reviews*, 28, 619-640.

⁷³ Komornicki, T, “The Development of International bus Transport in Central Europe: The Case of Poland”, *ECMT Economic Research Centre Round Table 114, Regular Interurban Coach Services in Europe*, OECD, Paris.

ongoing, with recent further decreases in public ownership from 32.7% in 2013 to 29.9% in 2014 (GUS, 2015).

Figure A.23: Poland: market share ownership of bus transport entities (2000 and 2014)



Source: General Statistical Office, Warsaw, 2015.

A.287 In 2011 the Polish government introduced new national laws, consistent with Regulations 1071-1073/2009, to govern national and international road passenger transport operations. The changes have created a more robust and transparent operational framework with access to the market based on quality criteria.

Future deregulation

A.288 Implementation of Regulations 1071-1073/2009 has paved the way for further changes to national law effective from 1 January 2017. From this date the national public transport will be liberalised further by allowing carriers to operate commercially along all routes in Poland.

Overview of the current market

Domestic services

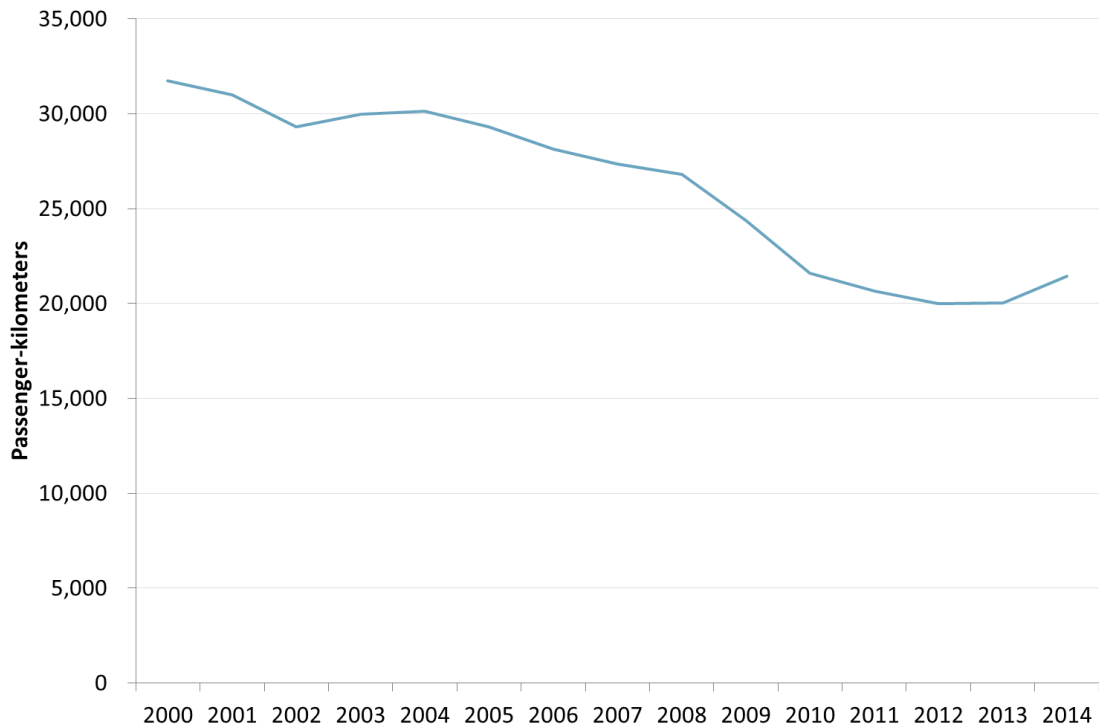
A.289 Figure A.24 overleaf illustrates the number of passenger-kilometres travelled on non-urban coach services between 2000 and 2014⁷⁴.

A.290 Additional data collected by the Polish National Statistical Office shows that the total distance travelled by passengers has been in decline since 2000, with a more pronounced decline in passenger numbers seen between 2008 and 2013. There has, however, been an increase in the average length of trips made by coach.

A.291 Demand has stabilised with some modest reversal in its longer-term decline. The number of passenger-kilometres travelled increased by 7% between 2013-14. Despite this rise in total distance travelled, the number of journeys made by coach fell by 6%. Between 2013 and 2014, passenger journeys fell by 8% on regular services and rose by 4% on special regular services.

⁷⁴ Based on enterprises employing more than 9 persons; excluding urban transport services.

Figure A.24: Poland: passenger-kilometres on non-urban bus and coach services (2000-2014)



Source: General Statistical Office, Warsaw, 2015.

International services

- A.292 In 2014, coach transport accounted for 60% of the international transport market in Poland. The Polish General Statistical Office (GUS) reported growth between 2013 and 2014 of 17% in passenger numbers and 14% in passenger-kilometres. However, the number of regular international routes serving Poland declined from 111 in 2013 to 90 in 2014 (see Table A.37 below).
- A.293 Of international journeys made in 2014, 82% were regular or special regular services and the remaining 18% as occasional.
- A.294 The General Inspectorate of Road Transport report that there are currently 3166 licences to carry out international coach operations in Poland, 2553 issued to individuals and 613 issued to commercial companies.

Table A.37: Poland: international coach journeys Poland (2013-14)

State	Journeys		
	Thousands in 2014	Change (2013=100%)	Percentage of international journeys
Germany	1,463.2	118%	45%
Czech Republic	360.9	164%	11%
France	317.8	112%	10%
Italy	224.8	108%	7%
Austria	178.9	110%	5%
United Kingdom	154.0	130%	5%
Netherlands	65.0	73%	2%
Spain	55.3	79%	2%
Slovakia	52.8	103%	2%
Belgium	48.1	99%	1%
Lithuania	46.5	160%	1%
Switzerland	42.9	110%	1%
Ukraine	40.5	58%	1%
Norway	39.5	277%	1%
Croatia	31.6	92%	1%
Bulgaria	26.5	98%	1%
Hungary	25.2	116%	1%
Greece	24.9	133%	1%
Sweden	6.7	180%	0%
Denmark	6.0	89%	0%
Belarus	5.3	196%	0%
Montenegro	4.5	98%	0%
Luxembourg	2.5	105%	0%
Latvia	2.2	130%	0%
Others	29.7	130%	1%
Total	3,255.3	117%	100%

Note: definitions for international services may not be additive with other Member States.

- A.295 Destinations in Germany and the Czech Republic account for over 50% of all cross-border journeys, although these may be short cross-border routes serving mainly commuting flows.
- A.296 Tables A.38 and A.39 below summarise the number and length of domestic and international routes by Voivodeship (governorship, or administrative region).

Table A.38: Poland: number of domestic and international routes by Voivodeship (2013-2014)

Voivodeship	Total, including urban/suburban	Long-distance	Regional	International
Total 2013	16,363	608	2,879	111
Total 2014	15,498	565	2,702	90
Dolnośląskie	1,243	51	163	2
Kujawsko-pomorskie	2,148	46	372	0
Lubelskie	1,218	52	266	6
Lubuskie	743	16	151	0
Łódzkie	865	35	144	0
Małopolskie	252	2	42	4
Mazowiecki	2,390	118	376	19
Opolskie	393	3	49	16
Podkarpackie	674	22	82	2
Podlaskie	642	42	132	14
Świętokrzyskie	411	29	50	0
Warmińsko-mazurskie	759	47	198	10
Wielkopolskie	1,262	21	187	1
Zachodniopomorskie	990	36	263	7

Note: definitions for international services may not be additive with other Member States.

Table A.39: Poland: length of domestic and international routes by Voivodeship (kilometres) (2013-2014)

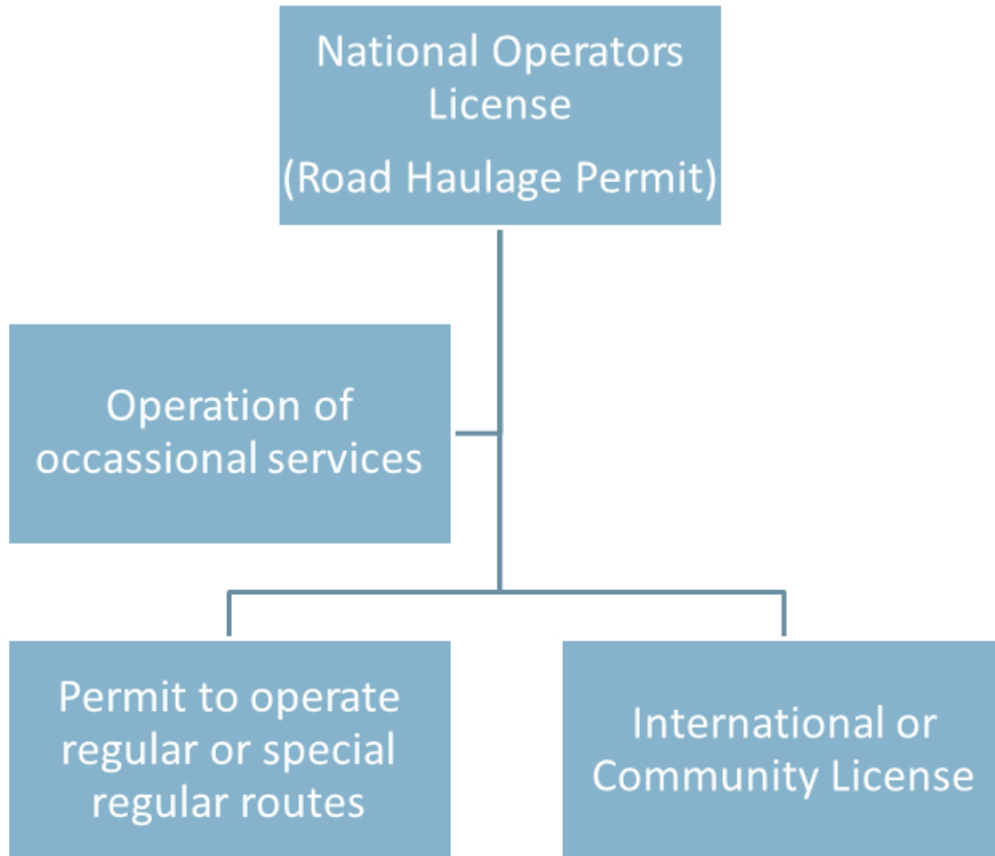
Voivodeship	Total, including urban/suburban	Long-distance	Regional	International
Total 2013	838,728	221,272	224,207	150298
Total 2014	788,612	208,461	202,360	119110
Dolnośląskie	61,840	21,673	10,518	1098
Kujawsko-pomorskie	95,689	16,298	25,684	0
Lubelskie	67,412	18,185	17,150	4345
Lubuskie	30,369	5,105	10,666	0
Łódzkie	45,252	12,081	13,225	0
Małopolskie	10,533	495	4,178	5319
Mazowiecki	132,715	42,188	31,553	18136
Opolskie	12,417	507	2814	30433
Podkarpackie	30,999	7,376	6347	7390
Podlaskie	38,793	15,497	9227	18091
Pomorskie	39,455	8,056	10616	0
Śląskie	35,799	11,048	5694	16738
Świętokrzyskie	24,891	11,431	4232	0
Warmińsko-mazurskie	44,345	13,604	13773	13590
Wielkopolskie	54,093	6,954	14359	995
Zachodniopomorskie	64,010	17,963	22324	2975

Note: definitions for international services may not be additive with other Member States.

Regulation of market and coach services

A.297 Figure A.25 outlines the current process required for operating either occasional, regular or special regular coach services in or from Poland.

Figure A.25: Poland: process for obtaining rights to national and international coach transport



A.298 To become a road transport operator, the operator or designated person within the company must obtain a national road operator’s licence. This requirement has been in effect since December 2011 when the former operator’s permit was replaced the current road operator’s licence, in line with EU Directive 1071/2009. Both freight and passenger operators must apply for a National Road Operators Licence in order to operate within the transport profession as set out in Article 4 of the Polish Road Transport Act.

A.299 The process for applying for a National Road Operators Licence has changed and now includes three new quality criteria which need to be satisfied in order to obtain a permit:

- An applicant for a National Road Operators Licence must be have a Certificate of Professional Competence (CPC), which can be obtained through offices in Warsaw and Poznań.
- Applicants for a licence must register a headquarters, where accounting, employment and management documents are stored. This change relates to the requirement of an operation base equipped with facilities to support services.
- Several smaller changes in other areas have affected applications for the Road Haulage Permit. These include standardising the way in which applicants are screened, for example audits of financial standing and CPCs.

A.300 The National Road Operators Licence is issued by the General Inspectorate of Road Transport (GITD) and is sufficient to operate occasional services within the country.

Local, regional and inter-regional regular and special regular services

A.301 In addition to holding national road operator’s licence, individuals or companies wishing to operate regular or special regular services, must also apply for the relevant permits to operate within different administrative areas of the country. The authority in which the applicant resides is where the application must be made.

A.302 Permissions to operate on a local level are generally categorised as:

- operated within a county (Powiat); or
- operated within a regional administrative area (Województwo).

A.303 To obtain a permit the operator must apply to a senior official within the administrative area they wish to operate, as summarised in Table A.40 below.

Table A.40: Poland: authorisation bodies for regular and special regular services

Type of service		Application to
Within a municipality	Regular services within a municipality	Mayor
	Regular services along existing public transport routes	Mayor or president of the city
	Services in municipalities that have established public transport routes	Mayor or president of the city and/or the origin of the service
Within one county	Services connecting a city and a neighbouring county	President's cities and towns, in consultation with the relevant alderman
	Other services on existing routes within a county	Starosta
Within one province	Services extending across county but not provincial boundaries	Speaker of the province, in consultation with the relevant prefects
More than one province	Services extending across provincial boundaries	Voivodeship marshal

A.304 In 2014 approximately 8,000 permits, covering 62,200 vehicles, were issued to regular coach operators, 5.9% fewer than in 2013⁷⁵. The Ministry of Infrastructure and development informed us that they had not observed any particular changes since the incorporation of Regulation 1071/2009 into Polish law.

A.305 Changes to the regulatory system and abolition of permits are due to take place in 2017, and may be a driver for the decline in permit applications.

International regular, special and special regular services

A.306 The General Inspectorate of Road Transport (GITD) are responsible for issuing and enforcing Community Licences and well as National Road Operators Licences. Community Licences are issued for vehicles wishing to operate within the EU however GITD also issue licences for operations within the Swiss Confederation and members of the European Free Trade Association.

⁷⁵ Ministry of Infrastructure and Development – Road transport of goods and people – www.mir.gov.pl

A.307 Application for community licences are completed in accordance with Article 7 of Regulation 361/2014. During the verification of permit applications the applicant may be called to correct any deficiencies within the documentation. Satisfactorily completed documents are sent to the Member States on whose territory passengers are picked up or set down as well as the competent authorities of the Member States whose territories are crossed.

Changes to framework governing national passenger services

A.308 From 1 January 2017, major changes to laws governing regular public transport services in Poland will come into effect. The laws will change to define three entities within the organisational and legislative framework:

- **Public transport organiser:** a competent body within local/regional government responsible for organising public transport on a local/regional scale;
- **Public transport operator:** a company authorised by the public transport organiser to carry out regular transport services under contract (PSCs); and
- **Public transport carrier:** a company operating regular services along existing or new public transport routes on a commercial basis.

A.309 The changes are intended to create equal and non-discriminatory access to the occupation of road transport operator based on quality criteria and the road passenger transport market. The aim is that administrative barriers to access to the market are removed, and that the rules provide for equality of parties in respect to scheduled road passenger services.

A.310 Public transport carriers will for the first time be able to operate competing services on national routes and internationally in those close to border areas. Public transport carriers will also be able operate as subcontractors to public transport operators under PSCs.

Stations and terminals

A.311 The majority of stations and terminals are owned by private companies, but some of the infrastructure within these sites belongs to the local regional governments. In some cases mixed models stations are part publicly and part privately owned. A third model is where the infrastructure belongs to the national treasury.

Persons with reduced mobility

A.312 Poland has experienced some delay in adopting Regulation 181/2011 into national legislation. At present Warszawa Zachodnia (Warsaw West) rail and bus station is the only bus terminal designated to handle passengers with additional access and mobility needs, although it has not yet been Designated under Article 12 of the Regulation. Implementation of the Regulation will also create a requirement for operators to adapt vehicles to accommodate PRM but this will not be put into effect until a network of terminals have been identified and adapted for passenger's needs.

A.313 The Polish Ministry of Infrastructure and development reports that no complaints have been logged with the GITD in relation to disabled access to bus terminals. Development of future stations and training of station staff and drivers in assisting PRM will allow for further analysis of this service provision in future.

Summary of key issues

- A.314 Despite some decline in the number of national and international routes in and originating from Poland the market has seen some modest recovery in the distances travelled by coach in recent years.
- A.315 Incorporating Regulations 1071-1073/2009 into national law have helped strengthen Poland's regulatory framework and pave the way for further liberalisation. New laws incorporating the road package changes are well documented on official websites and do not appear to have restricted access to the market. The Ministry of Infrastructure and Transport commented that the changes to Polish law brought about by European regulation had little impact on the market since their introduction.
- A.316 The process for applying to operate regular routes in Poland is not yet standardised, with access to the market varying by each local administration. However, the market is changing, with full liberalisation of the national long-distance coach market from 1 January 2017. New processes in 2017 aim to make the system more transparent and allow for greater customer choice by allow commercial companies to operate in a competitive market.

Romania

Introduction

- A.317 Coach services are fully liberalised in Romania. Regular services are awarded through a tendering procedure, while special regular services and occasional services are operated subject to the issue of a license.
- A.318 Demand for regular coach transport (in terms of passenger-kilometres in intercity and international transport) has increased by 38% between 2000 and 2014 while demand for intercity rail has decreased by 57%.

Regulation

- A.319 The main legislative act regulating road passenger transport is the “Ordinance of the Government of Romania no. 27/2011 on road transport” amended by the Emergency Ordinance no. 11/2013 and Law 109/2014.
- A.320 Ordinance no. 27/2011 provides definitions which distinguish between bus and coach in terms of vehicle specification:
- Buses are defined as vehicles with more than 9 seats (including the driver's seat) designed for passengers seating and standing; and
 - Coaches are defined as buses with more than 22 seats, designed and equipped only for passenger seating (transporting people standing is banned) with the provision of a special space for carrying of long-distance luggage.
- A.321 In this legislation road passenger transport is classified as follows:
- scheduled services;
 - special regular services; and
 - occasional services.
- A.322 Access to the road transport market is liberalised based on the principles of non-discriminatory and free competition. The Transport and Infrastructure Ministry set the minimum quality standards for the quality of transport services, public interest and road safety.
- A.323 Licenses to operate bus and coach services are issued by the Romanian Road Authority (ARR), the technical body of the Transport and Infrastructure Ministry (MT). For regular services and international routes, companies must apply for a route license, also issued by the ARR.

Regular services

- A.324 Regular domestic passenger transport services are based on requirements set by the competent authority (the ARR), which is in charge of issuing route licenses. Road passenger transport schedules are developed and approved by the competent authority, which is responsible for coordinating them with timetables for other modes such as rail. Local bodies are invited to express their opinion in the development of the transport schedule.
- A.325 The competent authority is responsible for setting the following public transport rules:
- Conditions for conducting road passenger transport regular services, special regular services and occasional services;
 - Defining and approving of public transport schedules;
 - The assignment of routes included in the public transport schedules to operators;

- The model for route and timetable licensing;
- Requirements for road transport operators when undertaking road passenger transport regular services, special regular services and occasional services; and
- Conditions for passenger transport cabotage operations.

A.326 In order to operate regional and inter-regional regular services operators must obtain a route licence issued by the ARR. The route licence is valid for a single route for regional transport, or for an origin-destination pair in the case of inter-regional transport. These services are identified by transport plans drafted by the ARR, which are valid for three years. The licenses are therefore valid for a maximum of three years.

A.327 These licenses are awarded as a result of a competitive bidding process, the criteria for which are defined by the Ministry of the Interior and the Ministry of Transport for regional and interregional routes respectively. In the case of regional transport, where each route is tendered as a package, the bid evaluation criteria include the fares offered. For inter-regional transport, where each service on the timetable is individually tendered, fares are not considered in the bid evaluation process (operators are allowed to compete on price in the passenger market).

Special regular services

A.328 Special regular national services are operated on the basis of a route licence issued by the ARR, whose period of validity is set according to the duration of the contract signed between the operator and the beneficiary of the services. However, this period of validity cannot be more than one year. Special regular international services are also referred to in the regulations, and are treated in the same fashion. Such services may include coaches for workers employed in neighbouring countries.

Occasional services

A.329 Occasional services can be provided by road transport operators subject to the issue of a transport license by the competent authority. The authorisation of such licenses and the conditions that must be met by carriers to obtain a waybill are determined by the rules of the competent authority.

Enforcement

A.330 Quality controls across Romania are enforced by the Romanian Road Authority (ARR) which is appointed by the Transport and Infrastructure Ministry for the purposes of granting road transport licenses and the implementation of disciplinary action against operators and drivers. The ARR retains the power to revoke licenses for all PSV, including coaches.

The market for coach travel

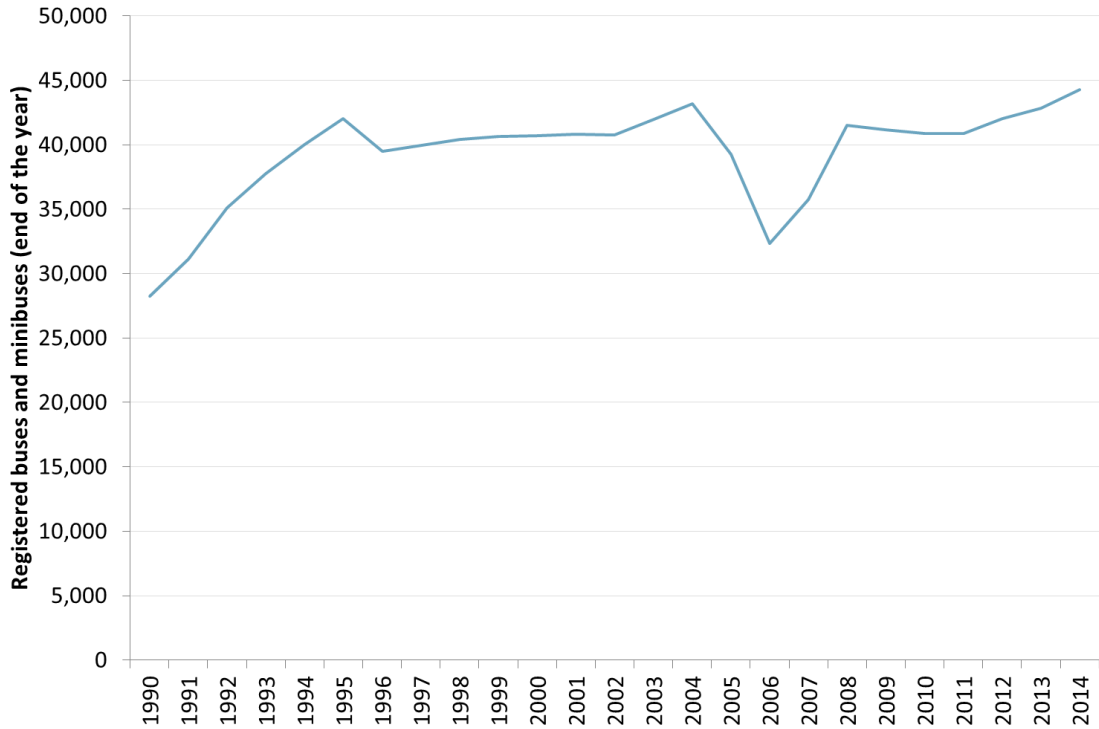
Supply of coach services

A.331 Approximately 1,200 companies offer regular county services and 490 offer regular national and international services in Romania.

A.332 Occasional coach services and special regular series are operated by a number of companies across Romania. Almost 340 operators are licenses to deliver special services and 2,500 that offer occasional services. Special regular services include dedicated ad-hoc services for sports and cultural events, while occasional services include both domestic private hires for day trips and international tours.

- A.333 The busiest routes in Romania are those to and from Bucharest. There are 22 terminals in Bucharest with a total of about 500,000 departures per year.
- A.334 In 2014 there were 44,283 buses and minibuses registered in Romania (9% more than in 2000). The figure below shows the evolution of the number of registered buses and minibuses in Romania between 1990-2014.

Figure A.26: Romania: registered buses and minibuses (end of the year)

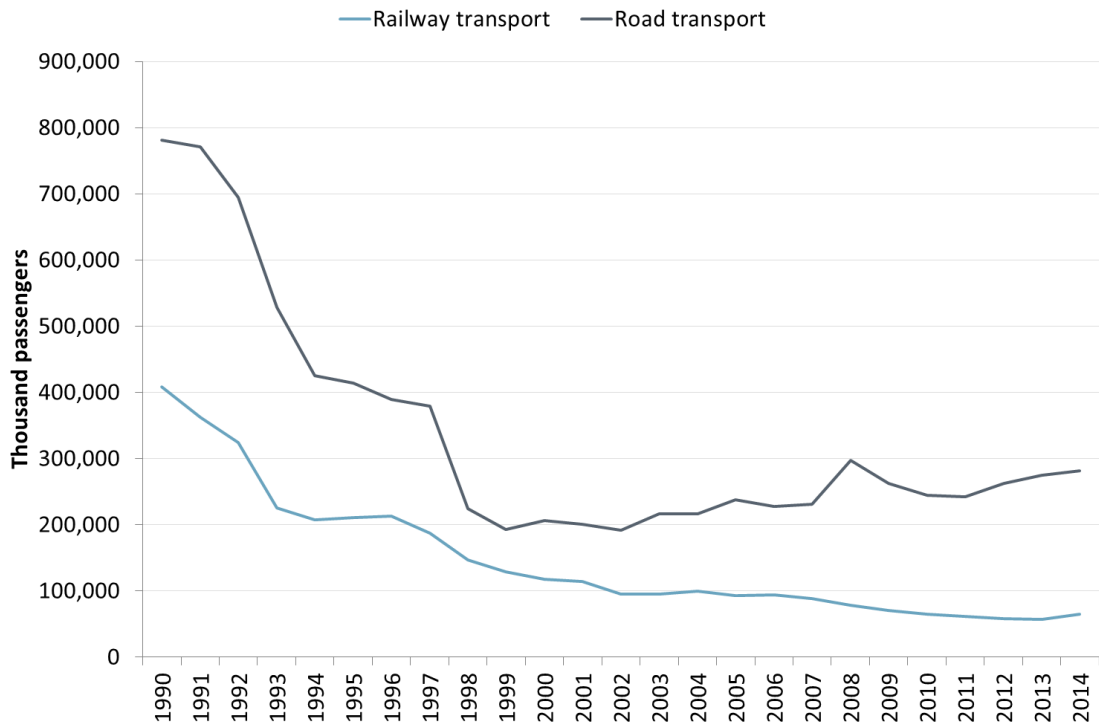


Source: Institutul Național de Statistică (INS)

Demand for coach travel

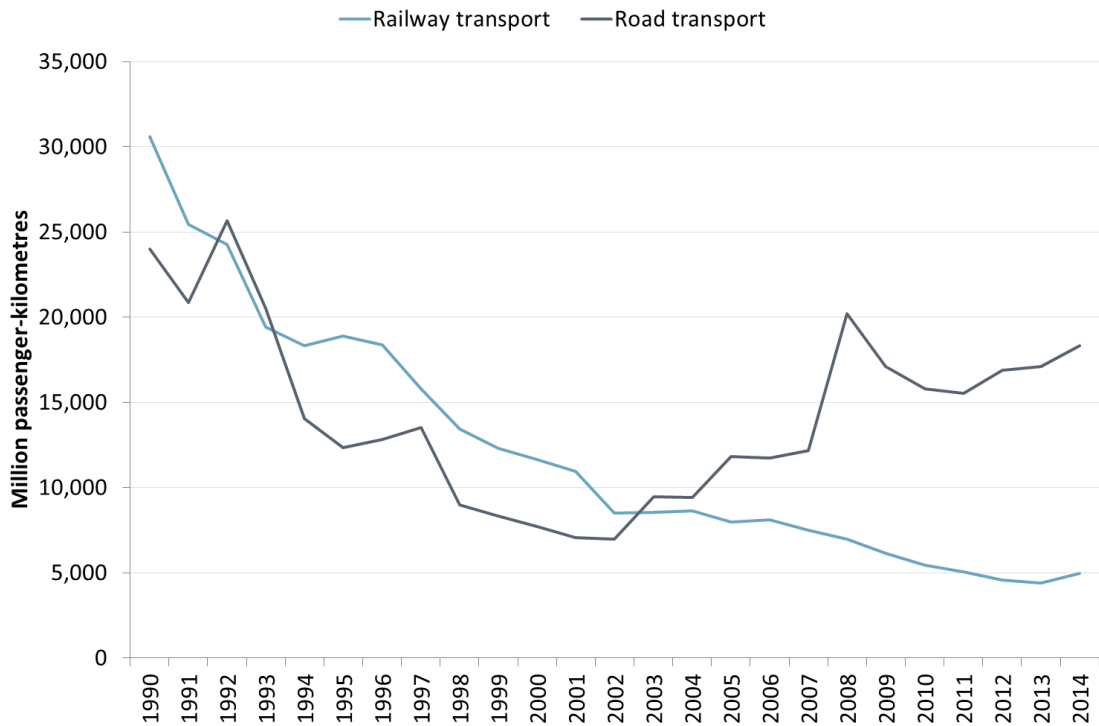
- A.335 Coach is the dominant form of surface public transport in Romania. 282 million journeys were made by intercity and international coach services in 2014, compared to just 65 million rail journeys. Similarly, passenger-kilometres for coach and rail were 18.4 billion and less than 5 billion respectively.
- A.336 During the 1990s both coach and rail demand experienced a significant drop. Since 2000, due to deterioration in the quality of rail services from rail demand continued to fall (-45% between 2000 and 2010) while coach journeys have been increasing (+19% over the same period). Between 2010 and 2014 rail demand has remained relatively stable (-0.8%) while coach demand has increased by a further 16%. Similarly, passenger-kilometres for coach and rail increased by 138% and decreased by 57% between 2000 and 2014.

Figure A.27: Romania: passenger journeys on intercity and international transport (1990-2014)



Source: INS

Figure A.28: Romania: passenger-kilometres on intercity and international transport (1990-2014)



Source: INS

Coach terminals

- A.337 There are 88 main terminals in Romania and 294 coach stations. Terminals are owned and run by private operators. Access is managed by the terminal owner and there is no set process or regulation relating to access. In theory, owners can deny access based on specific conditions at each terminal.
- A.338 The Brasov coach terminal in Romania is managed and organised by a public and private partnership (the Brasov municipality financed the construction of the terminal with a total investment of €2.5 million). The terminal is connected to local transport services, houses a police station, a guarded parking area for 140 cars, a waiting room for passengers, ticket offices, an information office, a duty doctor and 30 commercial spaces on two floors (total surface of 2,200 square meters). We understand that new entrants are enthusiastic about the Brasov terminal, as the terminal management ensures independence and equal access rights for all⁷⁶.
- A.339 Table A.41 below summarises information on three major terminals, including destinations and passengers served, proximity to urban centres, capacity available and quality of facilities.

Persons with reduced mobility

- A.340 There are a few terminals with wheelchair access, but there is also no evidence of any coach operators providing access to wheelchairs.

Identification of issues

- A.341 Stakeholders have been reluctant to join the conversation and no relevant data has been received.

⁷⁶ Source: "Doubling the use of collective passenger transport by bus and coach – Practical solutions", www.busandcoach.travel

Table A.41: Romania: coach terminals

	Bucharest	Timisoara	Cluj Napoca	
Municipal population	1,900,000	306,000	303,000	
Name of Terminal	Autogara Filaret	Autogara Autotim	Autogara Fany	
Owner		Autogara Autotim S.A.	Fany S.R.L.	
Operators	Lilian Express	Bus Trans		
	Fany	Autotim		
	Pletl	Cento		
	Nordic	Alfa Star		
	Sir Trans	Moldtrans		
	Smaranda	Minis		
	Autotrans	Simplicity		
	Rocevi Impex	Eta		
	XXL Tours	Tur Calatori		
	C&I	Transbuz		
	Transcom 94	Ariesul		
	Eden	Magura		
	Amring	Autotransport		
	Vlaci	Transdara		
	GSM Trans	J&R CAR ARAD		
	Mirtrans Express	Niko-Vil Transexpress		
	Draghia CM SNC			
Nikarom Group				
TST Turistik				
Transmuntenia				
Oz Troy Turizm				
Mototolea Com Serv				
Capacity	12 bus stands	8 bus stands	10 bus stands	
Departures (2014/15)	40,000	20,000	30,000	
Selected facilities at terminal	Indoor waiting room	✓	✓	✓
	Toilets	✓	✓	✓
	Café(s)	✓	✓	✓
	Restaurant(s)			
	Cash Machine		✓	
	International Check-in	✓	✓	✓
	Facilities for persons with reduced mobility (PRM)			
	Disabled toilet	✓	✓	✓
	Disabled parking			
Access to other modes of transport	Bicycle parking		✓	
	Car parking		✓	
	Taxi stand			
	Access to local buses		200 metres	50 metres
	Access to local trains	On site	800 metres	
Access to metro	300 metres			

Source: autogari.ro

Sweden

Introduction

- A.342 In the 1990s, Sweden's long-distance coach market was gradually opened, although for a while rail operator SJ had the right to block services competing directly with its commercial railway network.
- A.343 In 2003 Sweden, Denmark, Finland and Norway signed an agreement on abolition of the journey form when performing occasional service in the Nordic countries.
- A.344 In 2010, Sweden passed the Lag om kollektivtrafik (Public Transport Law), referring inter alia to Regulation 1370/2007, which states that no exclusive rights may be granted for providing national public coach services. This means that no coach service is currently under a PSO regime and the market is open to new entry.
- A.345 As for international coach transport, in 2012, Sweden passed the Yrkestrafiklag, referring inter alia to Regulation 1073/2009, which sets out matters such as the means of enforcement consistent with the Regulation.

Routes

- A.346 Many principal coach routes follow the rail and motorway network radiating from Stockholm, and constrained in part by lakes Mälaren, Vättern and Vänern, as summarised in Table A.42.

Table A.42: Sweden: principal coach corridors from Stockholm

Main roads	Places served
E4/E22	Norrköping and south to Kalmar
E4	Norrköping, Jönköping, Helsingborg, Malmö Öresund Bridge to Copenhagen (Köpenhamn) in Denmark
E4/40	South of all the lakes, to Jönköping and Gothenburg (Göteborg)
E20	South of Lake Mälaren to Örebro and south of Lake Vänern to Gothenburg
E18	north of Lake Mälaren to Västerås, Örebro and north of Lake Vanern, overland to Oslo in Norway
E18/70	Västerås and Borlänge
E4	Uppsala, Gavle, Sundsvall, Umeå and (not shown) Luleå, Kiruna, overland to Narvik in Norway

Source: Steer Davies Gleave analysis, see also Figure A.30 overleaf.

Operators

- A.347 Sweden's largest coach brand is Swebus, a subsidiary of Nobina (the Nordic region's largest public transport service provider). Swebus and its partners operate a network of coaches radiating from Stockholm shown in Figure A.29 overleaf. Other operators include:
- Flygbussarna, owned by Transdev, which provides coach connections to seven of Sweden's larger airports, including Stockholm Arlanda, and a number of ferry ports. Some Flygbussarna routes also have through-ticketing with Swebus's network. (Smaller airports such as Umeå and Luleå are usually served by PSO-supported local bus routes, although these may be branded as airport services and have special fares.)
 - Ybus, based in Sundsvall, which acts as a partner to Swebus on services north to Umeå.
 - Airshuttle, a new start-up business providing services between Stockholm and Arlanda Airport.

Figure A.29: Sweden: domestic and international routes provided by Swebus and partner

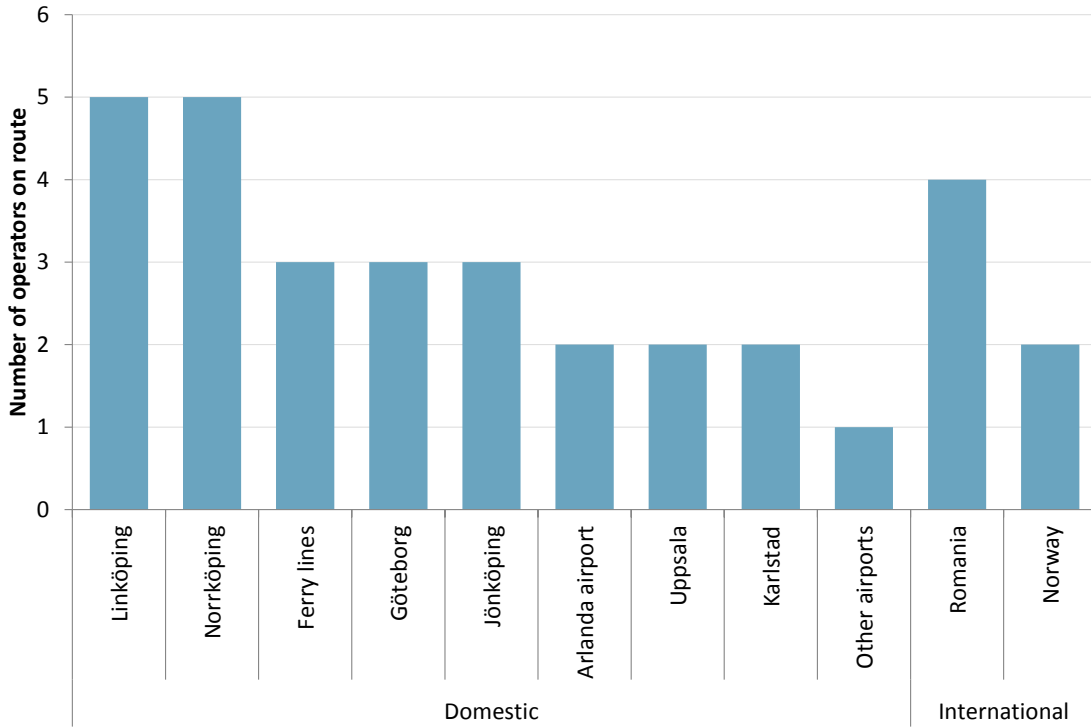


Source: Swebus (a subsidiary of Nobina), destinations such as Luleå are not shown.

Coach routes

A.348 The most important node in the domestic coach network is the Cityterminalen coach terminal in central Stockholm. Cityterminalen provided illustrative information on the principal routes, and the number of operators on them, which we summarise in Figure A.30.

Figure A.30: Sweden: examples of coach services from Stockholm’s Cityterminalen



Source: Cityterminalen

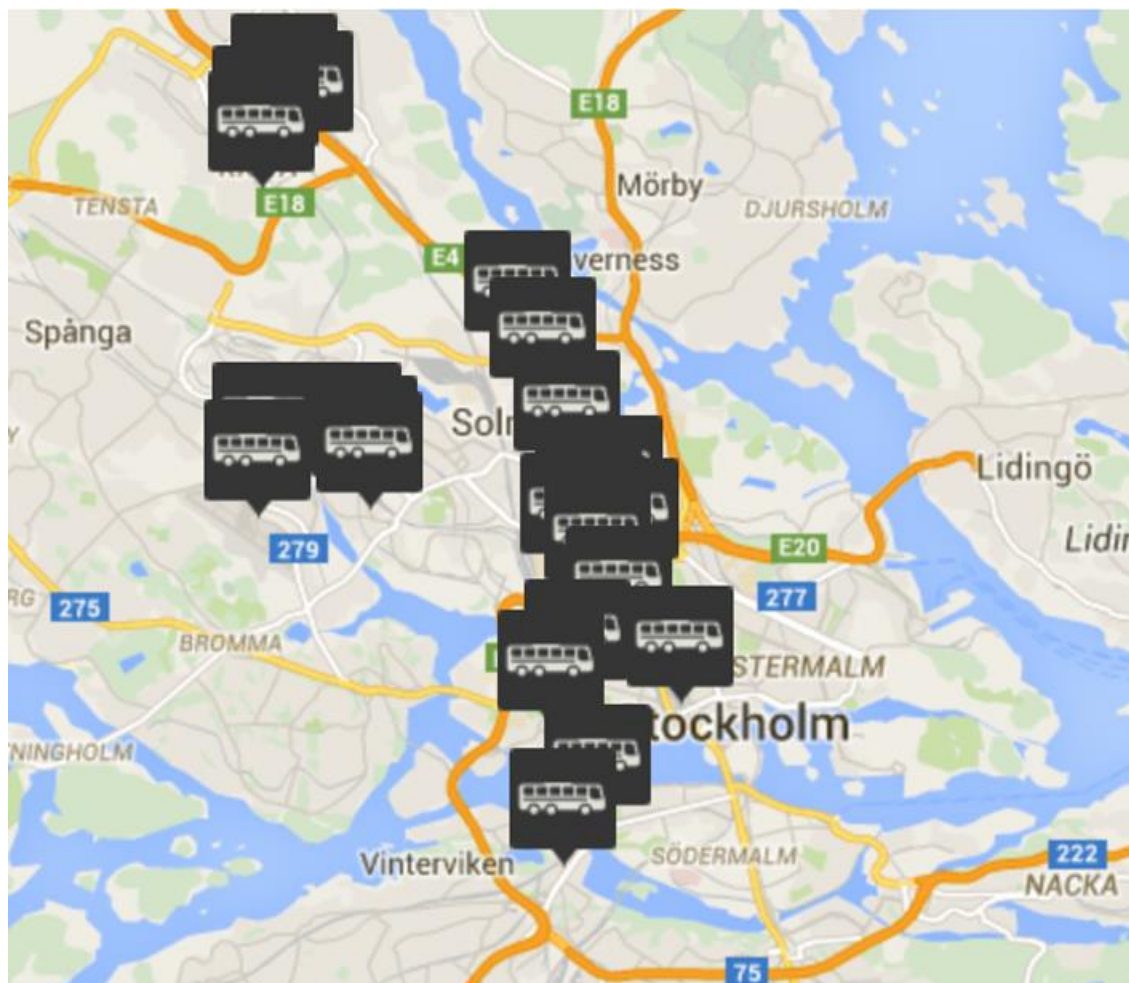
A.349 A number of coach routes are served by more than one operator, which provides some competition, particularly where longer-distance routes converge on the E4, E20 and E18 close to Stockholm, as Figure A.29 suggests.

A focus on Arlanda Airport coach services

A.350 The dynamic nature of the coach services is illustrated by services between Stockholm and Arlanda Airport. Since before the opening of the Arlanda Express rail link in 1999, coaches have operated from Cityterminalen with a number of stops en route. Operator Flygbussarna, now owned by Transdev, raised its fares in stages from 80 Krona to 89 Krona to 99 Krona and then, in 2010, to 119 Krona. In May 2010, Swebus entered the market with a competing service charging only 99 Krona, and Flygbussarna responded by restoring its fares to 99 Krona. Swebus remained in the market until August 2013 but has now left and advertises Flygbussarna’s airport services as an adjunct to its own interurban services.

A.351 When, in 2014 Flygbussarna raised fares again, to 105 Krona, Airshuttle entered the market with a 99 Krona fare, which Flygbussarna now matches. Flygbussarna has also added two new routes to the airport serving a range of suburban stops, as shown in Figure A.31.

Figure A.31: Sweden: Flygbussarna coach services to suburban bus stops in Stockholm



Source: Flygbussarna

- A.352 Flygbussarna and Airshuttle now both offer a range of discounted fares and sell tickets from machines, on board the bus and on the internet.
- A.353 As the overall market for travel to the airport grows, the provision of coach services may expand further, and it may be possible for two dedicated operators to remain in the market.

Operator and passenger statistics

- A.354 Trafikanalys has produced reports of operator and passenger statistics, but until 2011 these related to “Långväga” (long-distance) services and from 2012 they related to Kommersiell (commercial services, including a small percentage which are partly-funded by competent local authorities). The change in definition means that no clear time series emerges, and data on passenger-kilometres appear to be estimated by multiplying all passenger boardings by an assumed average trip length of approximately 250 kilometres. This is consistent with our estimate, in our 2009 study for the Commission, that the size of the 2009 (long-distance) coach market was 920 million passenger-kilometres.
- A.355 While we were able to extract, and confirm the internal consistency of, the information shown in Table A.40 below, we draw attention to the definition change after 2011 and the apparent reduction in “routes” between 2012 and 2013.

- A.356 Note that we estimated the average passengers per seat per service from the ratio of reported passenger journeys to reported service departures. Except on services with no intermediate stopping points, this will overstate average load factor, which may be considerably lower.

Table A.43: Sweden: “long-distance” and “commercial” domestic coach data (2008-2013)

Metric	Unit	“Long-distance”				“Commercial”	
		2008	2009	2010	2011	2012	2013
Supply of bus services							
Number of routes operated	Units					107	69
Service departures per annum	Thousands	126	113	120	134		392
Service-kilometres per annum	Millions	34	28	29	29		36
Average seats per service	Units	52	58	51	52		51
Seat departures per annum	Millions	6.5	6.5	6.2	6.9		20.0
Seat-kilometres per annum	Billions	1.8	1.6	1.5	1.5		1.8
Demand for bus service							
Passengers per annum	Millions	3.7	3.8	4.1	4.4		8.2
Average passengers per departure	Units	30	34	35	33		21
Average passengers per seat per service	Number	0.57	0.58	0.67	0.63		0.41

Source: Trafikanalys Långväga buss 2011, Kommersiell linjetrafik på väg 2013.

Note: average passengers per seat per service should not be interpreted as an average load factor.

The market for international coach travel

- A.357 Trafikanalys also provides statistics on international services although, as with the domestic services, there was a change of definition after 2011. We note, however, the apparent sudden changes in the both the scale of operations reported and the apparent number of passengers per seat per service.

Table A.44: Sweden: “long-distance” and “commercial” international coach data (2008-2013)

Metric	Unit	“Long-distance”				“Commercial”	
		2008	2009	2010	2011	2012	2013
Supply of bus services							
Number of routes operated	Units					9	7
Service departures per annum	Thousands	18	29	26	23		45
Service-kilometres per annum	Millions	6.1	10.5	10.0	9.6		7.5
Average seats per service	Units	55	57	55	54		51
Seat departures per annum	Millions	1.0	1.7	1.4	1.3		2.3
Seat-kilometres per annum	Billions	0.3	0.6	0.5	0.5		0.4
Demand for bus service							
Passengers per annum	Millions	0.6	0.8	0.8	0.7		0.5
Average passengers per departure	Units	36	28	29	29		11
Average passengers per seat per service	Number	0.65	0.49	0.53	0.53		0.22

Source: Trafikanalys Långväga buss 2011, Kommersiell linjetrafik på väg 2013, service kilometres in Sweden only.

Note: average passengers per seat per service should not be interpreted as an average load factor.

Note: definition of international services may not be additive with other Member States.

Fleet

- A.358 Trafikanalys reports⁷⁷ that 256 vehicles were used for domestic and international services in 2013, compared with 292 in 2012. Vehicle size varied from 8 to over 80 seats, but nearly half had 51-60 seats, consistent with the average seats per service shown in Tables A.43 and A.44. 70% of the fleet were under 5 years old and only 2% were over 10 years old.

Employment

- A.359 We found no data on employment in the coach sector, but note that Nobina reports a total of 171 employees and 48 vehicles in Sweden. This suggests that employment associated with the national fleet of 256 coaches may be around 900 people.

⁷⁷ Kommersiell linjetrafik på väg 2013

Infrastructure and terminals

A.360 Table A.45 below provides illustrative information on a number of coach terminals in Sweden.

Table A.45: Sweden: examples of coach terminals

	Stockholm	Jönköping	Umeå	Luleå
Municipal population	900,000	130,000	120,000	75,000
Name of terminal	Cityterminalen			
Selected facilities at terminal				
Indoor waiting room	✓	✓	✓	✓
Indoor gates	19	12	12	0
Outdoor stands	3	0	0	12, with walkways from waiting room
Toilets	✓	✓	✓	✓
Lost property	✓	✓	✓	✓
Café(s)	✓	✓	✓	✓
Restaurant(s)	✓		✓	✓
Facilities for persons with reduced mobility				
Disabled toilet	✓	✓	✓	✓
Disabled parking	✓	✓	✓	✓
Access to other modes of transport				
Bicycle parking				✓
Car parking	✓	✓	✓	✓
Taxi (pre-booked)	✓	✓		✓
Taxi stand	✓	✓	✓	✓
Access to local buses	Local bus routes adjacent	100 metres by covered connection, some local and regional services use coach terminal	500 metres to local bus hub at Vasaplan	400 metres to bus hub at Smedjegatan, to which 2 local buses provide a link
Access to local trains	Link to Stockholm Central station	Coaches and trains share a waiting room	50 metres	150 metres
Access to metro	Escalators to T-bana via Centralstation			

Source: <http://www.stationsinfo.se/station/>, coach station websites, Steer Davies Gleave visits and analysis

A.361 Many of Sweden's main coach terminals are enclosed to provide protection against winter weather, but details vary:

- Stockholm's Cityterminalen is a full-enclosed complex with a direct escalator link to Stockholm Central station and the Stockholm T-bana or metro.
- At Jönköping, the coach station, serving long-distance, regional and some local buses, is integrated directly into the railway station, with a common enclosed waiting area and enclosed walkways to other bus routes.
- At Umeå, railway and coach stations are on opposite sides of the road, but the hub of the local bus network in Vasaplan is approximately 500 metres away.
- At Luleå (not shown on Figure A.25) the coach station has an enclosed waiting room with walkways to open stands. Local buses routes focus on Smedjegatan, approximately 400 metres away, and the limited rail services operate from a station 150 metres away across a quiet street.

Terminal access, constraints and capacity

- A.362 Stockholm's Cityterminalen, opened in 1989, handles approximately 3.5 million passengers per annum or 10,000 passengers per day on 50 long-distance and one local service. These include Flygbussarna and Airshuttle airport coaches competing with Arlanda Express and SL trains from the adjacent Central station, as described above.
- A.363 Cityterminalen offers a standard contract for coach operators, who are asked to provide 14 days' notice of requested arrival, waiting and departure times. Coach parking outside Cityterminalen is covered by a separate contract.
- A.364 However, in comparison with the 12 gates or stands available at Jönköping, Umeå and Luleå, Cityterminalen has only 19 enclosed gates, some of which are subject to vehicle height constraints, and occupies a constrained urban site beneath the World Trade centre building which cannot readily be expanded. Standard waiting times are specified as 5 minutes after arrival and 15 minutes before departure. With 30 operators offering 800 departures a day, this would imply departing coaches alone being entitled to dwelling a total of 12,000 minutes a day or the equivalent of 10 stands occupied throughout its 21 hours of opening.
- A.365 Cityterminalen offers discounts at outdoor stands A and B, one of which is used by the Airshuttle services to Arlanda airport, and a discounted rate for "quick loading" departures with a maximum of 5 minutes at the gate. This suggests that it may be possible to accept additional capacity by a combination of using outdoor stands, incentivising quick loading, and taking advantage of contract provisions allowing adjustments to operator departure times. However at some stage it may be necessary for Cityterminalen first to turn away business, at least until existing contracts have expired, and then to introduce some means of allocating or trading capacity.

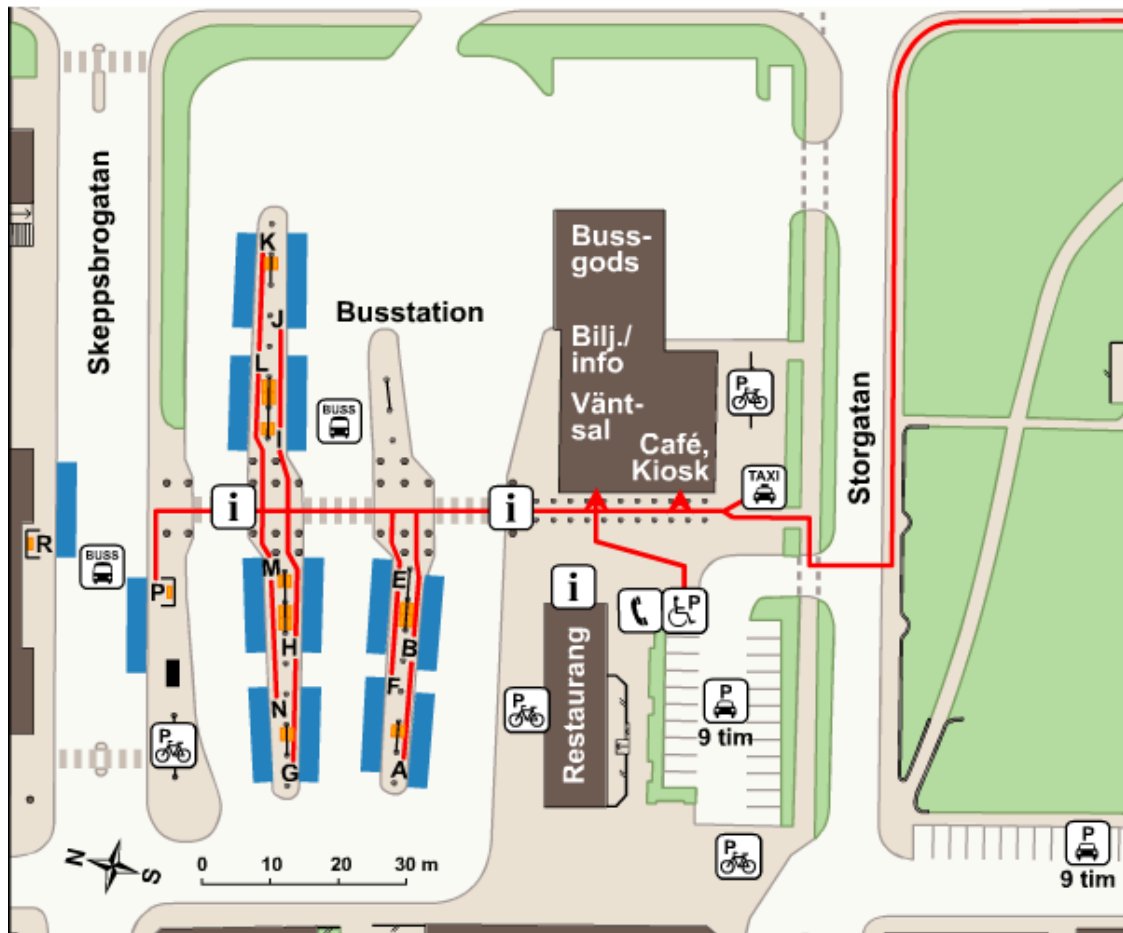
Stops other than at terminals

- A.366 A number of Swedish coach services stop at points other than the main urban terminal. One example is the Flygbussarna airport coach connecting Arlanda Airport with Stockholm's Cityterminalen, which has always served a number of stops en route to serve passengers in northern Stockholm. Since March 2016 Flygbussarna has also operated two additional routes connecting Arlanda Airport with Bromma airport and Liljeholmen, providing direct airport connections from Cityterminalen, Bromma and 22 other stops (as shown in Figure A.31 above).

Persons with reduced mobility

- A.367 Sweden has designated three coach terminals where assistance for disabled persons and persons with reduced mobility shall be provided. These are at Stockholm Cityterminalen and Umeå bus station, described in Table A.45, and the Nils Ericson Terminal in Gothenburg (Göteborg).
- A.368 Table A.45 also summarises the provision for persons with reduced nobility at the four coach terminals examined. Figure A.32 below also illustrates the provision of detailed mapping of walk links at Luleå coach station including, in the case of the link to the railway station (off the Figure, top right) the gradients of any sloping surfaces.

Figure A.32: Sweden: PRM information and routes at Luleå coach station



Source: <http://www.stationsinfo.se/station/>, PRM routes shown in red, route top right leads to railway station

Identification of issues

A.369 Sweden illustrates a number of issues, including that:

- The market is dynamic, with operators changing their services and pricing to seek competitive advantage.
- However, operators also cooperate where appropriate, such as where Swebus advertises Flygbussarna’s airport services as an adjunct to its own mainly interurban network.
- Terminal capacity is not generally a constraint in smaller cities and towns, although the coach terminal may be at some distance from other local transport facilities, but may increasingly become an issue in central Stockholm, where expansion of the existing Cityterminalen would be difficult.
- While Sweden has designated three coach terminals where assistance for disabled persons and persons with reduced mobility shall be provided, PRM appears to be provided for at the sample of terminals we examined, and the provision of detailed PRM information and routes in a consistent style appears to be good practice.

United Kingdom

Introduction

- A.370 Coach services in the UK were highly regulated under a licensing system between 1930 and 1980, under 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, 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.
- A.371 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 in recent years.
- A.372 The first direct impact of deregulation was on market entry. A number of established companies formed a consortium to compete on the national network with the then monopolist (the National Bus Company); however this attempt failed over 1981-1983. Levels of market entry remained high, but so did market exit. New entrants withdrew all services by the mid-1980s, as a result of fierce competition and the persistence of entry barriers (Jaffer and Thompson 1986). The NBC was subsequently privatised in 1986 and became National Express.
- A.373 The secondary impacts of deregulation were growth in passenger patronage and a reduction in fares. 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. Other key developments over the last 20 years include National Express' divestment of Victoria Coach Station (the largest terminal in the UK) and the entry of Megabus, described in detail below.

The market for coach travel

Supply of coach services

- A.374 The coach market for regular services in the UK is dominated by the incumbent, now a fully private company, National Express. The company's share of the regular services market is estimated to be between 75% and 87%. This range is based on data about passenger numbers reported in secondary sources⁷⁸, and on the share of scheduled services departing from Victoria Coach Station respectively. Operators are not willing to share data on passenger

⁷⁸ Asintra and Fenebus: El transporte en autocar, una solución sostenible para la movilidad de personas (2011)

numbers, and this is not published in their annual reports. Revenue figures for 2014 from annual reports indicate that National Express' revenue was £275 million (€380 million).

- A.375 The busiest routes in the UK (by number of services) are those to and from London, which can be subdivided into a number of groups, summarised in Table A.46.

Table A.46: UK: major services from London

Type of service	Frequent	Competitive	Examples
Airports	●	●	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.

- A.376 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 annual report states that Megabus' 2014 revenue was £48 million (approximately €60 million). Stagecoach also owns a 35% share in Scottish CityLink, the dominant player in the Scottish market
- A.377 Stagecoach also owns the Oxford Tube which, because of features such as the location of the railway station relative to the city, is able to compete effectively with rail services. Other operators include Kings Ferry, a subsidiary of National Express, operating mainly on large commuter markets from London.
- A.378 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 A.47.

Table A.47: 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

- A.379 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 Greenline (a brand managed by Arriva, which subcontracts some services), Terravision and easyBus. Around a third of National Express’ business comes from flows to and from airports⁷⁹, where market fragmentation results in a different competitive environment from intercity routes. Competitors tend to be part of, or have commercial agreements with, the major airlines operating at UK airports.
- A.380 Special regular services and occasional services are operated by a number of companies. There are almost 9,500 licensed operators, of whom 4,500 only own one vehicle, and most own only two or three vehicles. Occasional services include both domestic private hires for day trips and international tours, while special regular services include, for example, dedicated services for sporting and cultural events. Department for Transport statistics provide no data on coaches after 2010/11, and report a total of 23,800 buses and coaches in 2013/14. From the previous reported ratio of coaches and buses, we estimate that around 13,000 coach vehicles are operational in the UK.
- A.381 Regular and special regular international services are required to register with the International Road Freight Office (IRFO), while occasional service require a way bill from the Confederation of Passenger Transport. Acquiring a licence from the IRFO usually takes 8-10 weeks and the DfT state there have been no unsuccessful applications to date.

⁷⁹ Interview with National Express

A.382 International services to the rest of Europe are run by a number of companies:

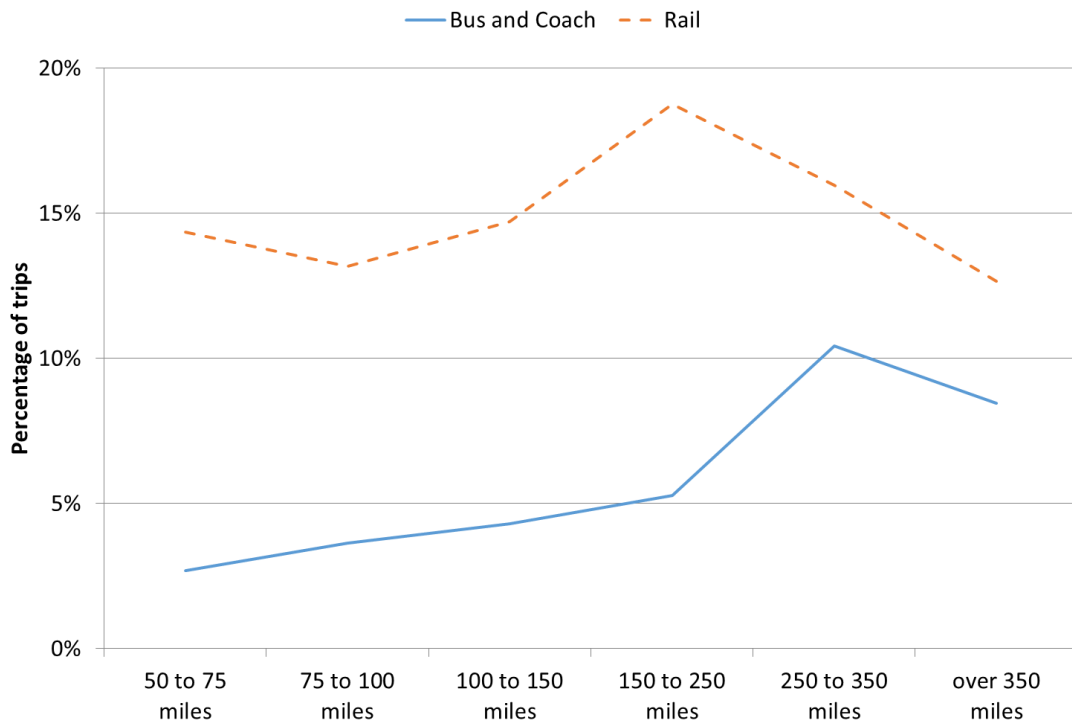
- Eurolines is a large consortium providing intercity connections across Europe, with a base at Victoria Coach Station in London and key destinations including Paris and Amsterdam.
- Megabus also operates international connections.
- Numerous other companies offer service to Central and Eastern Europe.

The demand for coach travel

Long-distance journeys

A.383 Figure A.33 shows that coach travel has a small market share for journeys between 50 and 250 miles (80-400 kilometres), ranging between 3-5%. Coach market share peaks at 10% for journeys between 250 and 350 miles (400-560 kilometres), with rail achieving 16% market share of journeys over the same distance⁸⁰. For distances over 350 miles (560 kilometres), the market shares of both coach and rail travel decline rapidly due to competition from air travel.

Figure A.33: UK: mode shares of long-distance trips in England (2009-2013)



Source: 2013 National Travel Survey, Steer Davies Gleave analysis.
 Note: 1 mile is approximately 1.6 kilometres.

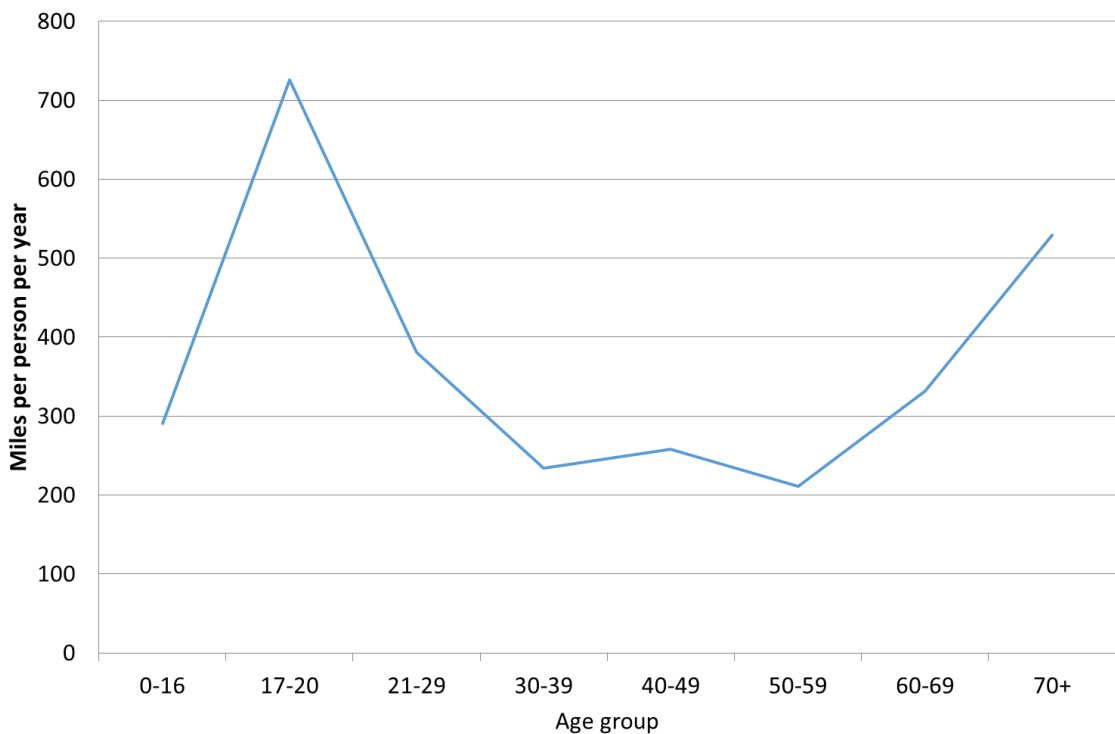
A.384 Given that most coach trips are under 150 miles, we estimate that the coach share of the markets served by both rail and coach is probably around 20-25%.

⁸⁰ Local buses, non-local buses and private hire buses are all reported as “Bus” in the National Travel Survey. Given that few or no local buses travel over 50 miles, we assume that these journeys are coaches.

The age distribution of bus passengers

A.385 The National Travel Survey provides information on the age profile of bus and coach users, but due to small sample sizes the two categories are bundled together. Figure A.34 suggests that younger and older people travel the most, and those aged 30 to 60 travel the least, by bus and coach. Those in the 0-20 age group are the largest users of local and non-local buses, who travel over an average of 1000 miles per person per year, but this is likely to include a high proportion of school services. The 70+ age group are the second highest users with an average of over 400 miles per person per year, although given that those over 60 receive concessionary travel on local buses, it is reasonable to assume that a large proportion of journey miles for those over 60 are on local buses.

Figure A.34: UK: average annual travel in England on local and non-local buses and coaches (2013)



Source: 2013 National Travel Survey, Steer Davies Gleave analysis

Key trends and recent developments

A.386 We interviewed the two major operators (National Express and Megabus), and the Confederation of Passenger Transport (CPT, the trade association body) in July and August 2015 in order to gather further insights into the UK coach market. The main trends identified by key industry players for the sector include the following:

- 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 now 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.

- The majority of 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.

Quality initiatives

- A.387 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 as standard services such as hold luggage, WiFi and charging sockets.
- A.388 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.
- A.389 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.
- A.390 Integration with other modes was mentioned as a key area for development by most operators. National Express and Megabus are both part of a larger groups that run both local bus services and rail services, affording them the chance to provide more integrated timetables and ticketing arrangements.
- A.391 Further integration at the infrastructure level is sought by all operators. This means increasing capacity at those existing coach terminals that enjoy the best connectivity with bus and rail transport, as well as improving facilities at airports.

Coach terminals

- A.392 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. Potentially owners can 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 terminal facilities, applying to bus transport, do not apply to coaches, and hence terminal managers have no obligation to let coaches park at their facilities.
- A.393 A review of the information on key terminals, including destinations and passengers served, proximity to urban centres, capacity available and quality of facilities is summarised in Table A.48 overleaf.

Persons with reduced mobility

- A.394 Only three terminals in the UK are designated for PRM access under regulation 561/2006. At the time of designation, only London Victoria Coach Station, Birmingham Digbeth and Belfast Europa Bus Centre were deemed equipped to provide 24-hour services and staff overnight.

The small number of designated terminals results in some operators not being able to offer services to PRM.

- A.395 UK-specific legislation, the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) requires all local and scheduled services for over 22 people to be wheelchair accessible by 1 January 2020. Most coaches for domestic services already are, though only one wheelchair space per coach which is pre-bookable⁸¹.
- A.396 The wheelchair space requirement does not apply to tourist coaches and international coaches. However, tourist coaches tend not to offer as many facilities for PRM, often on the basis of cost considerations (operators are wary of the additional mass of lifts, which can be up to 300 kilograms including attributes). Those operating occasional and international services face additional issues to accommodate fold out lifts when operating outside terminal facilities.
- A.397 Operators also increasingly face requests from the elderly to carry mobility scooters. It is reasonable to say that the driver is not responsible for breaking up the scooters so that they fit on board, but no specific rules or code of practice are in place yet regarding mobility scooters.

⁸¹ A court ruled in 2014 that operators can 'request not require' people to vacate allocated wheelchair areas for disabled people after a case where mother with a baby refused to move to make way for a man in a wheelchair.

Table A.48: UK: designated terminals

	London	Birmingham	Belfast
Municipal population	8.6 million	2.4 million	330,000
Name of terminal	Victoria Coach Station		Europa Bus Centre
Owner	Transport for London	National Express	Translink
Operators	Ecolines	National Express	Ulsterbus
	Evan Evans		Bus Éireann
	Eurolines		National Express
	Ouibus		CityLink
	Interbus Kosice		
	Megabus		
	National Express		
	Premium Tours		
	Sinbad		
	Capacity	22 bus stands	16 bus stands
Departures (2013/14)	240,000		
Annual movements			6.5 million
Selected facilities at terminal			
Indoor waiting room	✓	✓	✓
Toilets	✓	✓	✓
Lost property	✓		
Café(s)	✓	✓	✓
Restaurant(s)			
Cash Machine	✓		✓
International Check-in	✓		
Hotel Bookings Desk	✓		
Facilities for persons with reduced mobility (PRM)			
Disabled toilet	✓	✓	✓
Disabled parking		✓	✓
Access to other modes of transport			
Bicycle parking			✓
Car parking		✓	✓
Taxi stand			
Access to local buses	200 metres	50 metres	On site
Access to local trains	300 metres	800 metres	On site
Access to metro	300 metres		
Other Information	Grosvenor Group has announced that it wishes to redevelop the site, and relocate the coach station elsewhere in the capital.	National Express has its national headquarters on site, which was officially reopened in 2009, after a £15 million redevelopment.	The terminal is part of an interchange with Great Victoria Street station. There are £100 million plans to redevelop the site into 'The Belfast Hub', starting 2016/17.

Identification of issues

- A.398 The key market players interviewed for this study have not highlighted any major issues with the regulatory model adopted in the UK. The main problems mentioned by operators are in relation to terminal access, and particularly the discretion on the part of terminal owners to accept, or deny, slots. The instances described by stakeholders appear to relate more to specific management practices than systemic problems. As part of the works for a new rail line (Crossrail 2), the landowners at the site where Victoria Coach station is currently located have signalled their intention to sell the site and relocate the terminal. This is a source of concern for operators, who foresee some disruption in the following years.
- A.399 Some issues are specific to the occasional services operators. For instance, changes brought in by the Working Time Directive have had the unintended consequence of reducing the potential pool for part-time drivers, who formerly drove coaches alongside their main work activity. In addition the introduction of higher charges for a driver Certificate of Professional Competence (CPC) has been a disincentive for some older drivers who have left the industry.

Concluding remarks

- A.400 The UK coach market has been liberalised since the 1980s and competition in the market has seen both periods of high entry by new operators leading to price wars and greater service offer, and periods of dominance by the incumbent operator. There is no regulation related to coach operations. To date, the coach market caters for the movement of specific segments of the population such as students, young people, international travellers and the elderly. A differentiated offer has developed over the last decade, with the entry of a new yet large operator (Megabus) who has consolidated its patronage and turnover over a number of intercity routes. Various companies compete with the incumbent on routes to and from major airports, and this segment has seen the highest traffic growth in recent years. Finally British operators and their subsidiaries are very active on the European market and connect the UK to numerous destinations in Europe.

B Member State fiches

Introduction

In this Appendix we present a number of fiches on the coach industry in a selection of Member States as shown below.

Table B.1: Member State fiches

Member State		Page
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FI	Finland	288
HR	Croatia	293
HU	Hungary	296
IE	Ireland	300
LU	Luxembourg	305
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Austria

Overview

- B.1 The market for long-distance national regular coach services is not liberalised in Austria.
- B.2 Domestic legislation distinguishes international and domestic service but does not distinguish categories of domestic service.
- B.3 Most regular domestic coach services are organised within local or regional tariff associations under PSCs. The procurement process is currently in transition following the implementation of Regulation 1073/2009. Services are procured by local governments through competitive tendering although older contracts and have not yet been subject to competitive tendering.
- B.4 For the last five years, domestic long-distance coach services have been in operation, provided through concessions granted by the competent authority.

Regulation and market for coach services

- B.5 The establishment of regular coach services in Austria generally follows a procurement process by the relevant local public transport authority, often represented by the respective tariff association, or the initiative of coach operators.
- B.6 In accordance with the Federal act on the organisation of local and regional public passenger transport (ÖPNRV-G), regular coach services are separated into:
 - commercial coach services, defined as services whose costs can be fully covered by income from ticket sales; and
 - non-commercial services, including all other regular services not meeting these criteria and acquired under a PSC.
- B.7 Non-commercial regular services must now be procured through a competitive tendering procedure and are regulated in the Federal Act on Regular Bus and Coach Services (KfIG).

Market access

- B.8 Access for international coach services is regulated by Regulation 1073/2009.
- B.9 Access to the domestic coach services is not liberalised. Operators wishing to operate commercial services must apply to one of the relevant local authorities, at state level, through which the proposed route passes.
- B.10 The Federal Act on Regular Bus and Coach Services (KfIG) sets out details of the authorisation process, which does not distinguish between commercial and non-commercial services. The application must contain details of the proposed route, the location of the stops and number of vehicles in operation. The contacted authority then asks all affected parties for their statements or objections, which are then assessed by the authority. The parties that are usually consulted include:
 - coach and rail operators whose service area is affected by the proposed route; and
 - federal states, municipalities, tariff associations and chambers of commerce.
- B.11 Authorisation of the route may be granted if all of the following conditions are met:
 - The applicant proved its reliability, professional and financial suitability.

- The applicant has Austrian nationality and the operating company is based in Austria, although companies from EU member states are treated as Austrian applicants.
- The proposed route satisfies the relevant demand in an appropriate and economically viable manner.
- The proposed route is not in conflict with the public interest, in particular:
 - Road safety is not compromised by the proposed route.
 - The demand for existing rail or coach services is not compromised by the proposed route.
 - No procurement procedure for a similar non-commercial service has already begun.
 - The proposed service does not anticipate a service that could be more appropriately delivered by existing transport operators. In these circumstances, however, the responsible authority may require an existing operator to provide the necessary improvement within six months: if this is not done the proposal will be permitted.

B.12 In accordance with the Austrian Administrative Procedure Act, the time limit for processing applications for domestic route authorisations is six months. This can be extended if the application is not complete or any affected party brings forward an objection.

Employment

B.13 Employment conditions in the Coach market are generally based on a collective agreement, agreed and negotiated by the Austrian Chamber of Commerce (WKO), which covers approximately 95% of all employees in the sector. There is a current shortage of qualified coach drivers in Austria, which results in operators trying to build positive long-term relationships with their drivers.

Enforcement

B.14 Every five years, the responsible local authority assesses the requirements for operating a concession. This includes the level of reliability and technical and financial requirements. The concession can be withdrawn at any point during or at the end of the five year period if the requirements are not met.

B.15 The police, sometimes with the Ministry of Transport, carry out on-road checks of compliance with driving hours' limits and vehicle safety standards. Compliance with labour regulations is overseen by the Labour Inspectorate.

Competition and discriminatory practices

B.16 The largest Austrian coach operator is ÖBB Postbus, owned by the Federal Ministry of Transport. It operates mainly regional services, originally intended as complementary to ÖBB's rail operations. Most regular ÖBB Postbus services are non-commercial, run under PSCs and, since implementation of Regulation 1370/2007, are procured through competitive tendering.

B.17 One new entrant in the domestic coach market claimed that competitive tenders are designed to favour ÖBB Postbus, as services must begin within a short period which can in practice only be met by ÖBB Postbus.

B.18 In 2010, incumbent rail operator ÖBB ended direct rail services between Graz and Linz, the second and third largest Austrian cities respectively. Westbus, an Austrian coach operator, successfully began commercial services between these two cities, but after six months of operation the Bundesministerium für Verkehr, Innovation und Technologie (BMVIT) put the route out for competitive tender as a non-commercial PSO service. Westbus claims that this

subsidised non-commercial service is compromising its commercial coach service and that there is no need for a publicly subsidised service when a commercial one is viable.

- B.19 Two of the main stakeholders in the Austrian coach market reported concerns that the incumbent rail operator ÖBB plans a subsidiary to operate regular coach services in Austria.
- B.20 The current legal framework was designed to protect existing regular public transport service concessions from competition, by means of a formal right of the existing operator to file an objection as part of the route authorisation process. For rail, this meant protection for ÖBB, the dominant and originally monopoly operator. If ÖBB begins to operate coach services, it will have the power to permit services by its own subsidiary but not by other operators, leading prima facie to scope for discrimination.

Infrastructure and terminals

- B.21 Arrangements for coach terminals, stations and access to them varies between cities. Municipalities have powers to authorise the use of bus stops within their area of responsibility. Authorisations can be refused on the grounds of limited capacity at bus stops or if a stop would have a negative affect road safety and traffic flow.

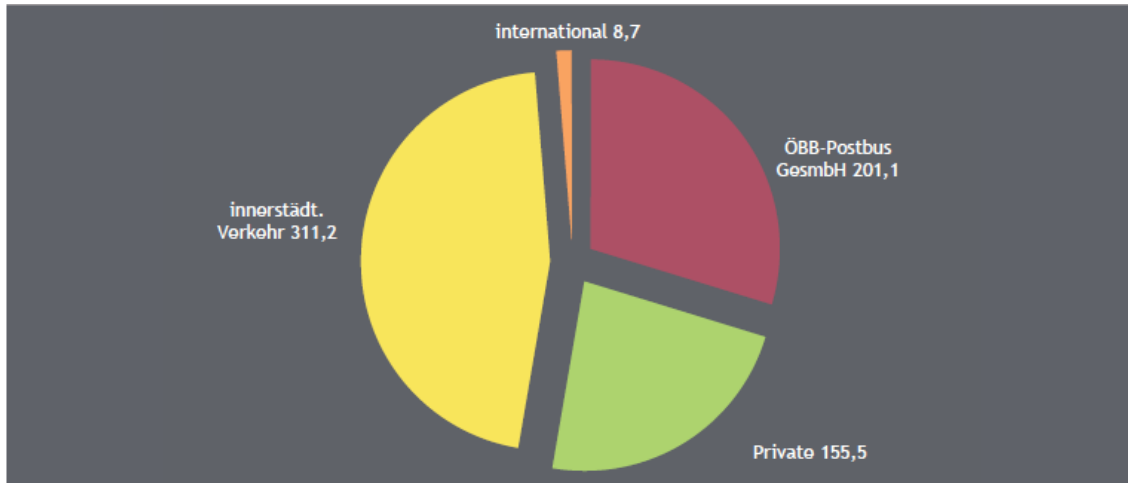
Persons with reduced mobility

- B.22 In 2006, the Austrian Federal Act on the Equalisation of Persons with Disabilities (BGStG) came into force, providing general guidance on how infrastructure and public transport vehicles need to provide accessibility for PRMs, but the Act does not set out any specific requirements for coaches. Many operators have not equipped all coaches with lifts and wheelchair spaces for PRMs, but instead identified in the published timetables a number of individual services that are fully accessible or have assistance provided.
- B.23 We understand that the international coach terminal in Vienna, Vienna International Busterminal (VIB), is the only coach terminal in Austria to comply with provisions of Regulation 181/2011, although it has only recently been designated under Article 12. This terminal is privately owned by coach operator Blaguss and does not receive any public funding.

Data

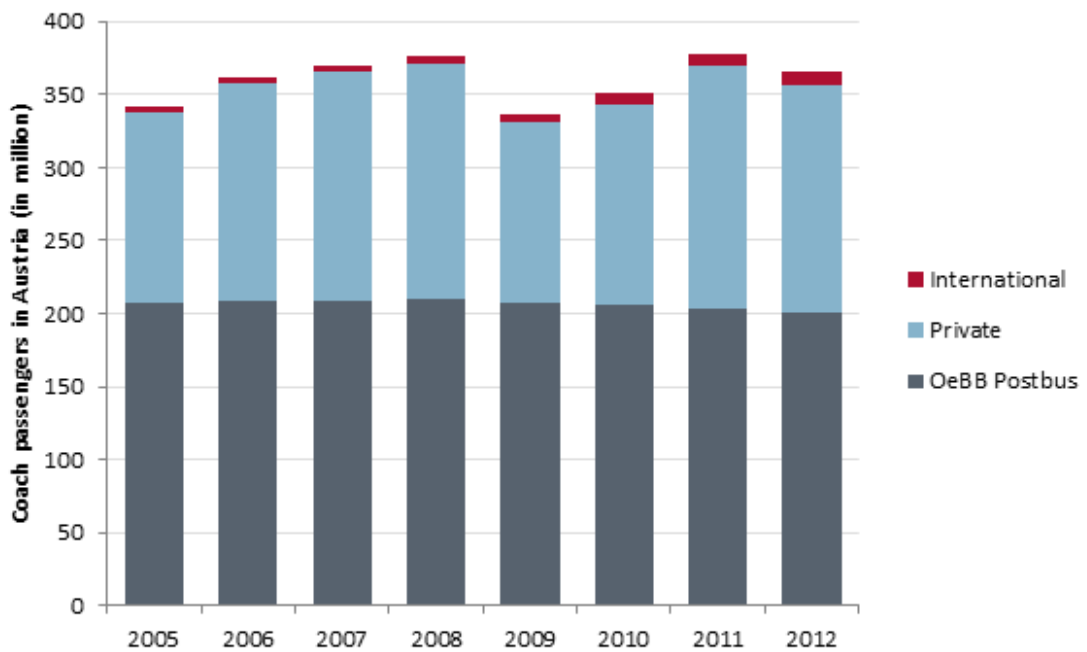
B.24 Figure B.1 summarises the total number of passengers carried on bus and coach services. Almost half were on urban buses, with the remainder roughly equally divided between ÖBB Postbus and other operators. Less than 1.3% of passengers were on international services.

Figure B.1: Austria: passengers using bus and coach services (2012)



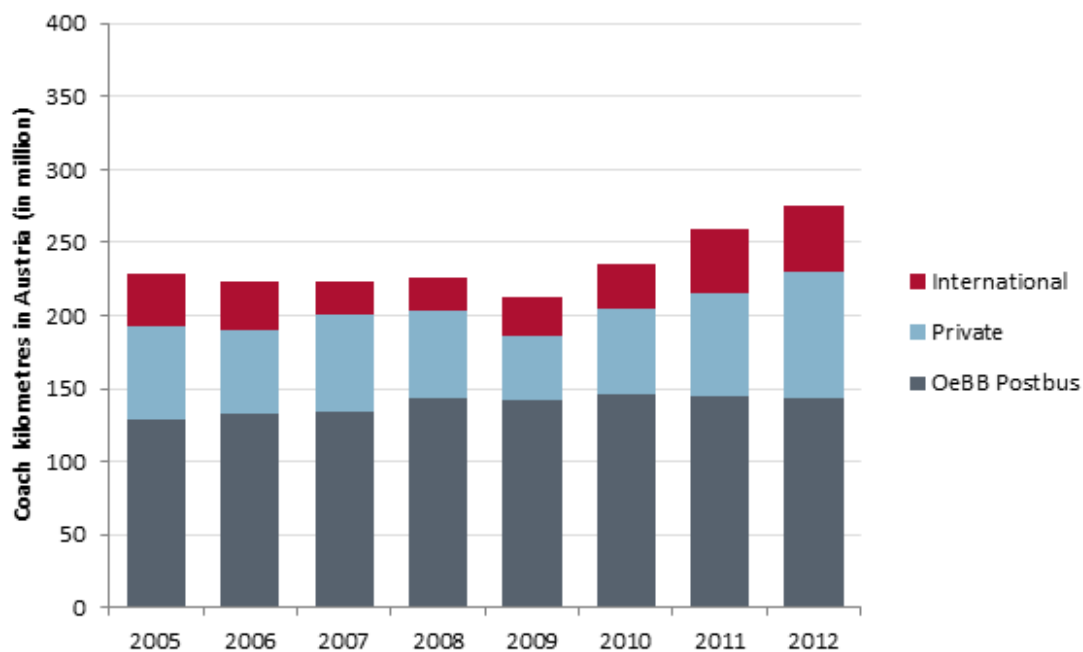
Note: data is understood include only services provided by Austrian operators.
 Note: definition of international passengers may not be additive with other Member States.

Figure B.2: Austria: passengers using coach services, excluding urban buses (2005-2012)



Source: Austrian Economic Chambers.
 Note: data is understood include only services provided by Austrian operators.
 Note: definition of international passengers may not be additive with other Member States.

Figure B.3: Austria: vehicle-kilometres of coach services, excluding urban buses (2005-2012)



Source: Austrian Economic Chambers.

Note: data is understood include only services provided by Austrian operators.

Belgium

Introduction

- B.25 Responsibility for passenger transport by coach is divided between the federal state (SPF) and the three regions (Brussels Capital, Flanders and Wallonia). The federal state is responsible for:
- international services, such as scheduled international services; and
 - occasional services.
- B.26 Other services, such as scheduled domestic services or specialised scheduled domestic services, are the responsibility of the regions. However, with no coach services operated under the responsibility of Brussels Capital, the only two authorities dealing with domestic services, other than occasional services, are the regions of Flanders and Wallonia.

Regulation and the market for coach services

- B.27 There is little evidence of a network of regular coach services in Belgium.
- In Flanders, regular coach transport is exclusively organised by De Lijn, the publicly-owned directly awarded operator of all public transport in the region.
 - In Wallonia, all regular coach service operations are granted to TEC, the publicly-owned directly awarded operator of all public transport in the region. This means that, in practice, an operator wishing to set up a service must subcontract and enter into an agreement with TEC.
- B.28 Both De Lijn and TEC provide services, including school services, under a PSC with their respective regions. However, neither their annual reports nor those of the regional competent authorities distinguish bus from coach services or PSCs from commercial operations.
- B.29 There are a number of international services, which require a Community licence, which is issued by the federal ministry. Occasional services exist and also require a Community licence issued by the federal ministry. The association of Belgian operators informed us that it was not difficult to obtain a Community licence.

Market access

- B.30 The association of Belgian operators told us that there were no particular issues related to market access by for international services and occasional domestic services. We were informed that authorisations for international services are typically obtained within a month.
- B.31 For domestic regular services, the subcontracting of operators in Flanders is managed via a call for tender, and will be managed by a call for tenders in Wallonia, to be launched by TEC, in 2019.

Employment

- B.32 Employment in the bus and coach sector has grown steadily over the period 2003 to 2009 with, a relative stagnation in 2010. 72% of employment is located in Flanders, with 24% in Wallonia and 4% in the capital region. There is a clear trend to ageing of workers in the sector: between 2000 and 2011 the average age rose from 45 to 50. Women represent 11% of the workers in the sector.
- B.33 TEC reported total employment of 5,060 in 2009 and 5,018 in 2014.

Enforcement

- B.34 The enforcement authorities are the competent authorities: the SPF (Federal Ministry of Mobility) for international and occasional services and the two regional authorities (Wallonia and Flanders) within their boundaries.

Competition and discriminatory practices

- B.35 We found no information on competition and discriminatory practices. The association of Belgian operators did not report any problems related to competition or discriminatory practices.

Infrastructure and terminals

- B.36 Belgium has no network of coach stations. We understand that this derives from the legislative framework for coach in which the responsibility is divided between three authorities. There are some points at which passengers can change from bus to metro, or to rail. Coach services, however, appear not to have been considered to be relevant or granted access to them.

- B.37 Bruxelles Gare du Nord has been designated under Article 12 of Regulation 181/2011, but its services to passengers are very basic:

- Eurolines has a small office and a waiting room for its passengers.
- No other international operators have any facilities.
- Passengers must use SNCB (rail) waiting rooms and other facilities (where available).
- Coaches stop in the street.
- There is no real-time information on arrival and departure times.

Persons with reduced mobility

- B.38 Buses and coaches are becoming more and more accessible, including the provision of wheelchair lifts on coaches. However, infrastructure provision for PRM is poor and hampers the development of coach services accessible to PRM.

The impact of Regulation 1073/2009

- B.39 TEC informed us that Regulation 1073/2009 had had no effect on the region of Wallonia, and we did not identify any proposals for changes in Belgian legislation for the coach sector.
- B.40 Operators informed us that they have been observing with interest the market opening in Germany and more recently in France.

Bulgaria

Overview

- B.41 The coach market in Bulgaria has been fully liberalised since 1999.
- B.42 Long-distance domestic regular coach services are widespread and most long-distance journeys on public transport are taken by coach. Despite the existence of a well-developed rail network, train services are slow and of poor quality, and coaches carry many more passengers than the railways on competing routes.
- B.43 International regular coach services are widespread and cover major destinations within the European Union and Turkey, primarily serving those working or studying abroad. Tourist services have a significant share of coach services in the Bulgaria, with many routes serving destinations in neighbouring countries.

Regulation and market for coach services

- B.44 International coach services are governed by Regulation 1073/2009.
- B.45 As permitted under Article 4 of the Regulation, Community licence are accepted for domestic transport operations. Domestic coach services are subject to licensing and regulatory regimes, based on the following classifications:
- All coach services were fully liberalised in 1999 and require a licence. Licensing and regulations since 1999 have been enforced by the Automobile Transport Act and subsequent acts from 1999 and 2002 have amended the regulation to comply with EU Regulations 1370/2007 and 1073/2009.
 - Regular coach services crossing more than one region are subject to an authorisation regime by the Ministry of Transport, Information Technologies and Communication (MTITC), in accord with the National Transport Scheme, covering the number of coach routes and route schedules, and Regulation No. 2 covering public service transport by bus and coach of MTITC from 2002 as amended.
 - Regional coach services within one region are authorised by the regional mayor and the regional governor and are in accord with the Regional Transport Scheme, covering the number of coach routes and route schedules, and Regulation No. 2 of MTITC from 2002 as amended for public service transport by bus and coach.
 - Municipal coach services within one municipality are authorised by the municipal government and are in accord with the Municipal Transport Scheme , covering the number of coach routes and route schedules, and Regulation No. 2 of MTITC from 2002 as amended for public service transport by us and coach.
 - Special regular services, private charter and occasional services are licensed and regulated as per Regulation 33 of MTITC from 1999 as amended.
- B.46 Regular national long-distance services are licenced by the MTITC. New routes are added or amended on initiative of the Municipalities with a new routes requested in compliance with the National Transport Scheme regulation, which are subject to PSOs.
- B.47 In 2014, there were 1006 companies with international coach licences, operating 222 regular international routes, with 47 routes pending approvals.
- B.48 In 2013, there were 609 companies with local licences for public transport and 2,777 local regular coach routes, which cover all cities and major towns in the country.

B.49 National coach route services subject to PSCs are tendered. Routes and schedules are set with a frequency of 15 minutes on municipal level, 30 minutes on regional and national level and 60 minutes from train schedules.

B.50 Between 2009 and 2013 the volume of travel on regular domestic and international services rose from 6,931 million passenger-kilometres to 7,527 million passenger-kilometres, but the number of passengers fell from 112 million to 101 million. These figures do not include private charter or other occasional services.

Market access

B.51 Access to the national coach market is currently fully liberalised. The liberalisation process was nearly completed by 2000 and regulation was established by 2002.

B.52 Domestic service operations require licences issued by the MTITC, which verifies compliance with the National Transport Scheme, which includes a number of financial and operational adequacy requirements, quality requirements, and other legal requirements. Regional and municipal coach services require the same licensing procedure and compliance with regional and municipal transport schemes. Coach services are tendered through PSCs.

B.53 International operations are covered by Regulation 1073/2009, although many international routes were established before Regulation 1073/2009 came into force.

B.54 Stakeholders reported that the number of coach passengers on long-distance services, and mainly on international routes, has fallen due to competition from private eight seat minibuses. These minibuses are not subject to licensing or regulation, and stakeholders estimated they account for over 30% of total trips.

Employment

B.55 Approval of coach routes by National Transport Scheme includes the provision of the number of drivers operating on a single trip: most medium and long-distance routes in the country require 2 drivers for a single trip. International routes require full compliance with Regulation 1073/2009 and on the number of drivers, and drivers' resting time.

B.56 We found no statistics for the number of employees in the coach market, but an estimate based on 9,817 bus and coach registrations in 2013 suggests that the total bus and coach market employment is approximately 50,000.

Enforcement

B.57 The MTITC Executive Agency "Automobile Administration" has cancelled nine passenger transport licences in 2015. Two of them concerned International coach licences and seven were local coach licences:

- Eight of the cancellations were due to lack of the companies' financial stability, one of the main licence requirements. In most cases the companies ceased to operate the route or no longer had the means to do so.
- One cancellation was because a local coach company was non-compliant with driver rest time requirements.

B.58 An Interviewee from the largest association of coach operators raised a concern with the legislation, in that an operator can be held responsible for omissions by a driver.

Competition and discriminatory practices

- B.59 One concern raised regarding rising competition from non-licensed private minibuss coach services is transport accidents outside Bulgaria caused by lack of experience, driver fatigue and lack of means to enforce regulations on rest periods. Local coach routes have stricter requirements on bus standards and emissions, which make participation by smaller companies difficult, especially for the long-distance routes.

Infrastructure and terminals

- B.60 There are 125 coach terminals in the country, in some major cities there are two or more terminals, typically located close to major destinations such as railway stations or on a convenient point on the route. Terminals provide equal access to all operators, apart from international services which are given priority. Where no capacity is available, or there is no suitable terminal, mayors allocate locations where buses and coaches can stop.
- B.61 All coach terminals sell tickets for all coach services, and coach operators can set establish their own sales point in coach terminals. Online ticket reservation and sales have proliferated recently, and some major coach operators offer discounts for tickets bought online.

Persons with reduced mobility

- B.62 The coach terminals in Sofia and Plovdiv are equipped with PRM facilities, but many other terminals do not have such facilities. A regulatory amendment that would rate coach terminals according to compliance with Regulation 181/2011 is in the process of preparation and approval. Coach operators are required, by 2017, to train their drivers how to help and handle persons with reduced mobility.
- B.63 Stakeholders reported three main problems concerning services for PRM:
- Coaches: the general European coach door standard does not allow for wheelchairs to be handled in the bus.
 - Terminals: there may not be equipped coach terminals at starting and end points.
 - Funding: there is no substantial financial scheme from the national budget or EU programmes to facilitate such initiatives.

The impacts of Regulation 1073/2009

- B.64 Stakeholders and transport authorities reported that:
- Regulation 1370/2007 had no material impact on the local coach market, because for the last twelve years coach services designated as PSO services were tendered by the relevant mayors.
 - Regulation 1073/2009 has had no impact on the structure of the coach market in Bulgaria.

Data

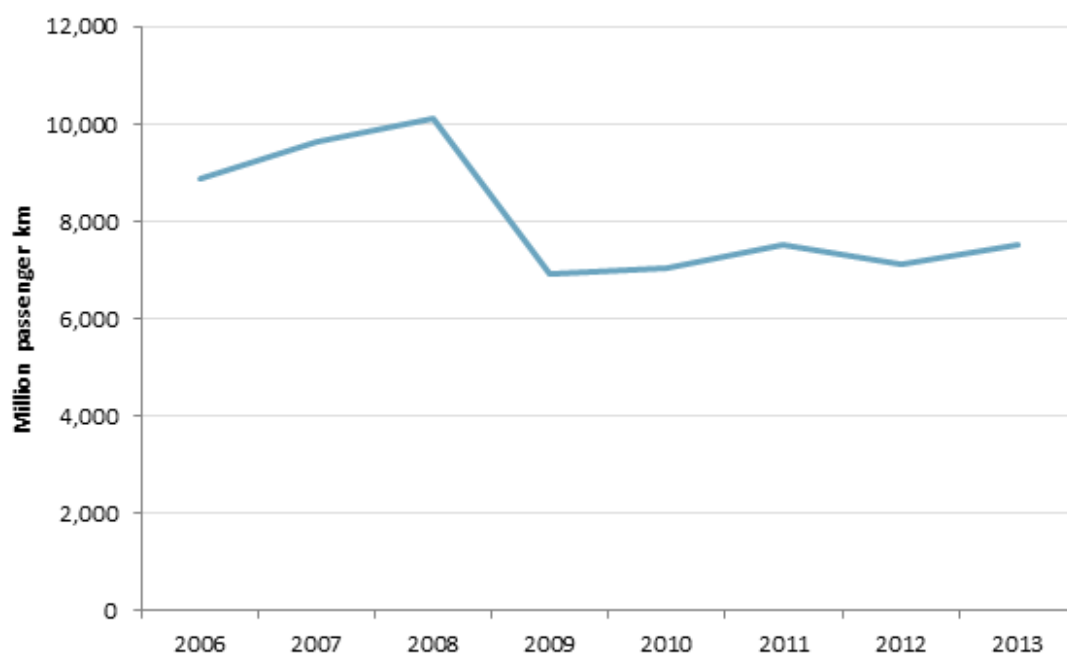
Table B.2: Bulgaria: bus and coach passenger transport (2009-2013)

Year	2009	2010	2011	2012	2013
Volume, million passenger-kilometres	10,450	10,613	10,843	10,482	10,317
Vehicles, numbers	11,004	10,784	9,841	9,851	9,817
Passenger seats, numbers	541,776	536,544	474,844	469,780	459,049
Passenger journeys, thousands	536,448	516,434	487,946	445,131	426,763
Average trip length, kilometres	20	21	22	24	24

Source: National Statistical Institute, note that the data are likely to be dominated by bus.

B.65 Figure B.4 and Table B.3 below shows regular domestic and international passenger data.

Figure B.4: Bulgaria: regular domestic and International coach service volumes (2006-2013)



Source: National Statistical Institute.

Note: definitions for international services may not be additive with other Member States.

Table B.3: Bulgaria: regular domestic and international long-distance coach services (2006-2013)

Year	2006	2007	2008	2009	2010	2011	2012	2013
Volume, million passenger-kilometres	8,876	9,630	10,102	6,931	7,041	7,515	7,112	7,527
Passenger journeys, thousands	138,466	129,369	141,256	112,314	103,987	104,107	101,390	100,798
Route length, thousand kilometres	449	396	354	323	371	369	331	379
Average trip length, kilometres	64	74	72	62	68	72	70	75
Operators	2,773	2,637	2,683	2,773	3,464	3,194	3,014	2,999

Source: National Statistical Institute.

Note: definitions for international services may not be additive with other Member States.

Cyprus

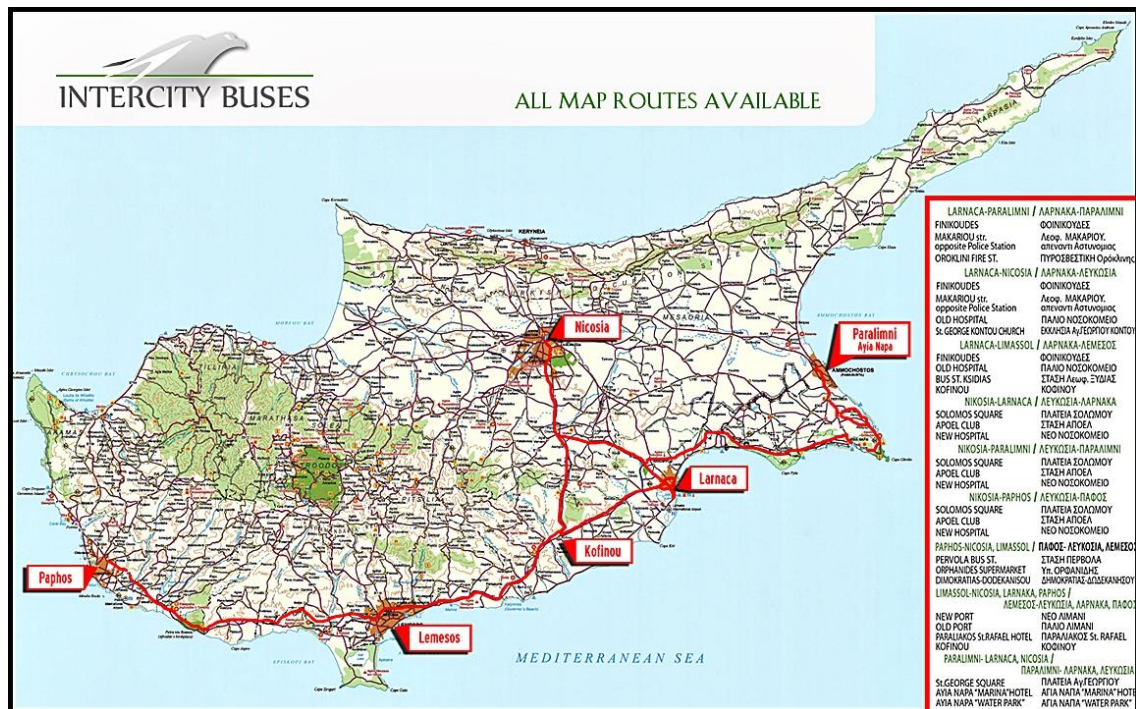
Introduction

- B.66 Cyprus is an island with no international bus or coach routes. There have been no requests for Community licences and none have been issued.
- B.67 All domestic public transport is by bus and coach, although with a total population of only around one million, and the fifth highest car ownership rate in the EU (549 per 1000 inhabitants in 2012), there is limited demand for interurban travel.

Regulation and market for coach services

- B.68 Bus and coach services in Cyprus are operated by private companies and regulated by the State. The competent authority and enforcement body is the Road Transport Department of the Ministry of Transport, Communications and Works. Five staff administer domestic occasional services.
- B.69 Local public transport services are provided through concessions let in each of the five main cities, and Cyprus has now implemented Regulation 1370/2007.
- B.70 Long-distance coach services are provided through a concession let to Intercity Buses, founded in 2009 with a number of shareholders, which provides all interurban services on the network described below.
- B.71 It has a fleet of 50 large, medium and small coaches, which we understand it intended to expand to 70 coaches. Under its concession contract, it has an obligation to invest in a complete fleet management system, automated ticket issuing systems, electronic information systems for passengers and the creation of smart bus stops.

Figure B.5: Cyprus: coach routes



Source: Intercity Buses.

Table B.4: Cyprus: coach routes

Origin	Destination
Nicosia	Paphos
	Limassol (Lemesos)
	Larnaca
	Paralimni (and Agia Napa)
Larnaca	Limassol (Lemesos)
	Paralimni (and Agia Napa)
Limassol (Lemesos)	Paphos

Source: Intercity Buses.

B.72 The formal regulatory framework for long-distance services is unclear, and we were not able to obtain an interview with the Road Transport Department of the Ministry of Transport, Communications and Works.

B.73 Airport shuttle services are operated by another company, KAPNOS & Sons Transport Co Ltd Group, under the brand KAPNOS Airport Shuttle. This claims to be the only scheduled shuttle network on the island, providing services between Nicosia, Larnaka International Airport and Paphos Airport on 38 scheduled routes.

Market access

B.74 Access to the coach market can be obtained through a three-step process administered by the Road Transport Department:

- A Certificate of Professional Competence has to be obtained by written examination.
- A Road Transport Licence can then be issued.
- A supporting licence specifically for Domestic Passenger Transport may then be obtained.

B.75 The administration costs for this process are relatively small.

B.76 Vehicles must comply with the required specifications and standards set at European level.

Employment

B.77 We found no data on employment in the coach industry but estimate from its fleet size that Intercity Buses may have around 250 employees.

Competition and discriminatory practices

B.78 With a single national concession there is no issue of competition or discriminatory practices.

Infrastructure and terminals

B.79 Provision of terminals in Cyprus is relatively limited. The principal terminal in Nicosia at the Solomou Square is adjacent to local bus services for Nicosia and provides shade and passenger information displays but no other facilities.

Persons with reduced mobility

B.80 Cyprus has designated 16 terminals under Article 12 of Regulation (EU) No 181/2011, including Nicosia Solomou Square. However, these terminals do not include all the stops served by Intercity Buses, all of which appear to be outdoor stands and many of which appear to be bus stops shared with local services in urban areas.

- B.81 The evidence we saw suggests that Intercity Buses has a modern fleet, and its website states that it offers a service for people who require mobility and wheelchair assistance, bookable by ringing its call centre at least 24 hours in advance. We could not, however, confirm whether Intercity Buses' fleet is equipped with wheelchair lifts.
- B.82 The Tourism Board, advises that persons with reduced mobility should arrange transport in advance, and provides a list of relevant contacts with specialist providers.

Summary of key issues

- B.83 The scale of coach operations on Cyprus is small, and the creation of a single national concession may conceal cross-subsidy between routes and between busy and quiet seasons.
- B.84 The lack of land borders, or even regular vehicle ferry services, acts as a barrier to entry, as any entrant would need to arrange for its buses to be shipped into the island.

Czech Republic

Overview

- B.85 The coach market in the Czech Republic is divided as follows:
- International and interurban services are operated by private companies at their own commercial risk.
 - Regular regional services subject to PSO are organised and administered by regional authorities or regional organisers of integrated transport and are tendered to private operators, typically for 10 years. The majority of public service contracts are tendered but some directly awarded contracts still exist.

- B.86 International services are operated by both:
- Czech operators, such as STUDENT AGENCY, Eurolines and Touring Bohemia; and
 - foreign operators such as MeinFernbus FlixBus, OrangeWays, PolskiBus and other Slovak, Ukrainian and Bulgarian operators.

- B.87 Domestic long-distance interurban services are largely provided by private Czech operators including STUDENT AGENCY, Probo Bus, Icom, and the ČSAD companies (privatised former state operators) and some foreign operators, such as Arriva.

Regulation and the market for coach services

- B.88 The Czech Ministry of Transport and other transport authorities are responsible for the bus and coach sector. Other than the Ministry:
- Prague city's authority, authorities of the statutory cities and municipal authorities are responsible for municipal transport and taxi services.
 - Regional authorities are responsible in other cases.
- B.89 Community licences, valid to operate bus and coach services within the Czech Republic, are issued by regional transport authorities for regional, long-distance and international services with no involvement from the Ministry of Transport.
- B.90 The provision of coach services is subject to several regulatory regimes.
- B.91 International services are governed by Regulation 1073/2009 and Act 111/1994 Coll. and fully liberalised. Authorisations to operate international services along a specific route are either granted:
- for intra-EU services, by the Ministry of Transport, or the Ministry of Transport of another Member State; and
 - for services outside the EU, by the Ministry of Transport and the competent authorities of the other states involved.
- B.92 All licences are issued for 5 years.

B.93 Domestic services are subdivided as shown in Table B.5.

Table B.5: Czech Republic: domestic coach services

Service type	Framework	Comments
Interregional	Act 111/1994 Coll.	The market is liberalised and services are generally not run under PSO. Licences for specific routes are issued by regional authorities for 5 years. Some sections of long-distance routes can be subject to PSO if deemed so by the regional authorities due to their importance in the transport network.
Regional in one or more neighbouring regions	Regulation 1370/2007 and by Acts 111/1993 Coll. and 194/2010 Coll.	Public service contracts are awarded by the regional governments/authorities.
Private charter and occasional services	not subject to licensing requirements	Special regular services for private clients are subject to a special licence issued by regional transport authorities

B.94 Fares are set by operators for non-PSO services and by the authority responsible for procuring PSO services, subject to a regulation issued by the Ministry of Finance setting maximum fares for all domestic services.

Market access

International regular services

B.95 The market for international transport by coach has been fully liberalised since 1994, although services crossing Czech national territory can be restricted if competing with existing PSO contracted services.

- Community Licences (Regulation 1073/2009 Article 4) to operate international services inside the EU, known locally as Eurolicences, can be issued by regional authorities.
- Authorisations (Regulation 1073/2009 Chapter III) to operate a specific route are issued by the Ministry of Transport.

B.96 Article 8 of Chapter III allows four months to issue an authorisation but the Ministry of Transport reported that these are normally issued within 3 months if there is no fault on the operator's side.

Regional regular services

B.97 To operate a regular domestic service operators must have a "Licence to operate regular passenger transport" ("licence") from the regional transport authority. The average time required to obtain a licence is approximately 2 months.

B.98 Licences are awarded independently of PSCs, but may be withheld if a private operator intends to compete on a commercial basis with PSC services. Commercial services will not be licenced for routes parallel to either regional railway routes or regional bus/coach routes subject to PSO contracts.

B.99 Regular regional services are mostly operated under PSCs, most of which were closed to new tenderers before 2007. Most regions have opened PSCs to competition, but these are still directly awarded in some regions: these will be opened by 2019, or 2024 in a small number of exceptional cases.

Occasional services

- B.100 To operate domestic occasional services an operator must obtain a Community licence, issued by a regional transport authority.

Employment

- B.101 The number of workers employed in bus and coach transport companies within the Czech Republic grew by 5% between 2001 and 2010 and there were reported to be 10,107 drivers in 2012. Stakeholders reported that Regulation 1073/2009 had no visible effect on working conditions.

Enforcement

- B.102 The police, the Ministry of Transport and the regional transport authorities are all responsible for enforcement of the relevant legislation.
- B.103 There have been a number of cases of infringement of EU and domestic law by coach operators, such as provided services without a licence or where unsuitable rolling stock has been used. One example is the case of Hofmann GmbH and Bohemiatour (a privatised ČSAD Kíčov company which, following years of declining service was declared bankrupt in 2012).

Competition and discriminatory practices

- B.104 We were told by stakeholders that a number of conflicts have arisen in the process of regional authorities issuing licences, with allegations that incumbent operators were given preference over market entrants. In addition, some new operators have been refused access to terminal facilities which, in turn, led to regional authorities rejecting licence applications. For example:
- In 2003 the competition authority (ÚOHS) forced ČAS-SERVIS to allow other operators to enter the bus station in Znojmo because the company misused its monopoly on terminal facilities.
 - In the case of STUDENT AGENCY vs ČSAD Liberec, ÚOHS ruled in favour of STUDENT AGENCY which had been refused access to terminal facilities under the ownership of ČSAD Liberec. The incumbent incurred a penalty of CZK2.5 million and STUDENT AGENCY access to the terminal was secured with police assistance in 2005. STUDENT AGENCY is now the only operator using the terminal facilities in Liberec.
 - The situation was later repeated between DPML and STUDENT AGENCY, but was resolved through the provision of a licence by a different regional authority.
- B.105 In addition to discriminatory practices regarding access rights, the Czech coach market has also seen cases of predatory pricing exercised by dominant operators to protect services from market entrants. As an example, in 2011 Asiana complained that STUDENT AGENCY was engaging in predatory pricing on the Praha-Brno corridor. In 2014 ÚOHS ruled in favour of Asiana and fined STUDENT AGENCY CZK5 million, but by then Asiana had exited the market.

Infrastructure and terminals

- B.106 The most important coach terminals in the Czech Republic are:
- Praha Florenc
 - Brno Zvonařka
 - Brno Grand
 - Ostrava central bus station

- B.107 Coach terminals are either owned by municipalities or operators. Following the privatisation of former nationalised coach operators, extensive old terminal facilities were replaced with smaller modern terminals. While the quality of these new terminals is generally high, many terminals suffer from overcrowding with insufficient space for waiting rooms and other facilities.
- B.108 There is no legal provision regulating access to terminals, and access is generally open to all operators upon payment of a fee. There is anecdotal evidence of complaints and disputes arising between operators and terminal owners regarding the level of fees.
- B.109 Some operators, particularly those from Balkan countries, are using locations other than terminals to pick-up and set-down passengers. There are no measures regulating the use of these alternative locations, except that stops cannot be in dangerous places, and cannot be at motorway service areas.

Persons with reduced mobility

- B.110 There are one million people with reduced mobility in the Czech Republic. Bus transport is not usually barrier free, with the exception of some regional services. Seven terminals have been designated under Article 12 of Regulation 181/2011:

- České Budějovice
- Plzeň
- Hradec Králové
- Olomouc
- Ostrava
- Brno-Zvonařka
- Prague-ÚAN Florenc

The impact of Regulation 1073/2009

- B.111 Stakeholders commented that Regulation 1073/2009 has improved overall provision in the market by allowing cabotage. For example, 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.

Data

Table B.6: Czech Republic: passengers and passenger-kilometres (2014)

	Irregular transport	International line transport	Long-distance national lines	Regional PSO services	Total
Passengers, thousands	38,375	2,088	34,832	274,220	349,515
Volume, million passenger-kilometres	3,800	1,080	1,551	3,579	10,010
Average journey length, kilometres	99	517	45	13	29

Source: Yearbook of transport 2014.

Table B.7: Czech Republic: main international and domestic routes

Main routes	Route	Number of operators	Length kilometres
International	Prague-Bratislava	11	340
	Prague-Wrocław	9	320
	Prague-Berlin	6	350
	Prague-Wien	4	340
	Prague-Nuremberg	3	300
	Brno-Wien	3	140
	Ostrava-Katowice	3	90
	Prague-Munich	2	380
Domestic	Prague-Brno	20	210
	Prague-Plzeň	11	80
	Brno-Olomouc	8	84
	Ostrava-Frýdek-Místek	7	20
	Prague-Kladno	6	30
	Prague-Most	6	85
	Prague-České Budějovice	6	154
	Brno-Zlín	5	100
	Liberec-Jablonec nad Nisou	3	14
	Prague-Liberec	2	95
	Ostrava-Karviná	1	26

Source: stakeholders, Ministry of Transport, International passenger transport department.

Denmark

Overview

- B.112 The domestic coach market in Denmark is relatively small, in part due to the existence of a convenient and extensive rail network. Coach services are either regional services planned by the local authorities or intercity services operated by private companies. Public bus and coach services carried 356 million passengers in 2015. More passengers statistics are reported in the Market Data section below.

Regulation and market for coach services

- B.113 The Transport Act No. 582/2005 is the main piece of legislation that regulates public transport in Denmark. The competent authority responsible for overseeing the sector, and issuing permits to coach operators, is Trafik- og Byggestyrelsen, the Danish Transport and Construction Agency.
- B.114 Most bus and coach services in Denmark are planned and procured by the six regional transport agencies that are responsible for urban, local and regional bus services. The majority of coach services are regional services, which connect smaller cities and the countryside to major cities and train stations.
- B.115 Due, in part, to the presence of an extensive rail network, the public intercity coach network is not well developed, although some private operators run intercity services. These include:
- Gråhundbus, who operate long-distance routes within Denmark, to the Danish island of Bornholm and between Copenhagen and Berlin.
 - Abildskous Rutebiler, who operate long-distance routes between northern Jutland and Copenhagen. Other major destinations include Aalborg, Århus, Odense, Roskilde, Viborg, Randers and Berlin.
 - Thinggaard Express, who operate long-distance services between Fredrikshavn and Esbjerg in Danish Jutland and provide stops in Aalborg and other cities along the route.
 - Eurolines, which operate services from over 34 European Countries to Aalborg, Århus, Copenhagen, Kolding/Falster, Rodby and Vejle.
- B.116 Tickets for all publicly operated services can be purchased online at *Rejseplanen*. Tickets for privately operated services have to be bought through the operator's website or at bus stations.
- B.117 There are also companies offering special and private hire services, including Vikingbus, Edelskov bus and Copenhagen Coach.

Market access

- B.118 The Danish Transport and Construction Agency is responsible for issuing both commercial domestic and international bus and coach licenses. Licences for commercial services are granted for a period of five years if the route requested by a private operator does not infringe on an existing public bus service.
- B.119 The Danish Transport and Construction Agency confirmed that the entry into force of Regulation 1073/2009 had required no changes in Denmark. The administration of all domestic and international coach services and regulations has been carried out by two part-time employees, both before and after the Regulation came into force.
- B.120 The Community licence is accepted for the provision of domestic transport service.

B.121 Regular international services are authorised following the procedure in Regulation 1073/2009. The Danish Transport and Construction Agency has never challenged an application to competent authorities in another Member State for an authorisation to serve Denmark. Occasional international services do not require a special permit. Applicants must be established in Denmark.

Employment

B.122 We found no information on employment in the coach sector in Denmark.

Enforcement

B.123 The Transport Act sets out the rules that operators which hold licences to operate regular services must adhere to:

- the operator must submit regular traffic reports;
- the licence holder will continue to operate the route until the authorisation expires;
- notice of termination if the operator plans to cease operating the route before the authorisation expires; and
- other agreed terms including routing, timetables and fares.

B.124 The Danish Transport and Construction Agency is responsible for enforcing legislation. Authorisation can be revoked if the holder has seriously or repeatedly violated the terms of an authorisation.

Competition and discriminatory practices

B.125 We found no evidence of discriminatory practices in the coach sector in Denmark.

Infrastructure issues

B.126 We found no evidence of infrastructure problems in the coach sector in Denmark.

Passengers with reduced mobility

B.127 The Transport Act states that alternative transport must be provided by transport companies for passengers of reduced mobility who are unable to use public transport. According to The Danish Transport and Construction Agency, there were over 957,000 disabled passenger journeys in 2015.

Market data

Table B.8: Denmark: key data on public bus and coach transport (excluding PRM) (2007-2015)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total expenses (million Kr. 2007 Prices)	5,373	5,692	5,960	6,169	6,183	6,198	6,238	6,264	6,399
Passenger revenue (million Kr. 2007 Prices)	2,793	2,685	2,673	2,788	2,722	2,751	2,836	2,823	2,855
Total State Grant (million Kr. 2007 Prices)	2,570	3,023	3,287	3,381	3,462	3,448	3,402	3,441	3,544
Roadmap hours ('000s)	9,464	9,459	9,381	9,294	9,068	8,874	8,782	8,861	8,724
Passengers (million)	362	362	346	357	351	354	348	363	356

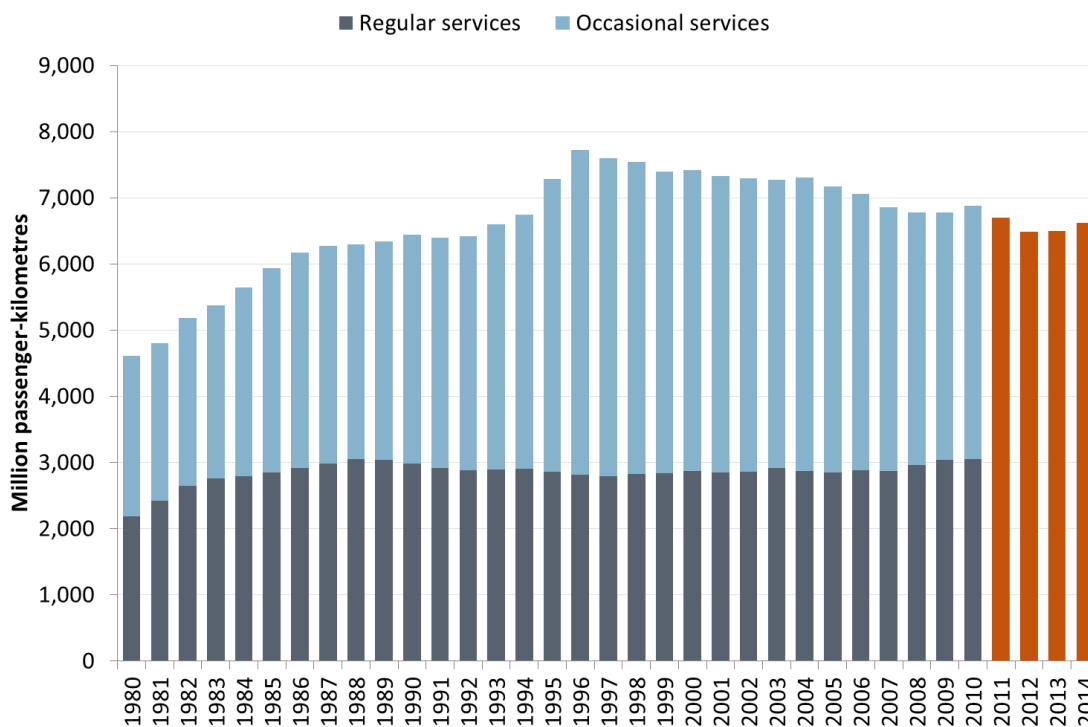
Source: Danish Transport and Construction Agency

Table B.9: Denmark: passenger-kilometres by bus and coach (2007-2014)

	2007	2008	2009	2010	2011	2012	2013	2014
Buses and coaches (total)	6,861	6,766	6,776	6,849	6,697	6,491	6,498	6,615
Regular services	2,873	2,957	3,034	3,049	N/A	N/A	N/A	N/A
Occasional services	3,984	3,826	3,748	3,835	N/A	N/A	N/A	N/A

Source: Danish Transport and Construction Agency

Figure B.6: Denmark: passenger-kilometres by bus and coach (2000-2014)



Source: Statistics Denmark (DST). No disaggregation is available after 2010.

Estonia

Overview

- B.128 In Estonia, all regular bus and coach services (with the exception of international services) are provided under a concession framework and are thus subject to public service obligations (PSO). The competent authority regulating and authorising services varies depending on the nature of the service (such as whether urban and municipal, county, domestic long-distance and international services).
- B.129 Lux Express is the main Estonian coach operator offering domestic and international regular coach services, connecting Estonia with the other Baltic countries, as well as Germany, Poland, Netherlands, Russia, Ukraine and other countries. Simple Express is a brand of Lux Express under which low-cost services are offered. Ecolines Estonia also operates international coach services under the Latvia-based coach network Ecolines.
- B.130 In 2014, almost 150 million passengers were transported by bus and coach in Estonia. Of them, almost 17 million were transported on county routes, 4.4 million on long-distance routes, and about 810 thousand on regular international services. In addition, 4.5 million passenger were transported in non-scheduled domestic transport and about 560 thousand in non-scheduled international transport, such as tourist charter services. Between 2008 and 2014, passenger-kilometres using county services decreased by about one third; domestic long-distance routes decreased until 2011 and then recovered ending in 2014 at a level close to that registered in 2008; international regular passenger-kilometres increased by 3.5 million.

Regulation and market for coach services

- B.131 The main national legislation regarding the provision of public road transport in Estonia is the Public Transport Act, published in 2000.
- B.132 With respect to the route length, the Public Transport Act distinguishes two types of service:
- Local regular services are for the carriage of passengers by road on rural municipality, urban or county lines whose route and the points of departure and destination are located within the administrative territory of the same rural municipality, city or county.
 - Long-distance regular services are for the carriage of passengers by road on lines whose points of departure and destination are located in different counties.
- B.133 With respect to the nature of transport, the Public Transport act classifies road passenger transport as follows.
- Regular services:
 - Regular services on the basis of a public service contract (public regular services) are for the carriage of passengers organised on the basis of a public service contract agreed by a carrier and a local authority or the state. Passengers may be carried on the basis of a public service contract on the following lines:
 - local bus lines and tram and trolleybus lines; and
 - long-distance lines, except international lines.
 - Commercial regular services are the carriage of passengers organised on the basis of an authorisation for regular service or contract.
 - Special regular services (which can be organised on the basis of a public service contract or on commercial basis) are:
 - carriage of workers between home and work;

- carriage of school pupils and students to and from the educational institution; and
- carriage of military personnel and their families to and from a temporary area of stationing.
- Occasional service are free market services subject to the possession of a Community license.
- Taxi services.

B.134 In the case of public regular services, the carrier is selected on the basis of a public competition, the conditions of which are established by the party ordering the transport operation. In addition to the requirements specified in Regulation 1370/2007, the public service obligation to provide passenger transport services may be imposed on a carrier by a directly awarded public service contract only if the passenger transport service provided does not exceed 200,000 vehicle-kilometres per year.

B.135 The competent authorities for regular road passenger transport are:

- the rural municipality council or city council for the carriage of passengers by bus, coach, tram and trolleybus services on a rural or urban route;
- the county government for the carriage of passengers by bus and coach on a county route;
- the Road Administration for the carriage of passengers by bus and coach on a domestic long-distance route; and
- the Ministry of Economic Affairs and Communications for the carriage of passengers by bus and coach on an international long-distance route.

Market access

B.136 The possession of a Community license is required of all operators that wish to provide domestic and international regular services (on the basis of an authorisation for regular service or a public service contract) as well as occasional services.

B.137 A carrier holding a Community license is granted an authorisation for regular service by the following competent authorities:

- The rural municipality government or city government in the case of road passenger transport services on rural municipality or urban lines;
- The county government in the case of road passenger transport services on county lines;
- The Road Administration in the case of road passenger transport services on long-distance lines.

B.138 Regular services may be awarded both with and without public competition:

- The competent authorities organise a public competition to select the carrier for the provision of a regular service if:
 - There is demand for opening a new line;
 - The carrier's Community license or authorisation for a regular service has been revoked;
 - The carrier refuses to service the line even though there is demand for the service; or
 - The carrier does not apply for a new authorisation for regular service for a line which the carrier has hitherto serviced even though there is demand for the service.
- A carrier is granted an authorisation for regular service without a public competition if the carrier:

- Applies for the authorisation to service a line to be opened on the carrier's own initiative; or
- Applies for a new authorisation for regular service to service a line which the carrier has hitherto serviced.

Employment

B.139 There are no detailed statistics regarding the number of employees working in the regular long-distance, international, occasional services. There is anecdotal evidence that State laws and regulations have improved working conditions in recent years.

Enforcement

B.140 A number of public institutions exercise supervision and ensure enforcement of the provisions of the Public Transport Act:

- The rural municipality government or the city government exercises supervision over the compliance with the requirements of a rural or urban regular service authorisations.
- The county government exercises supervision over the compliance with the requirements of county regular service authorisations and public service contracts awarded, as well as over those of the authorisation for regular long-distance services passing through the administrative territory of the county.
- The Road Administration exercises supervision over the compliance with the requirements of long-distance regular service authorisations as well as of international regular service authorisations granted by the Ministry of Economic Affairs and Communications.
- The Road Administration also exercises supervision over the compliance with the requirements of public service contracts awarded for long-distance regular services, county regular services, as well as rural and urban regular services, provided that subsidies are paid out of the state budget for the public service obligation.
- The Ministry of Economic Affairs and Communications exercises supervision over the compliance with the requirements of international regular service authorisations as well as public service contracts awarded by it.
- The Police and Border Guard Board exercises supervision over documents issued and over the compliance of public transport vehicles with the requirements upon carriage by road.
- The Consumer Protection Board ensures the implementation of Regulation (EC) No 181/2011 upon regular bus and coach services that fall within the scope of the regulation and exercises supervision over the compliance with the regulation and other requirements concerning consumer rights.

B.141 All infringements are registered in the Traffic Supervision Data System. Infringements are entered to the system by Police and Border Guard Board. Infringements of Estonian carriers made in foreign countries are entered to the system by the Road Administration. Infringements from other countries (EU Member States) who are members of ERRU are connected to the Traffic Supervision Data System. Member States that are not members of ERRU send the information on paper via post and it is then entered to the Traffic Supervision Data System by Road Administration. Infringements from non-EU states (RU, UA, BY) are sent and retained on paper, except where the infringement in those countries can be specified exactly according to the EU infringements system.

Competition and discriminatory practices

- B.142 There is no evidence that the Estonian competition council has carried out an investigation regarding discriminatory practices regarding coach services or coach terminals.

Infrastructure issues

- B.143 The Tallinn Coach Terminal is the most important terminal in Estonia. All terminals are owned by private companies and rural municipalities. Coach operators providing international or long-distance services may also serve the Tallinn Port (Ferry terminals A and D), and the Tallinn Airport (following an agreement with the infrastructure managers).
- B.144 Some bus stops within city boundaries and which are used by city bus lines can be used by long-distance operators, subject to agreement by the city government.

Passengers with reduced mobility

- B.145 The Tallinn Coach Terminal provides facilities to serve passengers with reduced mobility. This terminal is adopted for persons with reduced mobility. Staff assist PRM to orientate themselves within the station and help to board / disembark passengers with disabilities. Persons with reduced mobility can easily move with a wheelchair within the terminal. All facilities are provided at a comfortable height to be reached from a wheelchair.

Focus on impacts of Regulation 1073/2009

- B.146 Within Estonia, Regulation 1073/2009 is largely considered to be a recast of Regulation 684/92. As a consequence, the impact of the regulation is not considered to be significant.

Market data**Table B.10: Estonia: passenger journeys by bus and coach, by type of transport (thousands) (2008-2014)**

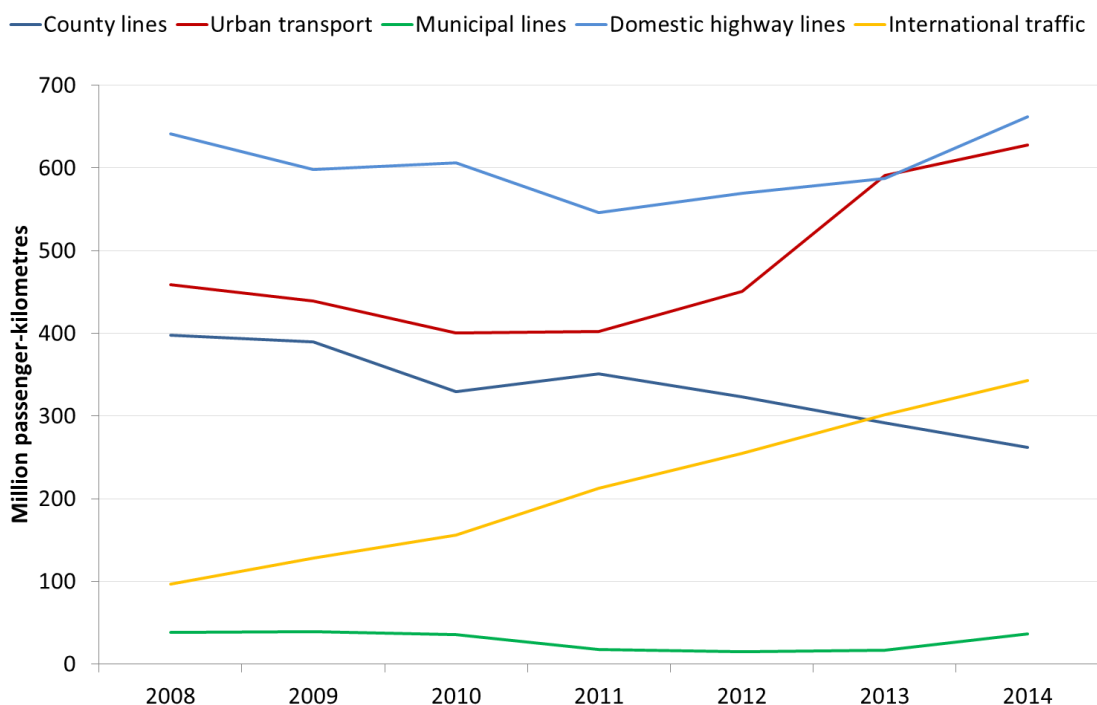
	2008	2009	2010	2011	2012	2013	2014
Total	122,437	117,417	106,752	108,055	119,264	148,244	149,785
Urban transport	91,067	91,736	80,080	79,574	91,053	121,726	121,102
Municipal lines	1,068	1,355	1,168	798	712	843	1,441
County lines	20,874	16,648	18,007	19,062	17,901	16,603	16,973
Domestic highway lines	5,140	4,725	4,495	4,462	4,586	4,584	4,437
International traffic	336	399	488	555	633	734	809
National non-scheduled traffic	3,324	2,134	2,192	3,204	3,869	3,195	4,466
International non-scheduled traffic	629	420	322	400	510	560	558

Source: Statistics Estonia

Table B.11: Estonia: passenger-kilometres by bus and coach, by type of transport (million) (2008-2014)

	2008	2009	2010	2011	2012	2013	2014
Total	2,452.3	2,113.7	2,061.1	2,070.7	2,233.6	2,414.6	2,392.7
Urban transport	458.6	439.2	400.4	402.3	450.6	591.0	627.7
Municipal lines	38.3	39.4	35.5	17.6	15.0	16.7	36.4
County lines	398.0	389.9	329.5	350.7	322.8	291.4	261.8
Domestic highway lines	641.1	598.2	606.6	545.8	569.2	587.1	661.7
International traffic	96.7	128.2	156.4	212.8	255.1	301.5	343.0
National non-scheduled traffic	438.4	275.3	236.4	285.6	360.0	314.8	270.2
International non-scheduled traffic	381.2	243.5	296.3	255.8	260.8	312.1	192.0

Source: Statistics Estonia

Figure B.7: Estonia: passenger-kilometres by type of transport (2008-2014)

Source: Statistics Estonia

Table B.12: Estonia: main domestic routes

Main routes	Length (kilometres)	Number of operators	Fare
Tallinn-Tartu	185	9	€7-12
Tallinn-Pärnu	130	6	€7-11
Tallinn-Viljandi	160	2	€5-10
Tallinn-Narva	211	5	€7-13
Tallinn-Tartu	185	9	€7-12

Source: Steer Davies Gleave analysis of Road and Railways Department data

Table B.13: Estonia: main international routes

Main routes	Length (kilometres)	Number of operators on route
Tallinn-Sankt Peterburg	386	5
Tallinn-Riga	330	4
Tallinn-Vilnius	660	2

Source: Steer Davies Gleave analysis of Road and Railways Department data.

Table B.14: Estonia: authorisations and licences on coach services (2009-2014)

Type	Issuer	2009	2010	2011	2012	2013	2014
Authorisations	Association of Estonian International Road Carriers	N/A	N/A	N/A	5	94	67
Domestic licences	15 County Governments	16	12	0	-	-	-
Journey forms	Association of Estonian International Road Carriers	N/A	N/A	N/A	N/A	N/A	255
Certificates	Association of Estonian International Road Carriers	N/A	N/A	N/A	N/A	N/A	24

Source: Steer Davies Gleave analysis of Road and Railways Department data.

Table B.15: Estonia: PRM on coach services

Type	Unit	Value
Number of registered disabled people in the Member State	Persons	141,942
Number of terminals from which coach and bus services operate	Number	27
Number of terminals designated under Article 12 of Regulation 181/2011	Number	1
Number of other locations/stops from which coach and bus services operate	Number	15,984

Source: Steer Davies Gleave analysis of Road and Railways Department data.

Finland

Overview

- B.147 Long-distance coach transport is deregulated in Finland. The majority of services are privately operated; most of which are provided by operators belonging to the Finnish Coach Operators Association.
- B.148 Bus and coach services carried over 350 million passengers in 2013. This represents a market share of 8.9% across all transport modes. More statistics are reported in the Market Data section below.

Regulation and market for coach services

- B.149 The main legislation regulating bus and coach services in Finland is the Public Transport Act (869/2009). The competent authorities are the regional Centres of Economic Development, Transport and the Environment (ELY Centres) and 26 Municipal Authorities, which are overseen by the Finnish Transport Authority and the Ministry of Transport and Communications.
- B.150 The ELY Centres define the service level of public transport in their area and decide how the transport services should be administered. Services can be operated commercially or by a public contract awarded through a tendering process. Public grants are used if the desired level of service is not reached through commercial operations. Urban bus services are usually operated through public service contracts while long-distance coach services are mainly privately operated.
- B.151 There are two kinds of intercity bus services:
- Regular services (“vakiovuorot”) stopping frequently in smaller towns and villages;
 - Express services (“pikavuorot”) offering a faster service with limited stops in main cities and interchanges.
- B.152 Express Bus, which is a member of the Finnish Coach Operators Association, operates most of the coach services in Finland and connects all major towns and cities in the country. Express Bus has a fleet of over 700 long-distance coaches that provide 2,400 weekly departures and offers direct connections to Helsinki airport and ports in Helsinki and Turku.
- B.153 In 2011 Onnibus, a low-cost operator, entered the market and currently operates 23 routes most of which start or finish in Helsinki. Unlike Express Bus, Onnibus services do not stop at all express stops along their route, that reduces end-to-end journey times and which Onnibus claims makes the business more profitable.
- B.154 According to the Finnish Transport Authority, in 2013 the total turnover of long-distance bus and coach transport was €83 million, and a total subsidy of €6 million was received.
- B.155 Finland has an agreement with other Nordic countries, including Estonia, meaning international trips do not require the travel documentation specified by EU Regulation 1073/2009. As a consequence, the impact of Regulation 1073 is limited to those services between Finland and non-Nordic countries.

Market access

- B.156 The ELY Centres are responsible for the procurement, licencing, planning and funding of road-based public transport. ELY Centres grant route licences and demand-responsive service

licences to private operators in order to supplement public services. If a route goes through more than one ELY district, the authorisation is granted by the authority whose district forms the largest part of the journey.

Employment

B.157 We found no information on employment in the coach sector in Finland.

Enforcement

B.158 We found no information on enforcement in the coach sector in Finland.

Competition and discriminatory practices

B.159 We found no evidence of discriminatory practices in the coach sector in Finland.

Infrastructure issues

B.160 Matkahuolto, an organisation which is part of the Finnish Coach Operators Association, maintains and operates coach stations in the cities and municipalities around the country. Use of terminals is not restricted to members of the coach operators association. In addition to Express Bus, Onnibus uses the main terminal in Helsinki.

B.161 Matkahuolto also offers a parcel delivery service, provides information about coach schedules and services, and sells tickets at stations. The coach tickets sold at stations are valid on all Finnish coaches and buses, except for municipal buses of some cities.

B.162 The main coach terminal in Finland is Helsinki bus station located in the Kamppi shopping centre, with 35 indoor platforms that accommodate roughly 700 arrivals and departures per day.

Passengers with reduced mobility

B.163 Passengers with reduced mobility traveling on Express Bus services who require assistance are allowed someone to accompany them free of charge if the journey is over 250 kilometres.

B.164 Onnibus has wheelchair access ramps fitted on its double decker buses, but not on their single decker coaches.

Market data

Table B.16: Finland: bus and coach market statistics (2003-2013)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Passenger-kilometres (million)	4,642	4,663	4,565	4,728	4,731	4,894	4,539	4,814	4,825	4,724	4,737
Vehicle-kilometres (million)	454.2	459.2	457.2	454.4	458.5	463.8	451.1	458.0	452.8	450.5	442.0
Passengers (million)	335.4	326.8	320.7	318.6	319.6	331.4	325.9	339.8	346.8	351.8	352.7

Source: Finnish Transport Agency.

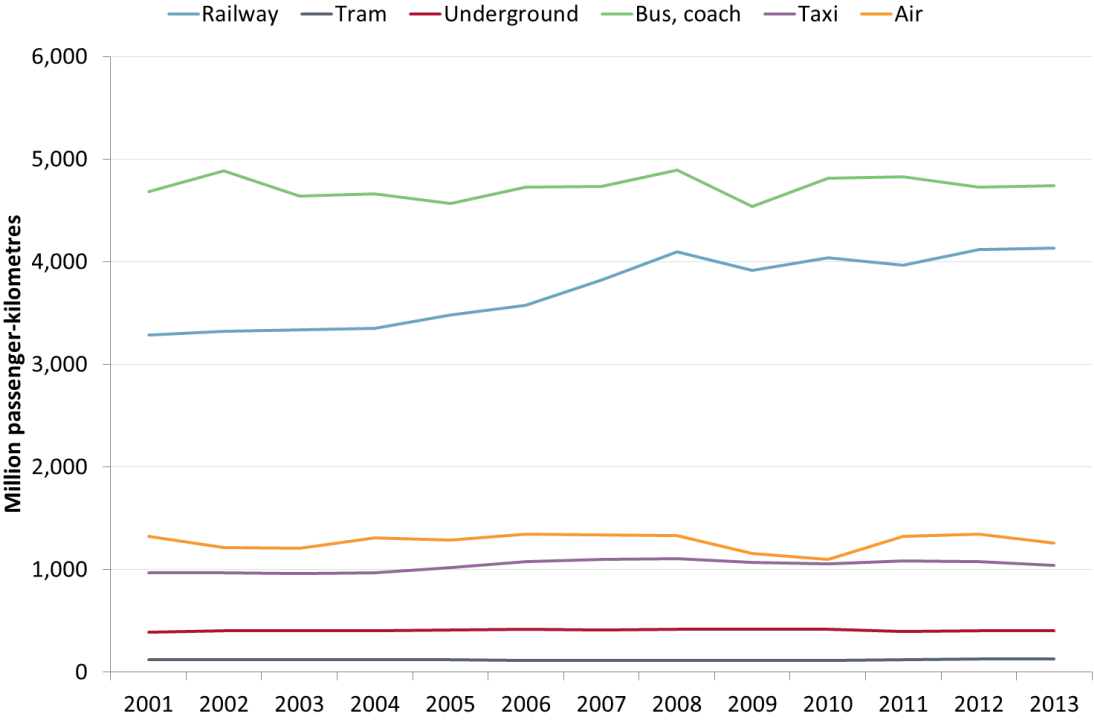
Table B.17: Finland: public transport market statistics

	Supply (million)				Demand (million)			
	Vehicle-kilometres	Share	Seat-kilometres	Share	Passengers	Share	Passenger-kilometres	Share
Total public transport	1,464		39,486		602		11,698	
Collective transport, of which ...	705	48%	31,845	81%	542	90%	9,728	83%
Long-distance transport	246	17%	14,675	37%	23	4%	5,036	43%
Railway	164	11%	9,439	24%	14	2%	3,153	27%
Coach	63	4%	3,208	8%	7	1%	623	5%
Air	19	1%	2,029	5%	2	0%	1,260	11%
Collective transport, other than long-distance and urban transport	233	16%	6,634	17%	65	11%	1,718	15%
Railway	15	1%	1,465	4%	12	2%	484	4%
Bus and coach	97	7%	4,548	12%	40	7%	937	8%
Taxi	121	8%	620	2%	13	2%	297	3%
Charter transport, of which ...	759	52%	7,641	19%	60	10%	1,971	17%
Regular charter transport	75	5%	1,174	3%	12	2%	237	2%
Bus and coach	21	1%	900	2%	6	1%	123	1%
Taxi	53	4%	274	1%	5	1%	115	1%
Other charter transport	684	47%	6,467	16%	49	8%	1,734	15%
Bus and coach	77	5%	3,353	8%	11	2%	1,108	10%
Taxi	607	41%	3,114	8%	38	6%	625	5%

Source: Finnish Transport Agency

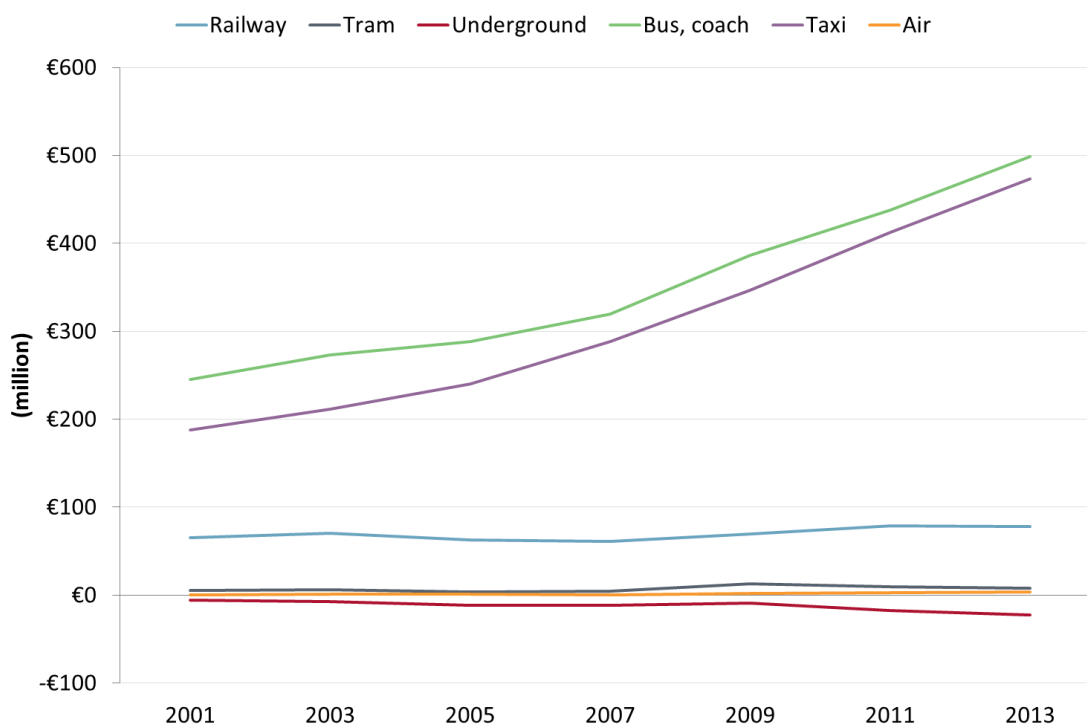
Note: Regular charter transport includes school buses and leave transport for conscripts. Other charter transport includes tourist buses and coaches.

Figure B.8: Finland: passenger-kilometres by mode (2001-2013)



Source: Finnish Transport Agency

Figure B.9: Finland: allocation of total funding by mode of transport (€ million)



Source: Finnish Transport Agency

Note: the high public contribution to taxis is because “taxi” includes disabled taxi transport and comprehensive schools transport services. In 2013, 76% of public contribution to the “taxi” mode was granted to “social and health services” (half of this sum was given by the state and half by the municipalities), while the remaining 24% was granted to “education” taxi services (this sum was almost entirely funded by the municipalities).

Table B.18: Finland: public subsidies to public transport services, € million (2013)

	Turnover	Direct funding	Reimbursement of travel expenses	Total funding	Share of turnover	Subsidising rate (direct subsidies/turnover)
Railway transport total	458	68.8	8.9	77.7	17.0%	15.0%
Long-distance transport	339	33.6	3.8	37.4	11.0%	9.9%
Helsinki regional transport area	56	25.5	1.3	26.8	47.9%	45.5%
Other short-distance transport in Helsinki	63	9.7	3.8	13.5	21.4%	15.4%
Tram, underground and ferry	78	-15.8	3.5	-12.3	-15.8%	-20.3%
Bus transport total	1,133	311.4	187.1	498.5	44.0%	27.5%
Bus transport in major cities	390	194.7	6.9	201.6	51.7%	49.9%
Bus and coach charter transport	210	4.6	74.4	79.0	37.6%	2.2%
Long-distance transport	83	-	6.0	6.0	7.2%	0.0%
Other route service transport	450	112.1	99.8	211.9	47.1%	24.9%
Taxi transport	1,061	0.8	472.4	473.2	44.6%	0.1%
Air transport	199	3.0	0.4	3.4	1.7%	1.5%
Total	2,929	368.2	672.3	1,040.5	35.5%	12.6%

Source: Finnish Transport Agency

Croatia

Overview

- B.165 Croatia became a Member State of the European Union in 2013. At the same time the Road Transport Act (Zakon o prijevozu u cestovnom prometu) entered into force to regulate passenger road transport in the country.
- B.166 Regular road transport services within the territory of a county (urban transport also comes under this category) are usually operated (and therefore regulated) by concessions. The Road Transport Act provides the flexibility that counties (the Competent Authorities in this area) are free to decide whether to regulate regular road passenger transport within their area on the basis of concessions; otherwise services are run under an authorisation regime at the request of the operators. Regular inter-county services are provided under the authority of the Ministry of Maritime Affairs, Transport and Infrastructure.
- B.167 Special and occasional road passenger transport is totally liberalised. Foreign operators in Croatia have the same conditions in entering the coach market as domestic operators. Access to the international coach market is fully liberalised in line with EU legislation.

Regulation and market for coach services

- B.168 Road passenger transport services operating in Croatia are classified as:
- Regular inter-county public passenger transport services, which are run under a national authorisation regime (licences are issued by the Ministry of Maritime Affairs, Transport and Infrastructure for a period up to 5 years).
 - Regular intra-county public passenger transport services, which are authorised by the county (licences are issued by the administrative body of the county in charge of transport). Counties may alternatively decide that public passenger transport services in their respective area are carried out on the basis of concessions issued for a period up to 7 years, pursuant to the Law on Concession (Law No. 143/2012).
 - Special regular coach services which are fully liberalised.
 - Occasional coach services which are fully liberalised.
 - National taxi and shuttle services.
 - International coach services which are regulated under EU Regulation 1073/2009 (or in cases of non-EU countries under bilateral agreements).

Market access

Access to the domestic market for regular services

- B.169 Licences to operate county and inter-county transport services are issued at the request of carriers, compliant to a number of requirements:
- harmonised timetable;
 - proof of transport capacity;
 - description of the timetable;
 - a written agreement on the joint delivery of transport services, if transport is delivered by two or more carriers.
- B.170 If a county decides that public transport services are to be carried out on the basis of a concession, concessions are tendered pursuant to Law No. 143/2012 (Law on Concessions).

Access to the international market for regular services

- B.171 International carriage of passengers is permitted subject to possession of a Community licence (EU members) or bilateral permission (non-EU members).

Access to the coach market for occasional services

- B.172 The market for occasional services is free. Operators have to obtain the road transport licence and an authorisation from the Ministry to operate occasional transport services.

Employment

- B.173 The number of workers employed in the operation of inter-county coach services in Croatia was 4,852 people in 2014. Stakeholders indicate that, since the entry into force of Regulation 1073/2009, Croatian coach operators have experienced difficulties because they cannot compete with foreign operators in terms of fare levels.

Enforcement

- B.174 Serious and repeated sanctions against an operator can negatively affect the process of issue/renewal of an authorisation both for national and international coach services.

Competition and discriminatory practices

- B.175 Stakeholders indicate that they have no evidence of anti-competitive issues or discriminatory practices in accessing and operating domestic and international coach services.

Infrastructure and terminals

- B.176 Coach terminals in Croatia are owned by both local authorities (as in Zagreb, Dubrovnik and Zadar) and private enterprises (usually coach operators). The Road Transport Act requires coach terminals to provide services to all users (operators and passengers) on equal terms. However, stakeholders report some difficulties with coach terminals that are owned by coach operators. The number of complaints and court proceedings has increased recently because terminal owners do not publish timetable information and refuse to sell tickets of other coach operators. Also, other operators must pay an access fee to stop at these terminals.
- B.177 Coach operators are required to use coach terminals in delivering regular passenger transport services. In the case of special regular and occasional services, coaches are allowed to stop at other places such as motorway service areas, airports and ports and in front of schools.

Persons with reduced mobility

- B.178 Provision of facilities for persons with reduced mobility in Croatia is relatively poorly organised. Accessibility to fleets and coach terminals often represents a problem for persons with reduced mobility.

Regulation 1073/2009

- B.179 Stakeholders complained that the Regulation does not accurately define the criteria on which a Community Licence can be refused. Stakeholders argued that, when opening a new route where regular coach services already exist, it would be necessary to evaluate the viability of the new service with an impact analysis and an assessment of the overall route capacity.
- B.180 Stakeholders also complain that there is no adequate control of regular coach services. Many operators apparently do not comply with the licensing rules and do not supply services in accordance with the timetables proposed when securing access to the market.

Data

Table B.19: Croatia: inter-county road transport of passengers (2010-2014)

	Buses		Kilometres travelled	Passengers carried		Passenger-kilometres	
	Number	Seats		Total	Of which in international transport	Total	Of which in international transport
2010	2,049	97,113	145,010	56,419	2,466	3,284,418	536,197
2011	2,065	93,841	145,503	52,561	2,100	3,145,021	499,888
2012	2,114	95,250	144,694	52,293	2,347	3,249,078	518,592
2013	2,118	98,135	155,884	54,292	2,205	3,506,977	505,016
2014	2,277	103,692	157,370	54,000	1,612	3,647,849	485,232

Source: Transport and Communication, 2014, Statistical Report no. 1541.

Table B.20: Croatia: employees in inter-county road transport of passengers (2010-2014)

	2010	2011	2012	2013	2014
Employees - Total	5,021	4,552	4,573	4,671	4,894
Employees in road transport	3,911	3,843	4,163	4,557	4,852
Out of that drivers	2,616	2,573	2,647	2,730	2,930
Employees in other activities	1,110	709	410	114	42

Source: Transport and Communication, 2014, Statistical Report no. 1541.

Table B.21: Croatia: county road transport of passengers (urban and suburban bus transport) (2010-2014)

	Total			Trams			Buses		
	Number	Kilometres travelled	Passengers carried	Number	Kilometres travelled	Passengers carried	Number	Kilometres travelled	Passengers carried
2010	1,647	93,604	373,239	407	16,849	183,119	1,240	76,755	190,120
2011	1,590	86,805	364,382	394	16,150	173,177	1,196	70,655	191,205
2012	1,579	84,807	363,198	383	14,903	174,139	1,196	69,904	189,059
2013	1,571	83,139	371,840	369	14,586	177,596	1,202	68,553	194,244
2014	1,549	83,860	388,295	369	15,693	191,899	1,180	68,267	196,396

Source: Transport and Communication, 2014, Statistical Report no. 1541.

Table B.22: Croatia: employment in urban and suburban bus transport (2010-2014)

	2010	2011	2012	2013	2014
Total employees	7,299	7,165	7,062	6,955	6,346
Drivers	3,508	3,456	3,369	3,307	3,189
Other employees	3,791	3,709	3,693	3,648	3,157

Source: Transport and Communication, 2014, Statistical Report no. 1541.

Hungary

Overview

- B.181 The domestic market for coach services is not yet liberalised in Hungary. Regular bus and coach services are subject to Public Service Obligations (PSOs) and thus provided under a concession framework. Non-PSO services such special regular services provided by large coach operators, or occasional tourist services, are provided on a commercial basis.
- B.182 The majority of regular services are provided by incumbent regional road passenger transport companies which occasionally subcontract to smaller operators. There are only three non-incumbent operators serving domestic PSO routes. The current concession framework was extended in 2009 up to 2017 for those operators to which PSOs were awarded. A new concession framework is currently being prepared by the Ministry for National Development (NFM) and new operators are expected to enter the market from January 2017.
- B.183 Almost all Hungarian settlements can be reached by bus or coach. However, in Eastern Hungary the railways have a greater network density and rail is favoured over coach. In most cases, buses provide a useful, if limited, feeder service.

Regulation and market for coach services

- B.184 PSO services are defined and classified on the basis of the Act XLI of 2012 on Passenger Transport (which is compatible with the EU legislation). Bus and coach services are classified as follows:
- Urban services are the responsibility of the Municipal authorities.
 - Suburban services, operating up to 70 kilometres from Budapest or any of the 23 towns with county rights (that is county seats and cities with more than 50,000 inhabitants) are the responsibility of the NFM.
 - Regional services, running within one county (NUTS3) or, in case of services crossing more than one county, not exceeding 100 kilometres from the origin, are the responsibility of the NFM.
 - Long-distance domestic services, exceeding 100 kilometres, are the responsibility of the NFM.
- B.185 The Ministry for National Development (NFM) is the competent authority for all international passenger transport services.

Market access

- B.186 Requests for opening new international coach service are subject to the delivery of the following official documents to the Transport Authority (NKH):
- Timetable with the exact locations of stops and exact border stations;
 - Driving plan for the drivers based on AETR agreements;
 - Tariff system for all routes;
 - Route map;
 - Copy of Community licence; and
 - Agreement for the use of the stop by the owner of the location, such as at petrol stations.
- B.187 Services to countries outside the EU are subject to bilateral agreements. The license is released for each vehicle and costs 13,690 HUF (approximately €45) per year. The permission

is issued by NKH or, in the case of foreign applicants, the applicant's transport authority issues the license following approval by NKH.

Employment

B.188 Roughly 17,000 people are employed in domestic regional and long-distance bus and coach transport. The number of employees has remained relatively stable over recent years. No substantial changes in working conditions have been acknowledged due to Regulation 1073/2009. However, there is a growing shortage of labour, particularly with respect to drivers.

Enforcement

B.189 The "Passenger Rights and Market Control Division" under the National Transport Authority (NKH) is in charge of enforcement of all regulations for bus and coach transport.

Competition and discriminatory practices

B.190 The main issues processed in 2014 by the "Passenger Rights and Market Control Division" fell under these categories:

- Cancelled scheduled services (16);
- Ticket refund claims (11);
- No customer service answer from service provider (9);
- Delays (2);
- Unfair customer policy (2); and
- Failure of assistance provision (1).

B.191 In most cases multiple reasons for raising a complaint were mentioned. From a total of 23 complaints, 16 were upheld and sanctions between HUF 100,000 (about €320) and HUF 1,000,000 (about €3,200) were imposed to the service providers. In two cases an examination at the international level took place with the involvement of the respective foreign transport authority.

Infrastructure issues

B.192 There are 115 coach terminals in Hungary. The local operators or the Public Administration (the Municipal Authorities or the State) own the terminals. The terminal quality varies, but there is trend towards quality improvements.

B.193 With respect to the definition of coach stops, the only requirements for their definition relate to:

- The certification of safety conditions for passengers;
- The agreement of the area's owner to its usage as a coach stop; and that
- The stop should be clearly marked onsite and on the website of the service provider.

Passengers with reduced mobility

B.194 In 2011 there were about 577,000 people with reduced mobility in Hungary.

B.195 The Passenger Rights and Market Control Division under NKH is in charge of monitoring the compliance of coach services with PRM rights. Only a small number of international/long-distance buses (ca. 3%) are currently accessible to wheelchairs. On the contrary, suburban services in Budapest are mostly served by low-floor buses.

Focus on impacts of Regulation 1073/2009

B.196 No specific effects were acknowledged or reported.

Market data

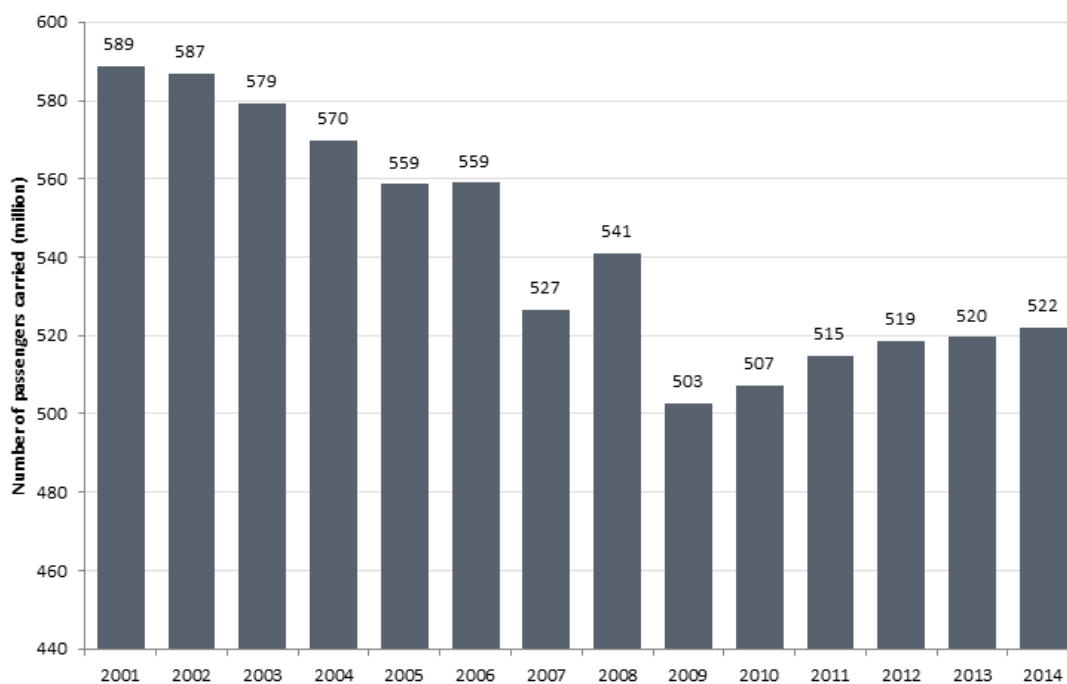
Table B.23: Hungary: market data for bus and coach

Information	Unit	Year	Domestic				International
			Regular	Special regular	Occasional	Total	
Number of domestic operators	Number	2015	10	50	100	160	10
Number of international operators	Number	2015		1	4	5	15
Number of employees	Number	2014	18,000	1,500			
	Change from 2009		-8%	15%			
Number of drivers	Number	2014	10,000	1,200			
Vehicle-kilometres	Thousand	2014	365,000	50,000			
Number of passengers	Thousand	2014	450,000				300
Passenger-kilometres	Million	2014	8,500				
Revenues	Million (€ or local)	2014	285				
Turnover	Million (€ or local)	2014	435				

Data source: Stakeholder consultation with KSH, KTI.

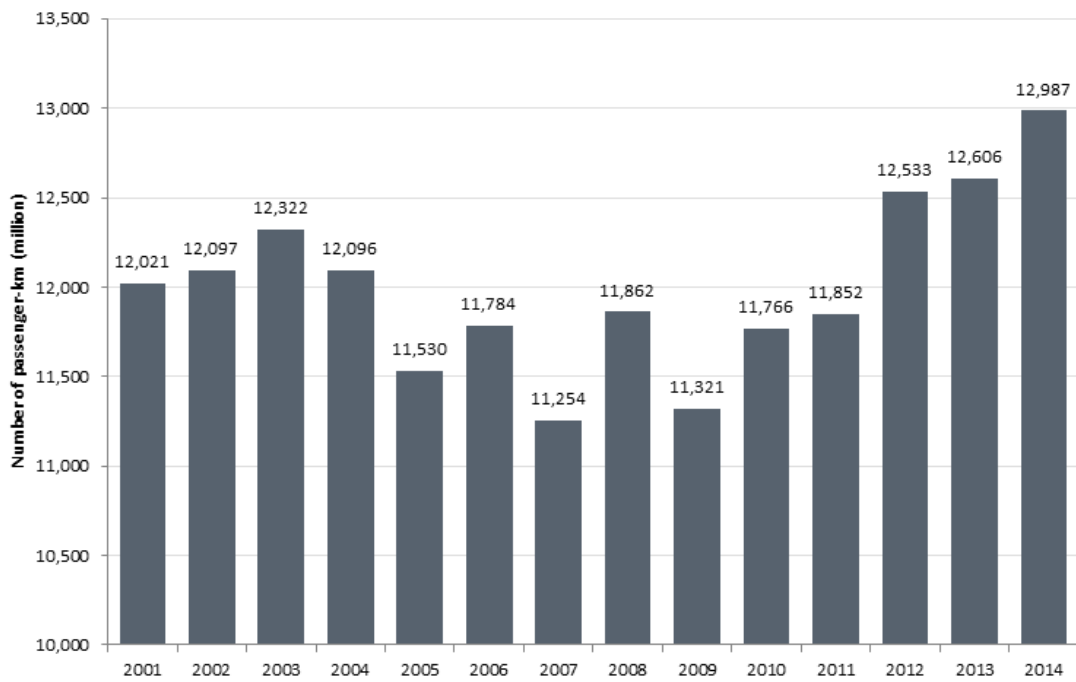
Note: Special and occasional services data are estimates.

Figure B.10: Hungary: regular interurban road passengers (2001-2014)



Source: Hungarian Central Statistical Office (KSH)

Figure B.11: Hungary: regular interurban road passenger-kilometres (2001-2014)



Source: Hungarian Central Statistical Office (KSH)

Ireland

Overview

- B.197 Ireland has only one land border, with Northern Ireland, part of the UK, and international travel by all modes is dominated by travel to and from the UK.
- B.198 The major cities are connected to Dublin with good roads but relatively slow and infrequent rail services, allowing coach to compete effectively with rail for many interurban journeys. This means that, unlike in some other Member States, coach travel in Ireland does not have the characteristics of an inferior good.
- B.199 Córas Iompair Éireann (CIÉ) is the public body responsible for the provision of most public transport services in Ireland. Services are delivered through three subsidiary operating companies: bus services by Dublin Bus and Bus Éireann and rail services by Iarnród Éireann.
- B.200 Bus and coach services are delivered by two means:
- Licensed services, which are fully liberalised and are predominantly tourist services and long-distance interurban services.
 - Public Service Obligations (PSO) services which are regulated, contractually specified and are predominantly local rural, local urban and commuter services.
- B.201 In 2013 there were 80.2 million scheduled vehicle-kilometres on licenced services, which represented nearly 50% of the total.

Regulation and the market for coach services

Regulation

- B.202 Commercial bus and coach licences are awarded by the National Transport Authority (NTA), a statutory body of the Department of Transport, Tourism and Sport (DTTAS). Services requiring them are defined in the Public Transport Regulation Act 2009 as where:
- each journey is open to use by any member of the public;
 - a charge or charges are paid in respect of each passenger; and
 - except where the NTA otherwise determines, the service is provided on a regular and scheduled basis and carriage is provided between specified terminal points or along a specified route or otherwise in accordance with a published timetable.
- B.203 Services that are exempt from the need for a licence include PSO services, school buses, private hire services and international services authorised under EU regulation 1073/2009.

The market for coach services

- B.204 Bus Éireann, established in 1987 as a subdivision of CIÉ, provides most of the bus and coach services in Ireland. The three main services it operates are Expressway, school transport and PSO services. It also offers day tours, private hire and commuter services in major cities.
- B.205 Expressway is not subsidised and operates domestic interurban coach services on over 30 routes that link that majority of major towns and cities in Ireland. More than half of scheduled routes are to and from Dublin and tend also to be the busiest routes. In 2013 Expressway services carried a total 6.8 million passengers in a fleet of 181 vehicles.
- B.206 Bus Éireann operates international services to the UK and the rest of Europe under the Eurolines brand, and some services to Northern Ireland are operated jointly with Ulsterbus.

- B.207 Many other private operators also operate licenced commercial routes, tours and private hire operations. Examples include Aircoach, JJ Kavanagh and Sons and Matthews Coaches.
- B.208 The NTA states that in 2013 there were 124 commercial operators with active licences and 20.09 million journeys on licensed services, representing about 12% of total bus and coach services. The NTA does not distinguish between buses and coaches in its statistics, but we estimate from data on passenger journeys, vehicle-kilometres and fleet size that Bus Éireann's Expressway service comprises approximately 25% of Ireland's coach market.

Market access

- B.209 The interurban coach market is fully liberalised and licences for domestic regular services are granted for a period of 3 years. Domestic and international licences are only refused if the new route is judged to infringe an existing PSO service. In 2013 the NTA:
- granted 29 licences for regular international travel, all between the Republic of Ireland and Northern Ireland;
 - refused 2 international licences as permitted under Regulation 1073/1009; and
 - refused 7 domestic licences.

Employment

- B.210 In 2013 Bus Éireann had 2486 employees, 216 of whom were employed in Expressway services. The Coach Tourism & Transport Council of Ireland, an industry association, has over 60 members, which they claim employ approximately 1750 people. This suggests that total employment in the coach sector is approximately 2,000 people.

Enforcement

- B.211 DTTAS is responsible for policy oversight of the sector, including:
- The licensing framework for Large Public Service Vehicles, which is administered by the national police service, An Garda Síochána.
 - The licensing framework for Road Passenger Transport Operators Licences, which is administered by the DTTAS's Road Transport Operator Licensing Division.
 - The policy framework for the operation of bus services for hire and reward including the licensing of scheduled services, which is administered by the NTA.
 - The enforcement of bus and coach passenger rights is the responsibility of the NTA.

Competition and discriminatory practices

- B.212 PSO services have in the past been specified in Service Level Agreements (SLAs) between the Department of Transport and the operators, Dublin Bus and Bus Éireann, who are both subsidiary companies of CIE. In 2009 the NTA established legislation that replaced these SLAs, on a formal contractual basis, with 5-year direct awards from December 2009 to December 2014.
- B.213 In 2013 the NTA re-awarded Dublin Bus and Bus Éireann PSO contracts from December 2014 to December 2019. However, it was decided for the first time that 10% of the services in each contract would be subject to competitive tender to begin operations in 2016. PSO services are predominantly local and commuter services, and we understand that only a small proportion are operated by coaches. Licences for commercial routes are only denied if the route is deemed to infringe on an existing PSO service.

Infrastructure and terminals

- B.214 CIÉ owns most of the coach terminals in Ireland, which are usually integrated with the local railway station and at which only Bus Éireann are allowed access. There have been plans recently to allow the local authorities to specify terminals as shared facilities, but so far this has only been done in Dublin. The single exception is at Galway, where the local council has funded a coach terminal which is available to private operators.

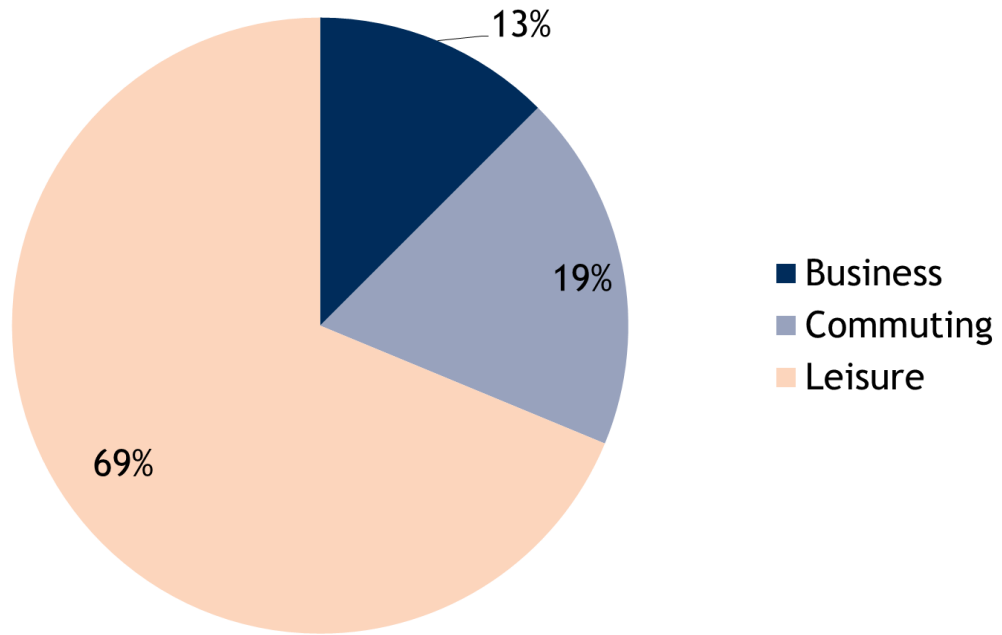
Persons with reduced mobility

- B.215 Ireland has designated only four terminals under Article 12 of Regulation 181/2011, at Dublin, Cork, Sligo and Galway.
- B.216 Bus Éireann provides services for passengers with reduced mobility, but feedback from operators and PRMs suggests that much of the licensed coach sector is not accessible. The NTA is considering granting longer licences to operators who provide better facilities, and favours an improvement in standards in general, but have set no date for compliance.

Other issues

- B.217 The NTA National Household Survey asked whether respondents had made a journey over 50 kilometres in the last 3 months:
- 9% had done so by bus or coach (journeys over 50 kilometres appear more likely to be by coach than by bus); and
 - 7% had done so by train.
- B.218 The National Household Survey also found that 69% of long-distance coach journeys were for leisure purposes and that that users were more likely to be in the 16-24 age group, from a lower income level and live in rural areas. The mix of coach journey purposes is shown below.

Figure B.12: Ireland: journey purpose of trips longer than 50 kilometres



Source: NTA National Household Travel Survey 2012.

Table B.24: Ireland: licensed and PSO bus services operations (2013)

	Revenue (million)	Passengers (million)	Vehicle-kilometres (million)	Vehicles
Licensed bus and coach services	€114.66	20.09	80.20	1062
PSO bus and coach services	€225	143.92	86.24	1360
Total	€339.66	164.01	166.44	2422

Source: NTA Statistical Bulletin Number: 05 / 2014.

Note: PSO services refer to Dublin Bus, Bus Éireann, M&A Coaches and Rural Transport Programme (RTP) services.

Table B.25: Ireland: Bus Éireann operations (2013)

	Operating revenue 2014 (million)	Passengers journeys (million)	Vehicle-kilometres (million)	Vehicles	Employees
Total	€324.3	78.3	169.43	645	2486
Expressway		6.8			216

Sources: Bus Éireann Annual Report, Central Statistics Office.

Table B.26: Ireland: bus licensing activity (2013)

Category	Received	Refused	Granted
International authorisation under EU Regulation, including renewals	32	2	29
New licence to operate a public bus service within the State	55	5	32
Renewal of existing licence	216	-	209
Amendment to existing licence	184	2	162
Transfer of existing licence	3	-	3
Appeals against licensing decisions taken by the Authority	6	3	3

Source: NTA.

Table B.27: Ireland: completed journey forms for Irish operators (2014)

Destination	Passengers	Passenger-kilometres
Total	121,660	35,353,241
Northern Ireland / United Kingdom	115,020	31,341,225
Austria	2924	1,175,732
France	2462	2,505,978
Germany	849	217,344
Netherlands	262	68,228
Belgium	111	35,933
Luxembourg	32	8,800

Source: NTA.

Note: definition of passengers and passenger-kilometres for international services may not be additive with other Member States.

Luxembourg

Overview

- B.219 We found little information on the coach market in Luxembourg. National statistics do not distinguish bus and coach or PSO and non-PSO services.

Regulation and the market for coach services

- B.220 We found no information specific to the regulation of the domestic coach market.

Market access

- B.221 In 2013, 38 companies were registered to provide domestic bus and coach transport.

Employment

- B.222 The FLEAA (Fédération Luxembourgeoise des Exploitants d'Autobus et d'Autocars) reports that 2,200 staff are employed by coach and bus operators. No further information appears to be available from other data sources.

Enforcement

- B.223 We found no information specific to enforcement in the coach market.

Competition and discriminatory practices

- B.224 We found no information found on competition and discriminatory practices.

Infrastructure and terminals

- B.225 We found no information found on infrastructure and terminal issues.

Persons with reduced mobility

- B.226 We identified no information on persons with reduced mobility on Luxembourg.

Latvia

Overview

- B.227 Two main pieces of legislation regulated the bus and coach market in Latvia:
- the Road Transport Law, enacted in 1995 and amended in 2007; and
 - the Law on Public Transport Services enacted in 2007.
- B.228 These pieces of legislation distinguish between regular service, special regular service and occasional services. All intercity regular services are operated under public service obligations (PSO) on a concessionary basis. There were 15 coach operators with domestic licences in Latvia in 2014, compared to 408 operators with international licences.

Regulation and the market for coach services

- B.229 The competent authorities for passenger road transport are:
- The Ministry of Transport;
 - The Public Transport Board, which has a role in decision and supervision for public transport in Latvia;
 - The Road Transport Administration, which acts on behalf of the state in organising regional and inter-city routes;
 - The Municipalities of the nine Republic Cities, which are in charge of organising public transport services along urban routes.
- B.230 Transport of passengers by bus and coach is regulated by two main pieces of national legislation:
- The Road Transport Law, enacted in 1995 and subsequently amended in 2007, which sets the procedures for obtaining a licence to carry passengers;
 - The Law on Public Transport Services, enacted in 2007, which regulates the provision of public transport services.
- B.231 In addition, a number of regulations issued by the Cabinet of Ministers of Latvia regulate specific aspects of the provision of road passenger transport and supplement to the two Laws referred to above.
- B.232 The Road Transport Law distinguishes between regular, occasional and special regular passenger services. Regular services are provided under a concession regime and are tendered subject to the Public Procurement Law of 2006), these are subject to PSO Regular public service operations are organised as follows:
- City network services within the territory of one of the nine Republic Cities and the surrounding area.
 - Regional local network services within one administrative/planning territory.
 - Regional inter-city network services crossing more than one administrative/planning territory.
- B.233 From January 2015 regional inter-city and local routes have been managed within a single regional network under the responsibility of the Road Transport Administration.
- B.234 Compensation is paid by the State or Municipality to operators to cover the costs of providing public transportation services-costs which exceed revenues and profit due to the level of fares

set by the competent authorities. Compensation is also paid to cover the cost of providing fare discounts to people with disabilities and children under school age.

B.235 In 2014, compensation payments to public bus and coach service providers were as follows:

- urban network: € 6.6 million;
- regional local network: € 18.6 million; and
- regional inter-city network: € 17.6 million.

B.236 For comparison, the regional inter-city rail network subsidy was € 45.2 million.

B.237 Occasional and special regular coach services are not subject to PSO and are regulated within the framework of the Road Transport Law on the basis of a number of by-laws. The fares for passenger services not subject to PSO are set on a pure commercial basis.

- Regular international coach services, as well as international occasional services, are organised entirely in compliance with Regulation 1073/2009.

Market access

B.238 All national regular intercity services are operated under PSO and are concessions tendered subject to the Public Procurement Law of 2006. Non-domestic operators can apply and procedure does not differ from domestic operators.

B.239 Operators serving the domestic market must hold a licence and a licence card is issued for each vehicle used. If a Community licence is issued, it can be also used for domestic operations. Licences and Community licences are issued within 30 days from the date of submission of the application, while licence cards (the documentation for each vehicle) and certified true copies of a Community licence are issued within 7 days from the request.

Employment

B.240 Working conditions have improved in Latvia recent years, but taking into account that Regulation 1073/2009 is just a recast of Regulation 684/92, changes in working conditions cannot be attributed to of the adoption of this regulation.

Enforcement

B.241 The enforcement authority is the Road Transport Administration which supervises and monitors the coach market and checks compliance with related regulations, including Regulation 1073/2009.

Competition and discriminatory practices

B.242 The Latvian Competition Council had carried out an investigation regarding discriminatory practices at coach terminals at the request of some operators who claimed they were prevented from operating their services. Other lawsuits due to unfair pricing have been reported: currently there is one infringement procedure related to coach stations allegedly practicing unfair pricing toward coach operators.

Infrastructure issues

B.243 There are 35 bus terminals in Latvia, most owned by private operators, including the most important terminal, in Riga, which is in the city centre and well linked to other transport modes and hubs, such as Riga International Airport. In some cases coach operators are not

required to use specific terminals, but stopping points must be agreed with the respective competent authorities, the municipalities.

Persons with reduced mobility

- B.244 The Riga terminal is equipped to serve persons with reduced mobility and has been certified under a quality management system, LVS EN ISO 9001:2009. The terminal staff are trained to help people navigate the station and to get on and off the coaches. PRMs can easily move with wheelchair within the terminal, and all equipment and devices (such as fittings in washrooms and toilets) are at a comfortable height and can be reached from a wheelchair. Riga International bus terminal marked all doors with yellow slashes, making them more visible and easier for persons with disabilities to use. Where the coaches stop there are large numbers on the floor to mark each stop to aid those with impaired vision.

Regulation 1073/2009

- B.245 Regulation 1073/2009 is a recast of Regulation 684/92 thus its introduction did not entail major changes.

Data

Table B.28: Latvia: authorisations and licences of coach services (2009-2014)

	2009	2010	2011	2012	2013	2014
Authorisations	442	423	408	400	394	380
Domestic licences	32	30	26	22	20	15
Journey forms	265	322	340	373	384	406
Certificates	483	538	522	509	537	534

Source: Steer Davies Gleave analysis of Road Transport Department data.

Table B.29: Latvia: licensed passenger transport operators (2009-2014)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
National passenger carriage	103	82	57	44	32	30	26	22	20	15
International passenger carriage	351	402	452	505	468	453	438	431	425	408

Source: Latvian Statistics Department.

Table B.30: Latvia: public passenger transport

Type of transport	Number of routes	Annual number of passengers	Annual vehicle-kilometres	Number of contracts of carriage
Regional inter-city transport	219	12 million	41,724	21
Regional local transport	876	21 million	36,875	48

Source: Road Transport Department.

Table B.31: Latvia: passenger traffic (millions) (2000-2014)

Years	Bus	Trolleybus	Tram
2000	165,9	86,5	88,9
2001	169,4	84,8	86,9
2002	173,5	82,6	88,2
2003	179,6	82,3	84,6
2004	195,8	89,0	87,9
2005	221,2	91,4	90,9
2006	209,4	91,9	93,1
2007	194,4	90,4	93,2
2008	183,6	79,8	86,1
2009	161,6	55,8	57,0
2010	145,0	44,4	41,0
2011	148,4	46,2	41,6
2012	146,6	46,2	40,6
2013	147,2	47,9	44,2
2014	145,9	47,0	45,0

Source: Latvian Statistics Department.

Table B.32: Latvia: major domestic routes

Route	Length (kilometres)	Number of operators on route	Passengers	Passenger-kilometres	Fare (€)	Revenues (€ million)
Riga-Daugavpils	224	3	259,244	43,133,168	5.93	1,514,577
Riga-Rezekne	257	2	133,044	16,947,227	4.95	504,213
Riga-Jekabpils	140	1	78,796	9,001,693	4.16	326,354
Riga-Ventspils	200	2	327,311	44,196,418	5.07	1,573,355
Riga-Valmiera	114	1	258,688	21,659,091	3.10	802,753
Riga-Liepaja	220	2	501,819	64,995,919	4.79	2,226,592
Riga-Aluksne	224	1	125,320	12,211,266	3.92	455,927
Riga-Bauska	67	3	487,227	24,414,504	2.04	994,966

Source: Steer Davies Gleave analysis of Road Transport Department data.

Table B.33: Latvia: major international routes

Route	Length (kilometres)	Number of operators on route
Riga-Stuttgart	2,196	6
Riga-Bonn	2,072	6
Riga-Freiburg	2,231	7
Riga-Berlin	1,376	4
Riga-Rotterdam	2,273	7
Riga-Tallinn	334	7
Riga-Paris	2,563	4
Riga-Tartu	255	6
Riga-Vilnius	286	7

Source: Steer Davies Gleave analysis of Road Transport Department data.

Table B.34: Latvia: PRM on coach services

Type	Unit	Value	Note
Number of registered disabled people in the Member State	Persons	170,000	All types of disability
Number of terminals from which coach and bus services operate	Number	35	
Number of terminals designated under Article 12 of Regulation 181/2011	Number	1	
Number of other locations/stops from which coach and bus services operate	Number	6,721	
Percentage of fleet adapted to carry disabled people (not exempt under Article 10 1 (a) or 10 1 (b) of Regulation 181/2011)	Percentage	39	
Reported disabled passenger journeys	Passenger journeys	1,503,868	Year 2014; disabled persons of I and II group and persons who accompany disabled people of I group
Reported disabled passenger-kilometres	Passenger-kilometres	N/A	
Reported disabled passenger revenue	Passenger revenue (€ or local)	0	All expenses for PRM are compensated by the national budget

Source: Steer Davies Gleave analysis of Road Transport Department data.

Malta

Overview

- B.246 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.247 The bus and coach sector was largely unregulated until 2011, since when bus and coach operations have been provided through a public bus network, private hire services and tourist services.

Regulation and market for coach services

- B.248 From the 1970s onwards, public transport services in Malta were provided by privately owned and operated buses and coaches operating to timetables set by the transport authority. Routes were allocated by rota, with half the buses operating public routes and the other half operating private hire or school operations.
- B.249 In July 2011 Transport Malta, the competent authority, implemented a major restructuring of public bus services and appointed Arriva as the sole operator. The reforms sought to improve levels of service, reduce subsidy and standardise the fleet, routes, and fares.
- B.250 Arriva ceased operations in January 2014 due to financial difficulties and was nationalised by the Maltese government. Since January 2015, services have been operated by Autobuses Urbanos de León.
- B.251 Tourist and private hire services are also provided by private operators. These operations are fully liberalised, subject to authorisation from Transport Malta.
- B.252 The Maltese national statistics office reports that in the fourth quarter of 2013 there were 238 licensed route buses and 344 coach and private hire buses. Transport Malta reports there were just under 33 million passenger journeys on public buses in 2011.

Market access

- B.253 A passenger Transport Vehicle (PTV) licence is required to operate tourist or private services in Malta. These licences are granted by Transport Malta for a fee, provided that the applicant holds a Carriage of Passenger Operator Licence and the vehicle complies with the required specifications and standards.

Employment

- B.254 The Maltese national statistics office reports that 3,443 people were employed in the land transport sector in 2013.

Terminals

- B.255 There is no issue of access to bus terminals for long-distance services, which do not exist, but the existing bus terminals can be constrained and require expansion. In November 2015 the Malta Public Transport Authority announced that, in association with the introduction of seven new routes, Valletta bus terminal would be extended from 17 to 29 bus bays.

Persons with reduced mobility

- B.256 Malta did not designate any bus terminals under Article 12 of Regulation 181/2011 because there are no long-distance services. However, we understand that Victoria, Bugibba, Ciekewwa

and Valletta bus terminals are all equipped with disabled parking and are wheelchair accessible.

- B.257 Public buses have low floors and designated seating for PRM, but anecdotal evidence suggest that private coaches are not always accessible.

Summary of key issues

- B.258 Malta has no long-distance or international transport markets and, in consequence, no regular or special regular coach sector.

Netherlands

Overview

- B.259 According to the *Passenger Transport Act 2000*, road passenger transport services are classified as public transport (subject to public regulation under a concession regime) or private transport (run on a purely commercial ground and not regulated by the government). The market penetration of interurban (long-distance) regular coach services is limited by the presence of a fast and frequent medium and long-distance rail network, the small surface area of the country, as well as regulatory and competition issues.
- B.260 The number of public transport vehicles in 2014 was about 6,500, while the number of private transport vehicles was about 4,700. Public transport operators offered about 490 million vehicle-kilometres in 2014. In the same year, private Dutch transport operators offered 191 million vehicle-kilometres, 107 million of which run in the domestic market and 84 million in the foreign market. A further 24 million vehicle-kilometres delivered by foreign operators in the Netherlands are also provided.

History of the bus and coach market

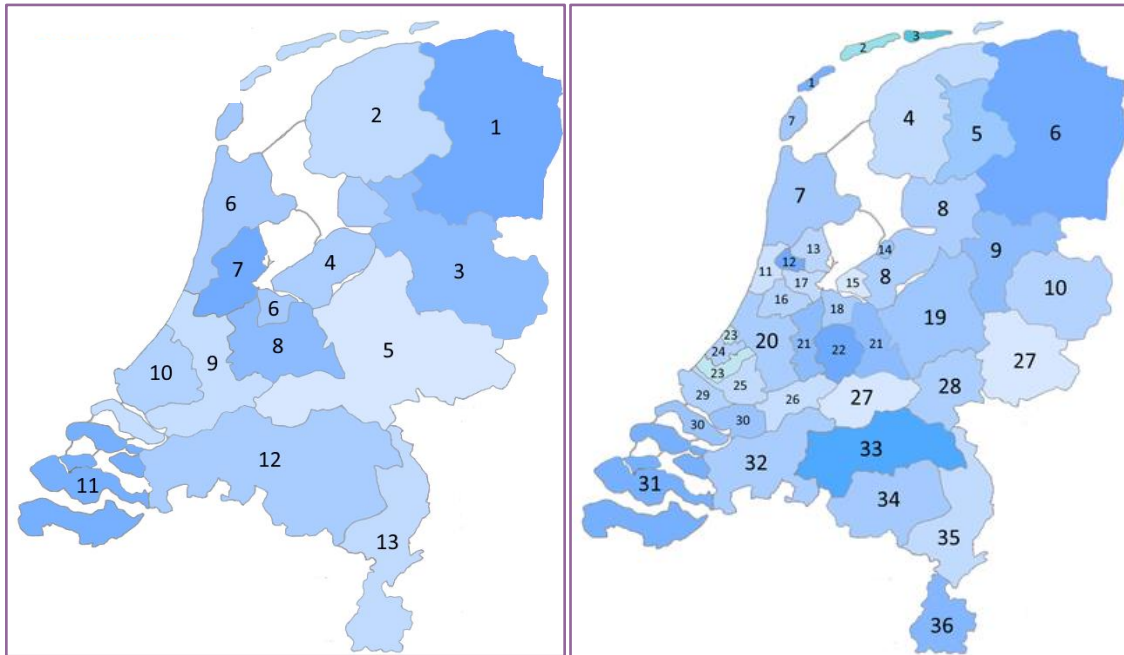
- B.261 In 1994, the national bus holding company VSN (United Regional Transport Netherlands) introduced a national scheme for long-distance buses, called *Interliner*. These services operated along provincial roads and had higher vehicle and bus stop specifications which included higher levels of user comfort on vehicles, real time information and bike parking at the stops. These services were well integrated with train times and ticketing. Between 1995 and 2000, *Interliner* was very successful, operating as many as 30 routes in the country and carrying over 5 million passengers per year.
- B.262 The Passenger Transport Act 2000 led to a fundamental reorganisation of the road passenger transport services and replaced the former authorisation regime with competitive tendering in all urban and regional transport (the new framework came into full operation in 2008). The organisation of public transport was shifted from a market-led initiative system (substantially subsidised by the national government) towards a decentralised regime of public tendering at the regional level (managed by 19 Public Transport Authorities or PTA).
- B.263 Express bus services were thus required to fit within the regional concession areas and the national brand disappeared (during the decentralisation activities, VSN was split up and rebranded as Connexxion). To promote competition, parts of the network were required to be sold off to private operators. Several variants of the *Interliner* concept (Qliner, Hanzeliner) emerged after decentralisation, often owned by foreign transport operators including Arriva, Veolia and Transdev.
- B.264 Express bus services are currently known as “Hoogwaardig Openbaar Vervoer” (HOV, high-quality public transport). HOV-systems include both rail (light-rail and tram) systems and bus systems that serve longer distances, connecting different urban centres in a region. HOV-bus services are express services that connect different urban cores, often via highways or dedicated bus infrastructure, thus increasing the speed of the service. The distance between stops for these services is larger than for regular bus services.

Regulation and the market for coach services

- B.265 The Ministry of Infrastructure and Environment is responsible for the road passenger transport policy and legislation. The Passenger Transport Act 2000 defines two regimes:

- Public passenger road transport, defined as services which do have a timetable (regular intervals along a specified route) which are operated in a concession regime and are subject to public service obligations. Concessions are managed by the 19 regional Public Transport Authorities shown in Figure B.13.
- Private passenger road transport, defined as services which do not have a timetable, and for which the market is free. Private road passenger transport services only need a certificate by the KIWA Register in order to enter the market.

Figure B.13: Netherlands: Public Transport Authorities (left) and concession areas (right) (1 January 2015)



Legend:

- 01: OV Bureau Groningen-Drenthe
- 02: Province of Friesland
- 03: Province of Overijssel
- 04: Province of Flevoland
- 05: Province of Gelderland
- 06: Province of Noord-Holland
- 07: City Region Amsterdam
- 08: Province of Utrecht
- 09: Province of Zuid-Holland
- 10: Metropolitan Region Rotterdam Den Haag
- 11: Province of Zeeland
- 12: Province of Noord-Brabant
- 13: Province of Limburg

Legend:

- 1. Vlieland
- 2. Terschelling
- 3. Ameland
- 4. North and South West Friesland and Schiermonnikoog
- 5. Southeast Friesland
- 6. GD
- 7. Noord-Holland
- 8. IJsselmond
- 9. Middle Overijssel
- 10. Twente
- 11. Haarlem-IJmond
- 12. Zaanstreek
- 13. Waterland
- 14. Urban transport Lelystad
- 15. urban and regional Almere
- 16. Amstelland More Countries
- 17. Urban transport Amsterdam
- 18. Gooi and Vecht
- 19. Veluwe
- 20. South-Holland
- 21. Province of Utrecht
- 22. Regio Utrecht
- 23. Haaglanden region
- 24. Haaglanden city + City bus Hague
- 25. Rotterdam Rail + Bus Rotterdam
- 26. DAV-area
- 27. Rear-Rivierenland
- 28. Arnhem-Nijmegen
- 29. Voorne-Putten and Rozenburg
- 30. Hoekschevaard - Goeree-Overflakkee
- 31. Zeeland
- 32. West Brabant
- 33. East Brabant
- 34. Eindhoven Regional
- 35. North and Central Limburg
- 36. South Limburg

Source: OVNL (Public Transport in the Netherlands)

- B.266 There are two further categories of passenger road transport:
- Interregional regular transport services, not tendered but for which the operators have to ask for permission/authorisation to all affected public transport authorities.
 - International transport, compliant to 1073/2009.

Market access

Public passenger road transport (urban and regional regular services)

- B.267 The Passenger Transport Act 2000 stipulated that after 2008 public transport services were to be run through concessions. With the exception of urban transport in Amsterdam, Rotterdam and The Hague these are put out to competitive tender by Public Transport Authorities (Provinces and Metropolitan Regions) which are the concession authorities. Currently there are 13 Public Transport Authorities in the Netherlands, which manage 36 concession areas.
- B.268 Concession responsibilities have partially changed since 1 January 2015 when the City Regions (Stadsregios) were abolished by law. This has led to different outcomes such as:
- Following the abolition of the City Region Eindhoven, tendering responsibilities have been transferred to the Provincie of Noord-Brabant, which is now responsible for the tendering of three concession areas (West-Brabant, Oost-Brabant, and Eindhoven).
 - Following the abolition of the City Region of Amsterdam (which was responsible for the tendering of four concession areas) concession responsibilities have not been brought back to the Province. The City Region will be transformed into a Transport Region (Vervoersregio) and during its transition period the sixteen municipalities will continue to collaborate as City Region Amsterdam to manage public transport.
- B.269 HOV (high-quality public transport) in the Netherlands is operated under this concession framework. Long-distance express services can be managed in two ways:
- Services operated by one concession operator from its own concession area toward the neighbouring concession areas. This is possible because PTAs are obliged to allow operators from neighbouring concessions to operate services within their concession areas. For example, HOV line 300 from Haarlem to Amsterdam operated within the concession Amstelland-Meerlanden (granted to the operator Connexxion) and crosses other two concession areas: Haarlem-IJmond (where the concession is also granted to the operator Connexxion) and Stadsvervoer Amsterdam (where the concession is granted to the operator GVB). In that case, GVB has to allow Connexxion to operate services within its operating area, and vice versa.
 - HOV lines can also be tendered as a separate concession, granting the operations of that specific line to one operator. Currently only one line is managed in this way (the HOV-line connecting the provinces of Groningen and Drenthe, managed by the authority OV-bureau Groningen Drenthe).

Long-distance domestic regular services

- B.270 According to the Passenger Transport Act 2000 it would be possible for coach operators to secure an exemption from the prohibition to offer public transport services without a concession in order to allow to serve special “niche” markets, including regular long-distance passenger services crossing several concession areas. This would require the coordinated action of all affected concession authorities. The operator interested in starting a new service would need to request permission to all the concession authorities that regulate the

concession areas traversed by the proposed bus service, and who would be responsible for verifying the new service does not compete with existing public transport services (including rail, metro and tram). Currently no service operates in the Netherlands under this regulatory framework. Recently, however, an operator (FlixBus) has commenced procedures to apply for permission to operate two inter-regional long-distance coach services between Eindhoven-Groningen and Eindhoven-Enschede. FlixBus has asked the Province of Noord-Brabant (PTA) for permission to offer services through their concession area, without being tendered. The province of Noord-Brabant is currently discussing this request with the Dutch Government, bordering provinces and concession operators.

International regular services

- B.271 Coach operators must apply to the Kiwa Register for authorisation to operate coach services on an international route serving the Netherlands. An authorisation can only be declined when the main purpose of the new proposed service is not to carry passengers between stops located in different EU Member States (therefore the proposed services do not fall under Regulation No. 1073/2009), when the proposed bus routes are not viable, or when other existing public transport services would be jeopardised by the new proposed service.

Private passenger road transport (occasional services)

- B.272 According to the Passenger Transport Act 2000, occasional coach services (private road passenger transport) as well as international coach transport, is subject to European legislation. Occasional services are free to operate in the Netherlands subject to compliance to the EU laws and authorisation by the Kiwa Register. There is no capacity criteria to limit the supply of occasional coach services and fares are set by operators. International occasional services (“own-account transport operation”) is also allowed without further restriction under the EU legislation.

Employment

- B.273 There are about 36,600 drivers employed in public transport activities, and about 5,500 drivers employed in private transport activities.

Enforcement

- B.274 Within the Ministry of Infrastructure and Environment, the Human Environment and Transport Inspectorate carries out enforcement activities. In the field of road transport the Inspectorate often mandates recognised private institutions (such as classification societies) to issue permits/certificates subject to the compliance of the applicant operator against a series of legal requirements. Since 2010, the quality authority Kiwa NV (Kiwa Register) has been responsible for this task for bus and coach services. Despite this, the Inspectorate maintains a role of supervision on the work of Kiwa Register and the Inspectorate remains authorised to withdraw permits and certificates. The majority of rules and obligations for drivers, operators, personnel, vehicles and passengers is set in EU legislation.
- B.275 The National Department for Road Transport is responsible for collection of data on major infringements and reports to the European Register of Road Transport Undertakings (ERRU), pursuant to Article 18 of Regulation 1071/2009.

Competition and discriminatory practices

- B.276 The Ministry of Infrastructure and Environment has never been subject to claims or investigation from the competition authority with respect to the regulation and operations of coach services.
- B.277 KNV (the national coach association which represents over 200 private owned coach companies) argue that it is very difficult (almost impossible) to commence regular inter-urban coach services. According to Dutch law a market entrant who wants to set up such a route should ask for permission to the regional public transport authorities. However, the regional authorities in their turn ask for advice/approval to the single public transport operators serving the affected concession areas.

Infrastructure issues

- B.278 There are more than 45,000 bus stops in the Netherlands but only operators of PSO services may use them. Other services, such as international or long-distance interregional bus services and occasional coach services, use specified parking areas/facilities which are assigned by the local authorities (municipalities, provinces or city-regions).
- B.279 The Minister of Infrastructure and the Environment has appointed one terminal (Amsterdam Sloterdijk) pursuant to the definition of Art. 12 of EU Regulation 181/2011. According to the national transport authorities, there are problems at the terminal due to lack of capacity and disputes with taxi drivers who make improper use the infrastructure.

Persons with reduced mobility

- B.280 The Inspectorate is the National Enforcement Body defined in Article 28 of Regulation 181/2011. The Stichting Geschillen Commissie (Foundation to Settle Disputes) also handles complaints.
- B.281 Accessibility at bus stops is under the responsibility of concession authorities. Currently bus stops for public transport are not equipped in all cases with the proper facilities for persons with reduced mobility. However, the national policy goals set by the government requires that 46% of all bus stops must be accessible to people with reduced mobility by 1 January 2016, and that after 2016 all remaining bus stops will be gradually renovated in such a way that level boarding is possible.

The impacts of Regulation 1073/2009

- B.282 According to the information collected so far, the adoption of Regulation 1073/2009 seems not to have had an impact on the structure or operation of the coach market in the Netherlands. The licence system was already in place and working conditions have not changed.
- B.283 From the consultation undertaken to date, it appears that the Netherlands would like to secure bilateral or multilateral agreements with Belgium, Luxembourg and Germany on the further liberalisation of services covered by Regulation 1073/2009, in particular the need to prepare the journey way bill in the case of occasional services. This, along with the introduction of the digital tachograph to control driving and resting times, is seen as an unnecessary administrative burden. The requirement for a carrier operating occasional services to fill out a journey form before each journey also seems unnecessary. The national transport authorities consider that options to reduce administrative burdens should be explored.

Data

Table B.35: Netherlands: authorisations and journey forms issued by the KIWA Register (2010-2014)

Type	Unit	Issuer	2010	2011	2012	2013	2014
Authorisations	Number	KIWA Register	2	1	5	10	16
Journey forms	Number	KIWA Register	1642	1337	1098	745	387

Source: KIWA Register.

Table B.36: Netherlands: public transport (million vehicle-kilometres) (2010-2014)

	Total distance in the Netherlands			Distance by Dutch coaches		
	Total	By Dutch vehicles	By foreign vehicles	Total	In the Netherlands	Abroad
2010	511.4	508.1	3.3	512.8	508.1	4.7
2011	513.5	510.6	2.9	515.8	510.6	5.2
2012	492.4	489.2	3.2	493.7	489.2	4.5
2013	504.5	501.4	3.1	505.1	501.4	3.7
2014	488.4	484.8	3.6	488.6	484.8	3.8

Source: Centraal Bureau voor de Statistiek (CBS).

Table B.37: Netherlands: private transport (occasional coach services) (million vehicle-kilometres) (2010-2014)

	Total mileage in the Netherlands			Mileage by Dutch coaches		
	Total	By Dutch vehicles	By foreign vehicles	Total	In the Netherlands	Abroad
2010	150.2	131.4	18.8	221.7	131.4	90.3
2011	147.5	126.7	20.8	213.8	126.7	87.0
2012	151.1	131.0	20.1	212.1	131.0	81.1
2013	135.9	115.0	20.9	195.2	115.0	80.2
2014	130.7	107.0	23.8	190.6	107.0	83.6

Source: Centraal Bureau voor de Statistiek (CBS).

Portugal

Overview

- B.284 Road passenger transport (including both urban and interurban bus and coach transport) in Portugal accounted for 546,383 journeys in 2013. Passengers were carried on 10,452 vehicles belonging to a total of 654 bus and coach firms. In 2013 road passenger transport represented 58% of public transport in terms of total passengers carried.
- B.285 At the end of September 2015 there were 567 firms authorised with EU Community licenses to provide national and international passenger transport by road, 56 of which hold concessions for a total of 519 express services, defined as routes of more than 50 kilometres between established terminal points).
- B.286 Rede Nacional de Expressos is the main network of operators supplying express services. The network is based in Lisbon and was founded in 1995 with the primary aims of ensuring long-distance passenger transport and the delivery of packages between major cities and regions of Portugal. The network is composed of several coach operators including Transdev Portugal, Rodoviária do Tejo, Barraqueiro Transportes, Rodoviária da Beira Interior. While Rede Nacional de Expressos does not own any coaches (the fleet belongs to the company's shareholders), most of buses associated to the network use the Rede Expressos brand livery. Currently the network employs 39 workers, manage a total fleet of 200 vehicles, and represent about 70% of the overall market for express services in terms of passenger carried.

Regulation and market for coach services

- B.287 The Lei de Bases do Sistema de Transportes Terrestres no. 10/90 (LBSTT) is the primary legislation governing the provision of passenger transport in Portugal. Regulamento de Transportes em Automóveis (Decreto-Lei no. 37 272, 31/12/1948) regulates road transport operators.
- B.288 The Portuguese National Public Transport Agency (IMTT, Instituto da Mobilidade e dos Transportes Terrestres) is responsible for the issue of road transport licenses.
- B.289 Road passenger transport services are classified as follows:
- Urban, suburban and regional transport is within the competencies of the Municipalities and are subject to a concession regime.
 - Interurban Public Transport is within the competencies of the IMTT and is liberalised.
- B.290 Within interurban public transport, Express and High Quality Services are those qualified by the IMTT in terms of minimum route length (50 kilometres) and other criteria such as the maximum number of bus stops and vehicle type. The choice of the route in the case of Express and High Quality Services is less restricted than in the case of urban routes.

Market access

- B.291 Access to the market for road transport is subject to the following requirements: an EU license, relevant professional capacity documentation, company financial statements and having a national authorisation. Access to the market for domestic inter-regional regular services is subject to a request to the IMT. The carrier must definite the proposed services in terms of route, stops, and timetable. The only procedures and authorisations needed to access the international market for regular services are to hold the required community license issued by the IMT. Regular international services are authorised for up to 5 years.

- B.292 Special regular services do not need authorisation if they are covered by a contract established between the organiser and the carrier. A similar regime applies to occasional coach services.

Employment

- B.293 We found no information on employment data in the coach sector in Portugal.

Enforcement

- B.294 We found no evidence of enforcement problems in the coach sector in Portugal.

Competition and discriminatory practices

- B.295 We found no evidence of discriminatory practices in the coach sector in Portugal.

Infrastructure issues

- B.296 Most coach terminals in Portugal are publicly owned (84% of the total), with the remainder in private ownership.
- B.297 Publicly owned terminals often have outdated facilities and equipment. This, in turn, has spurred an increased supply of private infrastructure, mostly in larger cities. For example, Rede Nacional de Expressos operates the “Sete Rios” bus and coach terminal in Lisbon.

Market data

Total road transport services

Table B.38: Portugal: transport services by type of service (2011-2014)

Type of service	2011	2012	2013	2014
Total	17,038,331	15,580,745	15,715,654	16,485,268
National	17,025,214	15,566,984	15,700,641	16,468,103
Regular	16,088,194	14,684,257	14,818,652	15,698,534
Urban/suburban	13,368,461	11,872,979	12,020,789	12,370,575
Interurban	2,611,286	2,674,870	2,654,151	3,166,041
Express/high quality	108,448	136,408	143,711	161,919
Special regular	491,960	499,133	518,273	461,159
School transport	204,156	246,857	260,626	175,305
Other children transport services	56,646	34,886	44,717	60,109
Transport of workers	145,985	93,572	109,573	143,731
Sightseeing tours	85,173	123,818	103,358	82,014
Occasional	445,060	383,595	363,716	308,409
Rental services	239,033	169,116	120,857	129,270
Other occasional services	206,027	214,479	242,859	179,139
International	13,117	13,761	15,013	17,165
Regular	9,691	9,182	11,144	12,165
Occasional	3,426	4,579	3,869	4,999
Rental services	879	760	826	1,505
Other occasional services	2,547	3,819	3,043	3,494

Source: Instituto Nacional de Estatística (INE).

Table B.39: Portugal: passengers by type of service (thousand) (2011-2014)

Type of service	2011	2012	2013	2014
Total	700,158.3	586,479.5	547,204.6	475,786.7
National	699,648.5	586,013.6	546,683.3	475,227.4
Regular	675,050.9	568,751.7	526,987.3	454,539.0
Urban/suburban	609,867.2	507,372.0	466,443.1	386,964.6
Interurban	58,832.1	55,729.9	54,793.6	63,426.7
Express/high quality	6,351.6	5,649.8	5,750.6	4,147.8
Special regular	14,518.3	10,018.6	10,665.1	10,439.3
School transport	7,268.0	4,263.9	4,316.8	3,652.9
Other children transport services	2,396.1	1,162.8	1,392.0	1,538.9
Transport of workers	3,646.4	2,899.3	3,523.8	3,547.6
Sightseeing tours	1,207.7	1,692.6	1,432.5	1,699.9
Occasional	10,079.4	7,243.3	9,030.9	10,249.1
Rental services	3,833.8	3,474.8	2,878.7	4,161.1
Other occasional services	6,245.6	3,768.5	6,152.2	6,088.0
International	509.8	465.9	521.3	559.3
Regular	330.9	288.3	371.8	356.4
Occasional	178.9	177.5	149.5	202.8
Rental services	60.0	32.2	32.1	60.7
Other occasional services	119.0	145.4	117.3	142.1

Source: Instituto Nacional de Estatística (INE).

Table B.40: Portugal: seat-kilometres by type of service (million) (2011-2014)

Type of service	2011	2012	2013	2014
Total	24,703.4	23,630.0	24,019.0	23,423.1
National	23,785.4	22,747.5	22,978.9	22,600.3
Regular	20,019.4	18,749.4	18,457.4	18,604.3
Urban/suburban	13,550.8	12,115.2	12,015.6	12,088.9
Interurban	5,050.3	4,887.6	4,665.1	5,258.5
Express/high quality	1,418.2	1,746.6	1,776.7	1,256.9
Special regular	1,111.2	1,153.6	1,132.6	938.6
School transport	380.1	368.4	361.7	206.2
Other children transport services	161.3	144.3	132.7	99.5
Transport of workers	247.6	271.8	354.2	296.0
Sightseeing tours	322.2	369.1	284.0	336.9
Occasional	2,654.7	2,844.4	3,388.8	3,057.3
Rental services	1,102.3	1,759.4	1,613.3	1,111.4
Other occasional services	1,552.4	1,085.0	1,775.5	1,945.9
International	918.1	882.6	1,040.2	822.8
Regular	670.1	633.4	784.5	583.2
Occasional	247.9	249.2	255.7	239.6
Rental services	66.6	43.7	56.5	87.7
Other occasional services	181.3	205.5	199.2	152.0

Source: Instituto Nacional de Estatística (INE).

Table B.41: Portugal: passenger-kilometres by type of service (million)

Type of service	2011	2012	2013	2014
Total	5,296.6	5,362.3	5,423.3	5,023.2
National	4,699.8	4,788.8	4,781.4	4,409.2
Regular	3,820.0	3,724.5	3,603.2	3,142.0
Urban/suburban	2,739.9	2,530.2	2,277.3	1,896.6
Interurban	437.0	473.4	562.1	723.6
Express/high quality	643.1	720.9	763.9	521.7
Special regular	245.1	434.6	385.0	317.2
School transport	90.5	171.5	134.9	62.9
Other children transport services	28.0	40.0	32.1	41.6
Transport of workers	86.0	113.9	105.2	113.5
Sightseeing tours	40.6	109.2	112.9	99.2
Occasional	634.6	629.6	793.2	950.1
Rental services	294.3	209.9	247.9	448.3
Other occasional services	340.3	419.8	545.3	501.8
International	596.8	573.6	641.9	614.0
Regular	471.9	417.5	482.7	454.6
Occasional	124.9	156.0	159.2	159.4
Rental services	34.6	26.8	28.0	60.0
Other occasional services	90.3	129.2	131.2	99.4

Source: Instituto Nacional de Estatística (INE).

*International road transport services, by destination***Table B.42: Portugal: international transport services by type of service and destination country**

Year	Type of service	Destination					
		Spain	France	Switzerland	Germany	Luxembourg	Other
2014	Total	8,863	5,379	1,311	315	739	547
	Regular	4,864	4,879	895	307	733	488
	Occasional	3,999	501	416	8	6	59
2013	Total	7,334	5,050	1,274	322	556	476
	Regular	4,898	4,268	780	308	501	389
	Occasional	2,436	782	493	15	55	87
2012	Total	6,462	4,121	1,571	597	589	386
	Regular	3,299	3,305	1,228	554	468	328
	Occasional	3,163	816	343	43	121	59
2011	Total	6,072	2,993	2,108	759	737	448
	Regular	3,655	2,522	1,745	738	633	399
	Occasional	2,418	472	363	21	104	49

Source: Instituto Nacional de Estatística (INE).

Table B.43: Portugal: international passengers by type of service and destination country (thousand)

Year	Type of service	Destination					
		Spain	France	Switzerland	Germany	Luxembourg	Other
2014	Total	309.2	197	23.3	4.5	15	12
	Regular	144.8	177.5	14.5	4.2	14.8	8.8
	Occasional	164.3	19.5	8.7	0.4	0.2	3.2
2013	Total	251.1	187.1	35.3	9.8	19.2	15.7
	Regular	156.9	158.7	26	9.2	17.1	11.9
	Occasional	94.3	28.4	9.3	0.6	2.1	3.7
2012	Total	223.9	156	40.1	15.9	20.9	12.1
	Regular	90.6	123.6	33.3	13.6	18.5	8.7
	Occasional	133.3	32.4	6.8	2.3	2.3	3.4
2011	Total	241.7	123.7	70.1	31.2	28.7	14.4
	Regular	112.3	95.8	62.9	21.6	25.8	12.5
	Occasional	129.4	27.9	7.2	9.7	2.9	1.9

Source: Instituto Nacional de Estatística (INE).

Table B.44: Portugal: international seat-kilometres by type of service and destination country (million)

Year	Type of service	Destination					
		Spain	France	Switzerland	Germany	Luxembourg	Other
2014	Total	239.2	399	89.2	15.5	50	28
	Regular	89	348.9	63.3	13.9	49.3	18.7
	Occasional	150.2	50.4	25.8	1.6	0.6	9.5
2013	Total	264.5	585.9	214	81.8	85.2	66.9
	Regular	136.4	526.5	167	79.5	79.8	54
	Occasional	128	59.5	47.5	2.3	5.4	13
2012	Total	233	339	142.2	73.8	63.1	31.7
	Regular	72.4	294	124	68.7	52.3	21.9
	Occasional	160.6	44.8	18.3	5.1	10.7	9.8
2011	Total	251.6	276.6	196.1	95.2	57.1	37
	Regular	89	234.2	172.3	92.1	49.3	28.9
	Occasional	162.7	42.5	23.8	3.1	7.8	8.1

Source: Instituto Nacional de Estatística (INE).

Table B.45: Portugal: international passenger-kilometres by type of service and destination country (million)

Year	Type of service	Destination					
		Spain	France	Switzerland	Germany	Luxembourg	Other
2014	Total	147.4	338	57	14.2	36	20
	Regular	45.2	302.2	46.5	13.3	35.4	11.9
	Occasional	102.2	36.1	10.5	0.9	0.5	8.4
2013	Total	163.4	326.8	59.9	23.8	38.4	10.8
	Regular	79.7	283.4	44	22	34.1	4.7
	Occasional	83.6	43.4	15.9	1.8	4.3	6
2012	Total	139.3	258	75.8	38.7	38.5	23
	Regular	51.4	216.4	65.1	33.5	34.4	16.7
	Occasional	87.9	42.1	10.7	5.2	4.1	6.3
2011	Total	145.6	187.2	130.7	56.9	49.8	26.5
	Regular	67.1	154.7	125.6	56.1	45	23.4
	Occasional	78.5	32.5	5.2	0.8	4.9	3.1

Source: Instituto Nacional de Estatística (INE).

Slovenia

Overview

B.298 The Road Transport Act (ZPCP-2) 2006 regulates passenger transport in Slovenia. Regular public passenger transport in Slovenia has been provided as a public service since 2004 with concessions granted directly (without public tender) to those operators which were operating regular public transport over specified routes in 2003-2004. Currently there are 35 concession operators in Slovenia. The current concessions will expire at the end of 2015. International coach transport is fully liberalised in line with Regulation 1073/2009.

Regulation and the market for coach services

B.299 Public passenger road services operating in Slovenia are classified as:

- Urban public services, which can be subject to PSO (this is mandatory in cities with a population greater than 100,000) and subsidised by the municipality budget (pursuant to the provisions of Article 53 of the Road Transport Act).
- Regular regional/national coach services (defined as all public transport road services other than public road transport in urban traffic), which are subject to PSO (and subsidised by the State budget) and run under a concession regime (pursuant to the provisions of Article 50 of the Road Transport Act).
- National special regular coach services, which are fully liberalised.
- National occasional coach services, which are fully liberalised.
- Taxi and shuttle services.
- International services, which are regulated under EU Regulation 1073/2009.

Market access

B.300 The access to the international coach market is fully liberalised, while national regular services are regulated under a concession regime and are subject to PSO.

Access to the domestic market for regular coach services

B.301 Following the expiry of the current concessions regular passenger transport will be operated under public service obligations following a public tendering exercise. The Ministry of Infrastructure awards concessions to the best-value-for-money operators. The Ministry of Infrastructure determines concession routes, the type and scope of services, standards of accessibility, fares and the quality of services provided.

Access to the international market for regular services

B.302 International carriage of passengers can be carried out subject to possession of a Community Licence. The authorisation procedure is set by Regulation 1073/2009. Some conflicts have occurred within the authorisation process when operators have tried to provide services on routes already served by PSO services.

Access the coach market for other services (occasional services)

B.303 Operators have to obtain a road transport licence from the Ministry to operate occasional transport services. The market for occasional services is fully liberalised.

Employment

B.304 Employment in the coach industry in Slovenia is not reported. Stakeholders indicated no major changes in working conditions since the entry into force of Regulation 1073/2009.

Enforcement

- B.305 We were informed that an operator with a record of serious and repeated offences might find it difficult to obtain or renew an authorisation for domestic or international coach services.

Competition and discriminatory practices

- B.306 We saw evidence of cases where operators of special regular transport services tried to offer services on the routes and within the timetables of concession operators. In one case this led to the introduction of a legal proceeding, which has not yet concluded.

Infrastructure issues

- B.307 Coach terminals in Slovenia are owned by local authorities or privately. Non-domestic operators must pay to access the terminals. Approximately two-thirds of bus stops in Slovenia are not properly equipped or suitable as an interchange point. In some urban areas regional buses are not allowed to stop at local city bus stops.

Persons with reduced mobility

- B.308 The provision of facilities for PRM in Slovenia is relatively poorly organised and accessibility to buses is often a problem for PRM. As a result there is limited demand for coach services from persons with reduced mobility who are often forced to use alternative modes of transport.

Data

Table B.46: Slovenia: interurban public scheduled transport (2010-2014)

	2010	2011	2012	2013	2014
Bus routes: number	1,827	1,806	1,781	1,777	1,769
Bus routes: length in one direction (kilometres)	-	-	61,115	61,524	59,317
Bus routes: number of departures in one direction	-	-	1,402,338	1,549,972	1,694,567
Vehicle-kilometres (1,000)	49,979	48,230	46,179	46,007	46,857
Passenger journeys (1,000)	28,148	24,967	24,525	24,836	26,448
Passenger-kilometres (1,000)	555,886	530,622	514,830	440,492	461,590
Fuel consumption: diesel oil (1,000 litres)	-	-	14,802	15,297	15,146

Source: Statistical Office of the Republic of Slovenia.

Table B.47: Slovenia: international public scheduled transport (2010-2014)

	2010	2011	2012	2013	2014
Bus routes: number	26	26	28	29	25
Bus routes: length in one direction (kilometres)	-	-	2,921	5,257	3,231
Bus routes: number of departures in one direction	-	-	9,771	7,951	6,827
Vehicle-kilometres (1,000)	991	1,128	928	1,189	810
Passenger journeys (1,000)	404	392	268	310	260
Passenger-kilometres (1,000)	22,958	20,923	18,257	18,995	15,245
Fuel consumption: diesel oil (1,000 litres)	-	-	440	407	237

Source: Statistical Office of the Republic of Slovenia

Note: definition of international services may not be additive with other Member States.

Table B.48: Slovenia: interurban public scheduled transport by distance (2012-2014)

		2012	2013	2014
Passengers (1,000)	Total	24,525	24,836	26,448
	0-20 kilometres	16,554	17,711	19,683
	21-50 kilometres	6,805	6,147	5,660
	51-100 kilometres	956	792	845
	101-300 kilometres	188	174	245
	Over 301 kilometres	21	12	15
Passenger-kilometres (1,000)	Total	514,830	440,492	461,590
	0-20 kilometres	225,088	197,266	221,784
	21-50 kilometres	195,864	171,510	158,520
	51-100 kilometres	60,644	45,959	47,821
	101-300 kilometres	26,315	22,009	28,768
	Over 301 kilometres	6,919	3,748	4,699

Source: Statistical Office of the Republic of Slovenia.

Note: definition of international services may not be additive with other Member States.

Table B.49: Slovenia: international public scheduled transport by distance (2012-2014)

		2012	2013	2014
Passengers (1,000)	Total	268	310	260
	0-20 kilometres	15	22	30
	21-50 kilometres	158	173	171
	51-100 kilometres	37	46	24
	101-300 kilometres	45	49	15
	Over 301 kilometres	13	21	20
Passenger-kilometres (1,000)	Total	18,257	18,995	15,245
	0-20 kilometres	279	231	247
	21-50 kilometres	3,723	4,335	4,167
	51-100 kilometres	3,962	2,100	1,255
	101-300 kilometres	4,205	3,105	1,674
	Over 301 kilometres	6,087	9,223	7,902

Source: Statistical Office of the Republic of Slovenia.

Note: definition of international services may not be additive with other Member States.

Slovak Republic

Overview

- B.309 The coach market in the Slovak Republic is subdivided into:
- International and interurban services: these are operated by private and semi-private companies at their own commercial risk.
 - Regional services: these are subject to PSO and contracted with semi-private operators (33% of shares in each company are owned by the state). Contracts are awarded by regional authorities, typically for ten years.
- B.310 International services are operated by local (Slovak Lines, Eurobus, SAD companies) and foreign operators (STUDENT AGENCY, Blaguss, OrangeWays, and by a number of smaller Ukrainian and Bulgarian operators).
- B.311 Long-distance interurban lines are operated by Slovak (TURANCAR, Eurobus, partly-state owned “SAD” companies) and international companies (RegioJet, Arriva).
- B.312 Regional services are contracted to dominant operators by regional authorities with directly-awarded contracts.

Regulation and the market for coach services

- B.313 The transport authorities are defined in the Act No. 56/2012 on road transport. They include:
- the Ministry of Transport, Construction and Regional Development;
 - self-governing regional authorities responsible, with the exception of urban transport, for:
 - granting and withdrawing transport licenses for regular services and maintaining a register of activity in the coach market;
 - imposing penalties for clerical and administrative failures with respect to regular services within their territory;
 - approving timetables for regular services;
 - being the contracting entity within the region, compiling the regional transport service plan, and providing public funding for PSO services.
 - district authorities, located in the same cities as regional authorities, responsible for granting and withdrawing authorisations to road transport operators, as well as granting and withdrawing Community licenses;
 - municipalities, for municipal public transport and taxi services.
- B.314 Coach services are subject to several regulation regimes according to the following classification:
- Regional coach services within one region are governed under EU Regulation 1370/2007 and domestic Act 56/2012 Coll. Authorisation to operate coach services is provided by the relevant district authority, the granting of a transport licence (for one or more routes) is provided by the competent regional transport authority, and public services are contracted through the regional authorities. These form the majority of subsidised public passenger road services, although some interurban routes may also be subsidised.
 - Domestic coach services not subject to PSO (that is, long-distance interurban services) are governed under the provisions of Act 56/2012 Coll. They are subject to authorisation to operate coach services by the district authority, with transport licences issued by the competent regional transport authority. The market is formally liberalised, but discriminatory practices intended to protect incumbent operators have been reported.

- International coach services are fully liberalised and governed by EU Regulation 1073/2009 and Act 56/2012 Coll. District authorities provide authorisation to operate coach services in Slovakia and issue Community licences. In the case of international coach routes, however, licensing of routes is provided by:
 - the Slovakian Ministry of Transport, Construction, and Regional Development (MDVRR), or the Ministry of Transport of another EU Member State involved, for services within the EU; or
 - the MDVRR and the Ministries of Transport of the involved countries, for services to or from countries outside the EU.
- Private charter and occasional services are not subject to licensing requirements and need only an authorisation. Regular special services for private clients are subject to a special licence issued by regional authorities.

Market access

- B.315 International coach transport to and from Slovakia has been liberalised since 1996. Restrictions on cabotage, however, have been cited as obstructions to market access.
- B.316 The domestic market is not completely liberalised. For example, coach services can be limited if competing with services under PSO. Moreover, in some cases, such as in the Nitra or Prešov regions, regional authorities have been accused of protecting existing long-distance operators from competition.
- B.317 When the city of Nitra's refused to issue a transport licence to operate services on the Bratislava-Nitra-Banská Bystrica route, RegioJet (an operator based in the Czech Republic) launched a billboard campaign against the mayor of Nitra, complaining of "corruption and clientelism"⁸². While the mayor of Nitra refuted the complaints (filing a counter complaint for libel) a licence was subsequently granted to RegioJet by the Banská Bystrica regional authority.
- B.318 Regional lines are subject to PSO. This market was completely closed to new entrants until 2015, when the first competition was organised by the Nitriansky region. However, the qualification requirements were so strict that only one tenderer (Arriva) submitted a proposal. The majority of existing concessions will expire by 2018-2019, when competitive tenders will be launched.

Employment

- B.319 The number of employees in bus and coach transport companies within Slovakia is approximately 8,000. Working conditions did not visibly change following the introduction of Regulation 1073/2009.

Enforcement

- B.320 We found no evidence of infringement cases regarding any of the semi-private coach operators.
- B.321 A number of conflicts were recognised within the process of issuing of licences by regional authorities, which discriminated against new long-distance services to protect existing operators, such as in the case of RegioJet above. In addition, access to terminals has been refused to some new operators by municipal or regional authorities.

⁸² Tlačová agentúra Slovenskej republiky (5 January 2015)

Infrastructure and terminals

- B.322 Coach terminals are owned either by municipalities or operators. Historic facilities are typically extensive and with old and oversized structures dating from the communist era. In some cases the ownership of terminal facilities by coach operators has delivered modernised (but still large) terminals. However, many terminals have not been renovated and of poor quality, such as at Bratislava-Mlynské Nivy, Banská Bystrica, Trenčín, Martin, Zvolen and Topoľčany.
- B.323 The regeneration of terminals is oriented to commercial development and the interests of developers can, in some cases, influence regional bus schemes to serve local development zones. In the case of Bratislava-Mlynské Nivy terminal, commercial investment is being raised to improve terminal facilities. This is in direct conflict with Bratislava municipality's intention to terminate a number of regional services at public transport facilities at the city perimeter.
- B.324 Access to coach terminals in Slovakia is generally open to all operators subject to the payment of an access charge. There are, however, a number of ongoing conflicts regarding the level of fees charged.

Persons with reduced mobility

- B.325 With the exception of some regional corridors with modern fleets, coach transport in Slovakia is not typically barrier-free. The *National Programme of Improving Living Conditions of Persons with Disabilities for 2014-2020* is intended to increase systematically the accessibility of transport services and facilities through increasing the number of barrier-free public service vehicles. However, under domestic legislation only operators of municipal bus services are obliged to provide barrier-free services.
- B.326 Persons with reduced mobility are eligible for a 50% discount on regional coach fares.

The impact of Regulation 1073/2009

- B.327 Following its implementation, Regulation 1073/2009 was not always recognised as the law in Slovakia. In particular, restrictions on cabotage were not officially lifted until 2013 and, until this point, a number of proposed services that appear to be permitted under Regulation 1073/2009 were not authorised. Cabotage remains subject to some restrictions, including limitation to domestic travel on international routes, and is interpreted differently in the Slovak Republic and neighbouring countries.

Data

Table B.50: Slovakia: passengers on non-urban public road transport (2013)

	Regional transport	Interurban transport	International transport	Total
Number of passengers (thousand)	198 426	69 062	1,543	270,123
Million passenger-kilometres				4 388
Average trip length (kilometres)				16.2

Source: Yearbook of Transport, Post and Telecommunication 2014, Strategy of Public and Non-Motorised transport to 2030.

Note: definition of international passengers may not be additive with other Member States.

Table B.51: Slovakia: major domestic and routes

Main routes	Route	Length (kilometres)	Number of operators
Main routes on domestic services	Bratislava-Trnava	51	20
	Bratislava-Nitra	100	19
	Bratislava-Banská Bystrica	230	11
	Trnava-Nitra	47	13
	Košice-Prešov	34	11
	Žilina-Martin	30	8
	Banská Bystrica-Zvolen	22	17
	Bratislava-Košice	430	4
Main routes on international services	Bratislava-Wien	60	6
	Bratislava-Brno	135	11
	Bratislava-Prague	340	10
	Bratislava-Budapest	210	4
	Košice-Uzhhorod	96	4

Source: Steer Davies Gleave stakeholder consultation, Ministry of Transport, Construction and Regional Development, Košický samosprávny kraj.

C Further market integration

Introduction

- C.1 The Commission's Terms of Reference stated that "At the end of the analysis the contractor should identify areas where further improvements are necessary in order to achieve further market integration and make proposals in this respect."
- C.2 We considered a number of issues:
- Market structure: in particular, given the principle of subsidiarity, the advantages and disadvantages of measures to liberalise domestic coach markets, which could ultimately include introduction of a single market for coach services, similar to that for air services.
 - Impact on PSO services, noting that Regulation 1073/2009 recognises that liberalisation of international services must take account of potential impacts on PSO operations.
 - Access to infrastructure, including terminals and other types of physical infrastructure, such as depots, and industry-wide systems, such as integrated ticketing systems, and the extent to which this can be dealt with by general competition legislation.
 - Licensing requirements and other approvals, where there may be a case for some simplification or harmonisation of licensing and related arrangements, and the arguments for and against policy measures to achieve this.
- C.3 We discuss in turn below our consideration of:
- What objectives does the Commission have for the European coach industry?
 - Given these objectives, and respecting the principle of subsidiarity, what areas of the market does the Commission wish to liberalise?
 - Given these areas, by how much does the Commission wish to liberalise them?
 - What powers for Member States to protect PSCs are (a) necessary and (b) sufficient?
 - What mechanisms are needed to ensure access to infrastructure?
 - What mechanisms are needed to ensure fares integration or competition?
 - What mechanisms are needed for monitoring and information provision?

Objectives of market integration

- C.4 If the Commission is to put forward proposals for changes intended to integrate or liberalise the market, it will be important to set out clear objectives, consistent with wider policy, against which the proposals can be tested.
- C.5 The Commission's Terms of Reference note that "*The White Paper on Transport advocates the promotion of a competitive and sustainable expansion of collective passenger transport based on optimised intermodality and market integration.*" They also refer to "*areas where further improvements are necessary in order to achieve further market integration*".
- C.6 The White Paper makes a number of references to "integration" as summarised in Table C.1.

Table C.1: White Paper references to integration

	Text	Provisional interpretation
23	Better modal choices will result from greater integration of the modal networks: airports, ports, railway, metro and bus stations, should increasingly be linked and transformed into multimodal connection platforms for passengers.	Integration may mean integration between modes.
23	Online information and electronic booking and payment systems integrating all means of transport should facilitate multimodal travel.	Integration may mean integration of online information, electronic booking and payment systems across all modes.
41	Attractive frequencies, comfort, easy access, reliability of services, and intermodal integration are the main characteristics of service quality.	Integration may mean integration between modes.
66	Extend our transport and infrastructure policy to our immediate neighbours, including in the preparation of mobility continuity plans, to deliver closer market integration.	Integration may extend to neighbouring states.
Annex 1 1.5 (21)	Complete the established legislative framework on passenger rights with measures covering passengers on multimodal journeys with integrated tickets under a single purchase contract as well as in the event of transport operator's bankruptcy.	Integration may extend to passenger right on multimodal journeys.
Annex 1 1.5 (22)	Define the measures necessary for further integrating different passenger transport modes to provide seamless multimodal door-to-door travel.	Integration may mean integration between modes.

Source: Steer Davies Gleave review of White Paper COM 144 (2011).

- C.7 We note that while there is reference to integration between modes, there is no specific description of what integration would mean **for**, or **within** the coach industry. Notably, Annex I to the White Paper "*List of initiatives*" begins with "*An efficient and integrated mobility system*" but this makes no specific reference to coach.
- C.8 We therefore considered a number of possible objectives for market integration as applied to coach, which we summarise in Table C.2.

Table C.2: Possible objectives for “integration” in the coach industry

Possible objective	Comments
Reduce regulation	Legislation may be required to impose deregulation on coach travel.
Reduce barriers to entry	Legislation alone may not remove barriers to entry such as licences, authorisations, capacity constraints and shortages of suitable staff.
Passenger choice through intramodal competition	Legislation may need to allow Member States to limit the impact of liberalised coach services on other coach or bus services subject to a PSO.
Passenger choice through intermodal competition	Legislation may need to allow Member States to limit the impact of liberalised coach services on rail services subject to a PSO.
Passenger benefits of innovation and quality	Legislation and regulation of the industry should not specify standards which unduly restrict innovation and improvement in quality.
Passenger benefits of intermodal integration	Legislation may be required to support integration between modes, as envisaged in the White Paper.

Source: Steer Davies Gleave indicative analysis, note that Member States may liberalise further.

C.9 We stress that these objectives are purely indicative, and that we would aim to discuss them further with the Commission. However, we envisage that a clear list of objectives will be necessary:

- For us to test any proposals we put forward against specific objectives.
- For the Commission to have objectives for any proposed intervention, if needed as part of a future Impact Assessment.

C.10 We also note that “integration” and “liberalisation”, while both potentially positive objectives, may prove to be incompatible in a number of ways, such as:

- Are modes required or permitted to collaborate (“integrated”) or compete (“liberalised”)?
- Are fares required or permitted to be inter-available (“integrated”) or not (“liberalised”)?

C.11 In previous studies, including our work on the Fourth Railway Package, we identified potential tensions between these two objectives, in particular that it is difficult to legislate to require both integrated ticketing and price competition.

The scope of services to be liberalised

C.12 We noted in our Interim Report how Regulation 1073/2009 subdivides coach services between:

- International and domestic services
- Special regular, regular and occasional services

This implies that, potentially at least, there are a wide range of approaches to liberalisation, as summarised in Table C.3 below.

Table C.3: Options for treatment of domestic and international services

Distinction between services	International services	Domestic services
As in Regulation 1073/2009	Further liberalisation	No change
	No change	Further liberalisation
	Further liberalisation	Further liberalisation
With a revised distinction	Further liberalisation	No change
	No change	Further liberalisation
	Further liberalisation	Further liberalisation
Harmonised markets	Common regime	

Liberalisation of services defined to be international

- C.13 There may be scope for further liberalisation of services defined to be international, as permitted under Article 25 (1) of the Regulation. We note that in 2003 Denmark, Finland, Norway and Sweden signed an agreement on abolition of the journey form when performing occasional service in the Nordic countries. This suggests that one possible avenue for further liberalisation of international services would be wider or complete abolition of journey forms for occasional international services.
- C.14 One stakeholder suggested that further liberalisation should focus on occasional services, to deal inter alia with issues such as:
- Local rules on the implementation of Value Added Tax, based on the distance travelled in each Member State, and requiring the submission of VAT documentation in each language
 - Local rules limiting the numbers or types of vehicles permitted in city centres
 - Germany's requirement, from January 2015, that drivers in transit through Germany are paid the German minimum wage
 - General problems of discrimination

Liberalisation of services defined to be domestic

- C.15 There could in principle be a range of options for the liberalisation of some or all elements of domestic markets.

Harmonisation of international and domestic services

- C.16 If the definitions of international and domestic services were harmonised, it would in principle be possible to remove the distinction between them and to create a common set of regulations for at least some categories of service.

Summary

- C.17 Any further harmonisation or liberalisation of domestic coach services may need to be accompanied by a review of how domestic coach markets should be defined and subdivided.

Mechanisms to protect PSO services

- C.18 Liberalisation of markets allows operators to provide new services which, if attractive, will both:
- Provide welfare benefits to new passengers who would not otherwise have travelled.
 - Take passengers from existing services, reducing the revenues of existing operators and incentivising them, where possible, to improve quality, reduce costs, or cut services.

C.19 Where new services affect existing services, particularly those provided under a Public Service Contract (PSC), Member States and competent authorities are likely to be concerned if the second effect (“abstraction”) is large compared with the first one (“generation”).

C.20 European legislation for other transport modes has therefore typically permitted Member States to take measures to protect PSCs from competition, setting out broad principles and allowing Member States to provide details of local implementation. One consultee endorsed this approach, arguing that *“the Commission should set a positive vision rather than legislating on the details”*. As we discuss below, however, the coach industry may need to be considered in greater detail than other modes, for a number of reasons:

- The short periods required to plan and introduce (or withdraw) coach services, at least compared with rail, requiring that procedures to permit or refuse entry are not unduly slow
- The low value of an individual coach service, at least compare with rail or air services, requiring that procedures to permit or refuse entry are not unduly costly
- The wide range of existing domestic regulatory regimes for coach services, and the different definitions and approaches within them
- The measures already permitted to protect PSCs from new services by other modes, and the potential benefits of adoption of an approach to protection which is consistent between the modes of services being proposed (entrants) and the modes of services being protected (incumbents)

C.21 We set out below our initial thinking related to a number of issues, including:

- Should protection be defined with reference to:
 - The service being protected, so existing operators know whether they are protected?
 - The service being proposed, so new entrants know whether they may enter?
- Can or should protection be simplified by use of:
 - A default assumption on whether entry is permitted?
 - A simple test of whether entry is permitted?
 - A burden of proof on one party or another in the event of challenge?
- Is harmonisation of protection between modes likely to be:
 - Essential, to make arrangements acceptable?
 - Desirable, to make arrangements consistent?
- Given all the above, what level of protection would be effective and proportionate?

C.22 We also note that, in a totally deregulated market, with no requirement for operators to give notice of proposed changes, the market can change in days, with two potential effects:

- Passengers have no warning of changes in services on which they have come to rely, particularly for journey purposes such as commuting.
- Competent authorities have no time in which to review whether replacement services are socially necessary and to design and procure them.

Existing rights to protect PSO services

C.23 Regulation 1370/2007 permits competent authorities, as part of Public Service Contracts (PSCs), to grant exclusive rights, subject to the constraint in Article 3 that:

“Where a competent authority decides to grant the operator of its choice an exclusive right and/or compensation, of whatever nature, in return for the discharge of public service obligations, it shall do so within the framework of a public service contract.”

C.24 Exclusive rights may be awarded to protect PSO services by bus, light rail and rail from services by any mode of transport, implicitly including coach. Any liberalisation of domestic coach travel will therefore imply a reduction in the scope for competent authorities to grant exclusive rights. In principle, this could be achieved by stating that coaches could not be excluded from certain markets, but in practice a more complex approach might be needed.

C.25 Before considering this further, we examine whether liberalised coach services would in practice have a material effect on existing PSO services.

The need to protect PSO services

C.26 We summarise below the evidence that liberalised coach services appear most likely to affect PSO rail services on the grounds that:

- Coaches can be operated at fares around half those typical of rail services
- Coach operators have developed networks which parallel the interurban rail corridors
- Coach may take a large share of the “coach plus rail” medium and long-distance markets

C.27 We discuss in turn examples from:

- our 2009 study for the Commission;
- the United Kingdom, liberalised from 1980;
- Sweden, liberalised from 1988;
- Germany, liberalised from 2013 ; and
- France, which began to liberalise in mid-2015.

C.28 Our 2009 study found that, where coach services do operate, their fares were approximately half those charged by the national rail operator⁸³.

C.29 The United Kingdom’s coach industry turnover was estimated in our 2009 study to be around €1.8 billion⁸⁴ with a total of 24,326 million passenger-kilometres⁸⁵, giving an average yield of €0.074 per passenger-kilometre in 2008. The Office of Rail Regulation reported that average 2010-2011 rail fare box income was 12.1 pence, equivalent to €0.145 per passenger-kilometre travelled.⁸⁶ This suggests that in the UK, on average, coach fares are approximately half rail fares.

C.30 Sweden’s coach market, liberalised in 1988, was estimated in our 2009 study as 920 million passenger-kilometres, and our 2011/12 study for the European Commission of the Fourth Railway Package estimated the size of the size of the medium and long-distance rail markets in Sweden as 7.9 billion passenger-kilometres. Taken together, these data suggest that coach may have 10% share of the “rail plus coach” market for medium and long-distance journeys.

C.31 The size of the coach market in the United Kingdom was estimated in our 2009 study as 24 billion passenger-kilometres, and our 2011/12 study for the European Commission of the Fourth Railway Package estimated the size of the size of the medium and long-distance rail

⁸³ “Study of passenger transport by coach”, 4.75

⁸⁴ “Study of passenger transport by coach”, Figure 4.15

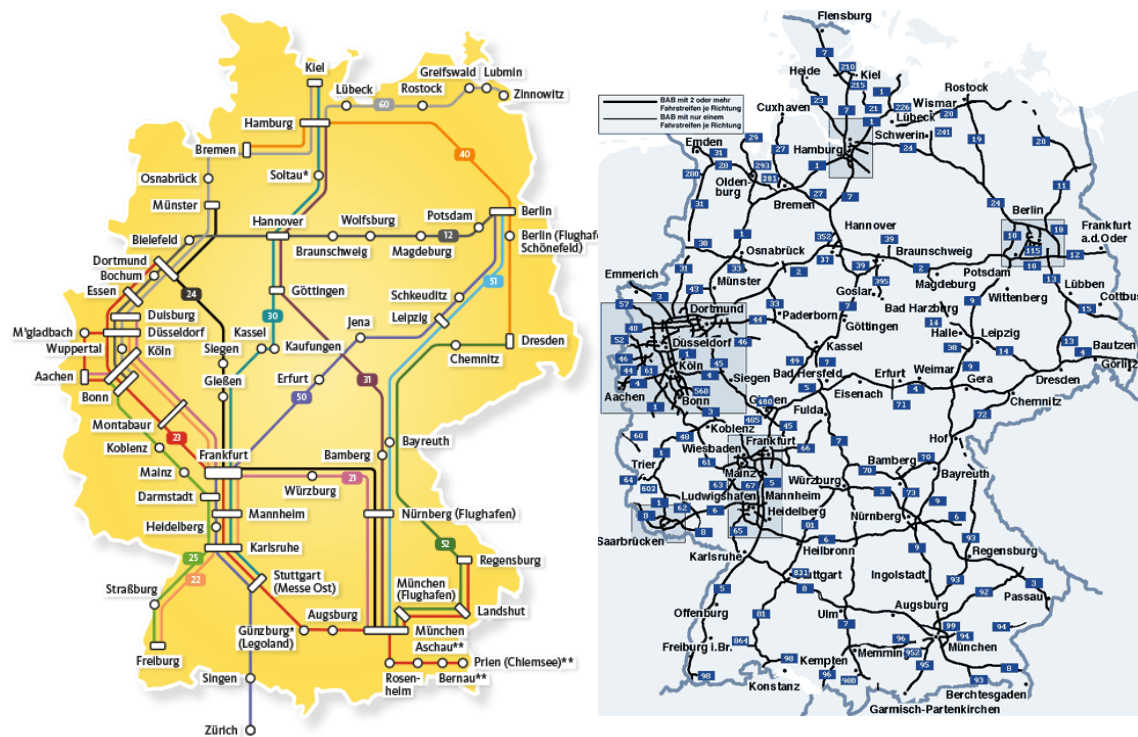
⁸⁵ “Study of passenger transport by coach”, Table 1.1

⁸⁶ “GB rail industry financial information 2010-11”, Office of Rail Regulation (now Office of Rail and Road), 1.17, 12.1 pence at a September 2010 exchange rate of £1 = €1.2

markets in Great Britain as 37 billion passenger-kilometres. Taken together, these data suggest that coach may have 40% share of the “rail plus coach” market for medium and long-distance journeys, although a more realistic estimate (see A.384) may be around 20-25%.

- C.32 However, so long after liberalisation in Sweden and the United Kingdom it is no longer meaningful to ask passengers what they would have done in the absence of coach services, and we did not identify any estimates of the proportion of coach users who would have used rail or PSO bus services in the absence of their coach service.
- C.33 Germany’s liberalisation from 1 January 2013 is comparatively recent, and while the market may not yet have matured, it is possible to identify some insights into the source of new coach passengers (as shown in Figure A.3 in Appendix A). Figure C.1 illustrates the extent to which the principal lines of one of the main operators, ADAC Postbus, use the Autobahn network to provide relatively high speed connections between cities and conurbations.

Figure C.1: German coach and motorway (Autobahn) networks



Source: ADAC Postbus. KCW have produced a similar diagram showing how coaches use the Autobahn network⁸⁷.

- C.34 The Bundesamt für Güterverkehr (BAG) has carried out a detailed study of the impact of new coach services⁸⁸ and made a number of findings, in particular that:

- Coach fares can be less than half rail fares: on the Hamburg to Berlin route, rail fares ranged from €47.90-78.00, and coach fares ranged from €8.00-30.00

⁸⁷ “New Long-distance Coach Stations and Licensing Practices, Opportunities for Municipalities”, KCW

⁸⁸ “Marktanalyse des Fernbuslinienverkehrs 2014”, December 2014

- Surveys of passengers showed that 30-44% of long-distance coach travellers had previously travelled by train
- C.35 France’s Autorité de la concurrence has also established that, for the ten most popular routes used by coach travellers, high speed train tickets were, on average, twice as expensive as coach tickets⁸⁹.
- C.36 In summary, evidence from Great Britain, Germany and France all suggests that coach services can offer fares around half those of rail, as we found in our 2009 study. The ability of operators to provide coach services profitably at around half the prevailing rail fares in these markets may be partly due to differences in the cost structure of their operations.
- C.37 One factor supporting coach is that operators make no payment for the use of infrastructure beyond an annual licence, while rail operators may be required to pay not only “*the cost that is directly incurred as a result of operating the train service*” (Directive 2012/34, Article 31 (3)) but also “*mark-ups on the basis of efficient, transparent and non-discriminatory principles*” which are permitted to “*to obtain full recovery of the costs incurred by the infrastructure manager a Member State*” (Article 32 (1)). Thus, while the directly variable costs of coach may be lower than those of rail, the effect of mark-ups may be that the average costs of rail are higher than those of coach. In practice, many of the costs of both rail and coach operations, including the provision of vehicle and crew, are time-based, so an important factor may often be the relative average speeds achievable by rail and coach, determined both by the rail and road infrastructure and the number of stops made on route.
- C.38 A second factor supporting coach is that the unit of capacity, a coach, is much smaller than a typical train. For example, an interurban corridor between two cities, with a number of intermediate stops, may generate only sufficient demand to justify a train every hour or every two hours. The demand between the two cities alone, however, may be sufficient to support a half-hourly coach service operating non-stop between them on a direct motorway, in some cases with a comparable or shorter overall journey time. Figure C.1 shows how many of ADAC Postbus’s services operate on the motorway network.
- C.39 The French Autorité de la Concurrence estimated that the operating cost of a long-distance coach was around €2.20 per kilometre⁹⁰. This would mean that a coach carrying 50 passengers for 500 kilometres might break even with an average fare of only €22.
- C.40 However, even where coach services may be commercially viable, they may add costs to the provision of transport while generating little or no net revenues. If (illustratively) half of coach passengers come from rail, and coach fares are half rail fares, then the introduction of coach competition adds no net revenue to the public transport industry, and every euro of income to the coach industry may be offset by a euro of income lost to the rail industry. While the new coach operations incur operating costs, however, it may be difficult or impossible for rail

⁸⁹ Autorité de la Concurrence, Press release 13 November 2013: “Sector inquiry – Regular interregional coach transport services”

⁹⁰ Autorité de la Concurrence, Avis n° 14-A-05 du 27 février 2014 relatif au fonctionnement concurrentiel du marché du transport interrégional régulier par autocar “S’agissant du coût moyen du transport longue distance par autocar en France, il est estimé par les opérateurs à environ 2,20 euros par kilomètre, ce qui rend ce mode de transport plus compétitif que le train.

operators to cut costs, particularly on PSO services, although it may be possible to defer new or replacement investment.

- C.41 As we set out above, however, coach services which attract some passengers from rail will normally also attract some new passengers who would not previously have travelled. However, there is a prima facie argument that coach services may affect the financial performance of PSO rail services, and that Member States and competent authorities may reasonably expect provisions which enable them to protect these services where it is necessary to do so.

Alternative ways to protect PSO services

- C.42 We noted above that Regulation 1370/2007 permits competent authorities to grant exclusive rights to protect PSO services, and that new entry would not be possible where exclusive rights have been granted under that Regulation. However, a wide range of different approaches to protecting PSO services have been proposed or taken, and in many cases the approach is not to award an exclusive right to an incumbent but to restrict the rights of a potential entrant. We discuss briefly below restrictions which may be applied to:

- new international coach services, provided in Regulation 1073/2009;
- new international rail services, provided in Directive 2012/34;
- new domestic rail services, applied in Great Britain;
- new domestic coach services, formerly applied in Great Britain; or
- new domestic coach services, applied in Germany.

Restrictions on the basis of “a detailed analysis”

- C.43 Regulation 1073/2009 Article 8 (4) provides that:

“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.”

- C.44 The wording of Article 8 (4) cumulatively sets a number of specific tests which must be met, which we summarise in Table C.4.

Table C.4: Regulation 1073/2009 test of impact of new services on PSCs

Wording	Implication
Detailed analysis	The analysis cannot be based on a simple rule such as distance, service frequency, capacity or price.
Seriously affect	The effect must be “serious” rather than minor or trivial.
Viability	The service must affect “viability”, rather than (for example) “profitability” or “subsidy requirement”.
Comparable service	The services must be “comparable”: it is not clear what makes any two services “comparable”.
Covered by one or more public service contracts conforming to Community law	The service must be covered by a PSC: there is no protection to “commercial” or open access operations, however marginal their viability.
On the direct sections concerned	The service must operate on the same “direct sections”, which might mean between the same two bus stations or stops, but could be interpreted differently.
Criteria, on a non-discriminatory basis	The analysis may be detailed, but the conclusions must be based on predetermined and non-discriminatory criteria, apparently limiting the scope for each application to be considered on its merits.

Source: Regulation 1073/2009 Article 8 (4), Steer Davies Gleave analysis.

- C.45 More importantly, while we did not identify whether any interpretations, clarifications or guidelines of this test have been developed or publicised, we note that “detailed analysis” may be time-consuming and result in delay. This may be acceptable for the relatively small volume of international coach services which are the subject of Regulation 1073/2009, but not for the much larger volume of domestic coach services which might emerge with further liberalisation.

Restrictions on the basis of an “economic equilibrium” test

- C.46 The “Railway recast” Directive 2012/34 Article 11 (1) states that:
- “Member States may limit the right of access [] on services between a place of departure and a destination which are covered by one or more public service contracts which are in accordance with Union law. Such limitation shall not have the effect of restricting the right to pick up passengers at any station located along the route of an international service and to set them down at another, including stations located in the same Member State, except where the exercise of that right would compromise the economic equilibrium of a public service contract.”*
- C.47 Note that Member States are not obliged to limit the right of access and may liberalise access completely if they wish to do so.
- C.48 A number of Member States have defined criteria for applying the Economic Equilibrium test⁹¹, but we did not collect or compare approaches on a systematic basis.

⁹¹ See Greek Regulatory Authority for Railways (Ρυθμιστική Αρχή Σιδηροδρόμων (ΡΑΣ)), http://www.ras-el.gr/uploads/file/RAS%20compromise%20of%20EE%20procedure%20draft%20final_eng.pdf

Restrictions by “not primarily abstractive”

- C.49 One of the more developed approaches to the economic equilibrium test is the approach developed by the Office of Rail and Road (ORR) in Great Britain. Rail franchises may have annual income of up to €1 billion but, as we showed in our analysis for the Fourth Railway Package, in some cases their entire profit margin could be lost if a competitor took half their market on a single station-to-station passenger flow.
- C.50 ORR initially developed a policy of “Moderation of Competition”, which entitled franchise operators to protection on nominated list of station-to-station flows. Moderation of Competition has now been replaced by a “not primarily abstractive” (NPA) test. Rather than focus on the economic equilibrium of one or more PSO contracts, this test examines the balance of the effects of a proposed new rail service between:
- Generation of new revenue
 - Abstraction of revenue from existing services, which need not be subject to a PSO
- C.51 ORR states⁹² that:
- We would not expect to approve competing services that would be primarily abstractive of an incumbent’s revenue without providing compensating economic benefits. To enable us to consider whether the proposed rights are primarily abstractive in nature we have established a five-stage test which we would apply when:*
- (a) a new open access service would compete with franchised services and so impact on the public sector funder’s budget;*
- (b) a new franchised service would compete with an existing franchised service where the competing services are supported by different funders or there are other concerns over the impact on a funder’s budget; or*
- (c) a new open access or franchised service would compete with an existing open access service, where that new service could force the existing open access operator to withdraw from the market and reduce overall competition on the network.*
- C.52 Note that (c) enables ORR, inter alia, to ensure that an open access operator which has taken the commercial risk of establishing a service may be protected from the risk that a competent authority then specifies a competing, and potentially conflicting, service as part of a PSC. Note also that ORR does not grant an exclusive right to an open access operator, which would be forbidden by Regulation 1370/2007 Article 3, but instead denies a right to another operator, which can have the same practical effect.
- C.53 The most recent application of the NPA test was ORR’s decision, published on 7 July 2015, to approve an application for access rights to introduce services between Blackpool, London and a number of intermediate points, which would compete with the existing PSO services operated by Virgin Trains West Coast (VTWC). These access rights were granted despite ORR’s estimate that they could abstract around £22 million (€30 million) per annum of revenue from PSO operators.

⁹² “Criteria and procedures for the approval of track access contracts”, Office of Rail Regulation, December 2011, 4.43

Restrictions by distance

C.54 Great Britain’s Transport Act 1980 deregulated long-distance coach services only for “Express” services on which, for each passenger:

“the place where he is set down is 30 miles or more, measured in a straight line, from the place where he was taken up, or [] some point on the route between those places is 30 miles or more, measured in a straight line, from either of those places”

C.55 The Transport Act 1985 reduced the critical distance from 30 miles to 15 miles.

C.56 Both Acts provide a clear example of how legislation can be drafted so that a potential operator can identify whether a proposed new service would be permitted or not, purely by reference to the intended stopping pattern.

C.57 The combined effect of ORR’s NPA test and the complete liberalisation of coach markets is that ORR can protect rail operators from new rail services but neither it nor any other body can protect rail services from new coach services. The range of protection offered in Great Britain outside London is summarised in Table C.5.

Table C.5: Protection of services in Great Britain outside London

NPA = Not Primarily Abstractive test applied by Office of Rail and Road (ORR)			Service being protected			
			PSO (exclusive rights permitted)		Non-PSO (exclusive rights not permitted)	
			Bus/coach	Rail	Bus/coach	Rail
Service being proposed	PSO	Bus/coach	x	x	x	x
		Rail	x	NPA	x	NPA
	Non-PSO	Bus/coach	x	x	x	x
		Rail	x	NPA	x	NPA

Source: UK legislation, Steer Davies Gleave analysis. Note that no exclusive rights are awarded to any PSO operator.

C.58 In summary, rather than granting exclusive rights to PSO services of any mode (the first two columns of the table, as permitted in Regulation 1370/2007), Great Britain’ system will only protect PSO or non-PSO rail services from excessive abstraction by other PSO or non-PSO rail services. This raises the issue of whether greater symmetry is desirable or necessary in the treatment of different modes.

Restrictions by distance and time

C.59 Germany’s Personenbeförderungsgesetz (PBefG), which governs the liberalisation of services in 2013, protects PSOs by means of two tests:

“The entire trip length [is less than] 50 kilometres or the total travel time does not exceed one hour”⁹³.

C.60 There is further clarification that:

“Carriage of passengers between two stops is not permitted if

⁹³ “Die gesamte Reiseweite 50 Kilometer oder die gesamte Reisezeit eine Stunde nicht übersteigt”, Personenbeförderungsgesetz § 8 (1)

1. the distance between these stops is not more than 50 kilometres or
2. rail transport with a travel time of up to an hour operates between these stops.

Exceptions for individual sections may be granted if

1. insufficient transport offer exists or
2. the passenger potential of existing transport services is impaired only insignificantly.”⁹⁴

C.61 KCW⁹⁵ have noted that the PBefG does not make clear, and there has been no ruling on:

- What is considered a relevant coach stop in determining the distance of 50 kilometres?
- How is the distance between two (relevant) stops measured?

C.62 KCW also note, however, that:

“However, since the rapid speed of regional rail transport usually covers distances of well over 50 kilometres within an hour, this only seldom poses a distance problem. Usually the travel time by rail is the key factor.”

C.63 This in turn raises the issue, when applying the “one hour” test to a proposed coach service, of which pair of railway stations must be compared with each pair of stops. This is, in part, an issue of defining whether a pair of railway stations serves the same market as a pair of bus stops, as we discuss further below.

⁹⁴ “Die Beförderung von Personen zwischen zwei Haltestellen ist unzulässig, wenn 1. der Abstand zwischen diesen Haltestellen nicht mehr als 50 km beträgt oder 2. zwischen diesen Haltestellen Schienenpersonennahverkehr mit einer Reisezeit bis zu einer Stunde betrieben wird. In der Genehmigung sind auf Antrag für einzelne Teilstrecken Ausnahmen zu gewähren, wenn 1. kein ausreichendes Nahverkehrsangebot besteht oder 2. das Fahrgastpotenzial der vorhandenen Verkehrsangebote nur unerheblich beeinträchtigt wird”, Personenbeförderungsgesetz § 42a.

⁹⁵ “New Long-distance Coach Stations and Licensing Practices, Opportunities for Municipalities”, KCW.

Restrictions: summary of approaches

C.64 These diverse approaches are summarised in Table C.6.

Table C.6: Approaches to restricting new entry to protect PSCs

	Regulation 1073/2009	Directive 2012/34	Office of Rail and Road	Transport Act 1980	PBefG	
Mode being introduced	International coach	International rail	Any rail	Any coach	Any coach	
Mode being protected	“PSC”	“PSC”	Any rail	N/A	Any PSC	
Factors employed in test	New service	Assessment of effect	Assessment of effect	Assessment of effect	Distance passengers are carried	Distance passengers are carried
	Existing service					Time by rail
Exceptions permitted	Not “seriously affect viability”	Not “compromise economic equilibrium”	Not “primarily” abstractive “Other relevant factors”	None	Lack of capacity Effect insignificant	
Approach	Analysis	Analysis	Analysis	Rule only	Rule first, analysis of exceptions	

Source: Steer Davies Gleave analysis, other approaches may also be applied.

C.65 Comparison of these approaches reveals a number of features, which we discuss in turn below.

The mode being introduced

C.66 First, the approaches are applied to a range of different new services: international coach, international rail, or any rail or coach service. Careful consideration would need to be given to which, if any, of the existing approaches would be most appropriate for Union-wide further liberalisation of international and/or domestic coach markets.

The mode being protected

C.67 Second, the approaches differ in the modes they are intended to protect. Regulation 1073/2009 and Directive 2012/34 refer to a “PSC” without specifying a mode.

C.68 As noted previously, we assumed that this means that restrictions may be introduced only to protect PSC services, but that those PSC services may be operated by any mode. In contrast, the Office of Road and Rail’s test relates, inter alia, to

“A new service, which might be open access or franchised, which would compete with an existing open access service and which, if it caused the existing open access operator to withdraw from the market, could reduce overall competition on the network.”

C.69 This focus on whether a new service would affect an existing one sufficiently to reduce competition does not limit the protection to PSC services, and in particular allows ORR to choose to give elements of protection or exclusivity to a commercial or open access rail services. However, it offers no protection to any bus or coach service, whether provided under a PSC or not, in their liberalised markets.

The mode to which the test is applied

- C.70 Third, in most cases the test is applied to the characteristics of the new service. In the case of the PBefG, however, the test is applied both to the distance over which the proposed coach service carries passengers and the journey time by existing rail services. There are potentially advantages of both approaches:
- Tests applied to the characteristics of an existing service will inform existing operators whether or not they are within scope for the provision of protection, and may also be transparent to proposed new entrants.
 - Tests applied to a new service, in contrast, may provide less assurance to existing operators, as their effectiveness will not be apparent until a new operator has put forward a specific service proposal.
- C.71 However, in the event of a coach service being proposed between a combination of coach stations or bus stops, it is not clear between which two rail stations the journey time should be calculated. Similarly, it is not clear whether any adjustments should be or are permitted for the frequency of the rail service or the variability of rail journey times. It might not be appropriate to make it impossible to introduce a coach service merely by introducing a non-stop 59 minute rail service operating only once a week, or by adjusting a timetabled rail journey time from 61 to 59 minutes.

The exceptions permitted

- C.72 Fourth, there may be exceptions to the test. The now-removed Transport Act 1980 test in UK was dependent only on distance, with no scope for variation for passenger journeys that did not meet the “30 mile” test. This could result in coach being restricted even where rail could provide no reasonable alternative, such as between long branches of the rail network. For example, the 1980 test would not permit a coach between Porthmadog and Bangor, neighbouring towns in North Wales which are 21 minutes apart by coach but 5-6 hours apart by rail, which may never have been used to make such a journey.
- C.73 In other cases, however, a range of exceptions are permitted, all of which appear to allow at least some room for interpretation. However, provision for exceptions may add both complexity to the application of the text and uncertainty to its outcome.

The type of test

- C.74 Most of the approaches rely on an analytical test which may take considerable time to complete. In contrast, the Transport Act 1980 “30 mile” test was a simple rule, and the PBefG first applies a simple test but then, if this is not met, permits more complex analysis if appropriate.
- C.75 The complexity and hence cost and time required to apply the test may be material compared to the time typically required to introduce new coach services or to modify services in response to market requirements and competition, and has the potential to become a barrier both to entry into the market and to its efficient operation.

The burden of proof

C.76 A further issue to be considered is the burden of proof for any test which extends beyond simple objective fact. In principle, at least seven different approaches could be adopted, as summarised in Table C.7.

Table C.7: Approaches to burden of proof

Approach to test	Burden of proof
Unambiguous and transparent criterion Test, but applicant can appeal against refusal	None required
	Applicant must show that a restriction is not necessary
	Third party makes independent decision
Test, but authority can appeal against permission	Authority must show that a restriction is necessary
	Third party imposes independent decision
	Applicant must show that a restriction is not necessary

Source: Steer Davies Gleave analysis.

C.77 In the event of a challenge, three approaches are open:

- One party must show that a restriction is necessary
- One party must show that a restriction is not necessary
- An independent body, such as a regulator, imposes a decision on the balance of evidence

C.78 In the rail industry, applications for new access rights are made relatively infrequently, and applicants must in any case typically apply a year in advance of the date when they wish to begin services. Details are set out in rail infrastructure managers’ Network Statements. Establishing whether a new service can be operated requires a detailed timetabling exercise, and the resulting timetables can typically be used to populate models of the demand and revenue effects of the proposals on each operator. Tests such as “seriously affect viability”, “economic equilibrium” and “not primarily abstractive” can therefore be applied with existing industry approaches and tools within the timescale of applications for new access rights. In addition, final decisions on capacity allocation are an essential function which must be made by a body that this independent of any operator.

C.79 In the air industry within Europe, new routes can be established at relatively short notice, particularly by low cost operators who locate a small number of aircraft, and the associated pilots and crew, at a number of bases. Provided the airports used are not busy or constrained, switching these aircraft to different routes can be carried out at relatively short notice, the main constraint being the need to publicise and open bookings for the new service sufficiently in advance to secure reasonable initial load factors. Decisions on slot allocation must be made by a coordinator who is independent of the airlines.

C.80 In the bus and coach industry, in contrast, there is no need to interact with an infrastructure manager or airport, and in some Member States there is no obligation or commercial need to use potentially constrained bus and coach terminals, and services can be modified at relatively short notice. Stockholm’s Cityterminalen, for example, requires only 2 weeks’ notice of requests for gate availability and 2 days’ notice of proposed timetable changes. Subject to any local regulatory requirements, the principal constraint is again likely to be the need to build up advance bookings, which in practice may require only a few weeks’ notice.

- C.81 As yet there is no specification, at European level, that an independent body must be involved in decisions on whether to permit services. Regulation 1073/2009 sets out in Articles 7 and 8 an authorising procedure for international services, which we summarise in Table C.8.

Table C.8: Regulation 1073/2009 authorising procedure and timescales

Actor	Activity	Period permitted
Applicant	Submission of application to authorising authority	
Authorising authority	Forward application to authorities in all relevant Member States	Undefined
Competent authorities in other Member States.	Notify the authorising authority of their decision	2 months from date of receipt, otherwise deemed to agree
Authorising authority	Make decision on the application, state the reasons for any refusal, and inform other authorities	4 months from date of submission of application
Authorising authority	If other authorities decide against, decide to refer to the Commission	2 months from date of negative decision by another authority
Commission	Take a decision	4 months from referral
	Commission decision comes into effect	30 days after notification

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

- C.82 The maximum delay which might arise under this procedure is 9 months, comprising:
- 2 months until a competent authority in another Member State makes a negative decision
 - 2 months until the authorising authority refers to the Commission
 - 4 months until the Commission makes a decision
 - 30 days, effectively a month, until the Commission decision comes into effect
- C.83 While this procedure for international coach service is the obvious precedent for domestic coach services, we envisage that this approach might not be acceptable on grounds of timescale, cost and the potential high volume of work if processes involve an authorising authority, other competent authorities, and the Commission. While Member States might be given the freedom to apply simplified or accelerated processes, for liberalisation to be effective it might be necessary for the Commission to mandate a simple and rapid procedure.
- C.84 One possible approach to devising rules for setting restrictions would be to consult the industry on an acceptable delay and cost for confirmation that a service could be operated, and then designing a process, or decision criteria, which could reliably be implemented within these constraints.
- C.85 We also note that, in some Member States, it is relatively common for decisions to be referred for judicial review, even where few or no decisions have been overturned and the dominant effect is merely to delay entry. It would also be desirable for the process to be sufficiently robust and transparent that it would rarely be seen as worthwhile to request judicial review.

Other approaches to setting restrictions

- C.86 We also note that other approaches to setting restrictions might be possible. One would be to require that any new coach service charged a fare of at least (for example) €10, which would restrict its ability to undercut the price of short distance PSO services. However, this would not

at first sight be consistent with the philosophy in Regulation 1073/2009 Article 8 (4) of placing no restrictions on fares:

“The fact that a carrier offers lower prices than those offered by other road carriers or the fact that the link in question is already operated by other road carriers shall not in itself constitute justification for rejecting the application.”

- C.87 There might also be practical issues of enforcing a minimum fare, such as defining what fare had been charged when an operator offered season tickets for the service.
- C.88 Taken together, these points suggest that decisions may be needed on:
- What minimum liberalisation the Commission should specify
 - What maximum restrictions Member States should be permitted to make
 - Whether these restrictions should apply to new services of all modes
 - Whether these restrictions should allow protection to PSOs of all modes
 - Whether these restrictions should allow protection to commercial services of all modes (It is not allowed in European legislation but appears to be allowed for rail in Great Britain)
 - Whether Member States, or competent authorities, should be permitted to apply such restrictions selectively (such as protecting existing rail but not existing coach services, or protecting open access but not gross cost PSCs, both of which appear to be possible in Great Britain)
- C.89 In addition, the process for making these decisions may need to be rapid, inexpensive and unlikely to require procedures for appeal, whether to the Commission (as in Regulation 1073/2007) or by a domestic regulatory or other body).

Defining the markets served by pairs of bus stops

- C.90 Before considering further the decisions which will be required, and how they might be made on a cost-effective and timely basis, we discuss briefly the issue of defining what market is deemed to be served by a particular pair of bus stops, and hence whether:
- a rail service would compete with an existing PSO bus service between two bus stop; or
 - a coach service between two bus stops would compete with an existing PSO rail service.
- C.91 A simple and clear approach to defining whether any two transport services (materially) compete would be a potentially useful approach to developing clear and simple rules relating to the protection of PSO services. We discuss in turn the issues within rail, air, and bus and coach services.

Rail

- C.92 Rail services can only be provided along railway lines which link clearly-defined stations in a particular sequence. In most rail networks it is self-evident what services can be operated and what stopping points, if any, can be included, subject to timetabling constraints. It is relatively rare for two stations to serve substantially the same origin or destination market although, for example, high speed rail services to Rome use both Termini and Tiburtina stations. It is even rarer for two cities to be connected by two railway lines with different stations at each end, although this is the case between London and Birmingham, with one line from Euston to New Street, and another from Marylebone to Snow Hill.
- C.93 The market for rail travel between most urban areas, therefore, can almost invariably be defined in terms of trains travelling between the same two main stations along the same line.

Air

- C.94 Air services are not constrained to particular en route infrastructure and can, in principle, be operated between any two airports. Most airports serve distinct markets, although some are relatively close, with overlapping “catchment areas”, and some cities or regions are served by a number of airports. Examples include the airports of Dortmund, Düsseldorf, Köln-Bonn and Mönchengladbach in the Rhine-Ruhr area of Germany or of Västerås, Arlanda and Skavsta near Stockholm. Uniquely, London is served by six airports at Heathrow, Gatwick, Stansted, Luton, London City and London Southend. Services from any of these airports compete, at least to some extent and for some destinations, with services from others.
- C.95 The market for air travel, therefore, can almost invariably be defined in terms of aircraft travelling between the same two airports.

Bus and coach

- C.96 Coach services might, in principle, be constrained to operate from a single major coach station in each urban area, but this is not always the case for a number of reasons:
- In some cities a number of coach stations exist, either because it has not been possible to accommodate all services within a single terminal or because each operator has chosen, or been expected, to provide their own.
 - In some cities, multiple terminals are needed to serve the market, providing a range of starting points.
 - In some cases, coaches are not constrained by regulation, and have no commercial need, to serve a particular terminal, and instead serve one or more on-street stops. One example is airport coaches which provide direct connections to the principal hotels, or hotel districts, within a city.
- C.97 The potential for coach services to serve passengers from a wide range of bus stops complicates the process of determining whether a proposed coach service linking a defined series of stops competes, either materially or peripherally, with any other service using nearby bus stops, coach terminals, light rail stops or railway stations. Specifically it does not appear practicable to assume that two PSO services, which might be by different modes, do not compete because they do not serve the same two bus stops.
- C.98 This uncertainty may be material to identifying which competent authorities have a legitimate interest, or grounds to object, to a proposed coach service. In Regulation 1073/2009 Article 8 (1), the authorising procedure requires that:
- “Authorisations shall be issued in agreement with the authorities of all the Member States in whose territories passengers are picked up or set down. The authorising authority shall forward to such authorities, as well as to the competent authorities of Member States whose territories are crossed without passengers being picked up or set down, a copy of the application, together with copies of any other relevant documentation, and its assessment.”*
- C.99 In other words, Member States must be informed if an authorisation is being considered for a service which enters their territory, and no matter how briefly or peripherally, even if it does not stop there.
- C.100 This principle may be broadly appropriate to respect the sovereignty of Member States, but might prove less appropriate if transposed directly to the various regional and local areas covered by distinct competent authorities in the Member States.

C.101 This analysis also suggests that any test of whether Member States or competent authorities could apply restrictions might need to serve two distinct purposes:

- Identifying **whether restrictions could be permitted**, noting that such restrictions could be “automatic”, as in the case of the former “30-mile rule”
- Identifying **which PSO was affected and hence which competent authorities** had a right to impose, request or waive restrictions

C.102 The former test need not identify, or make reference to, any specific PSO service. However, the latter test would need to do so, at least for international services or for domestic services within Member States with more than one competent authority, so as to establish both the PSO the specific competent authorities which would have a right to be involved in the process.

C.103 In addition, it might also be desirable that such tests could be applied “symmetrically” to coach and rail modes, so that the test of whether a proposed coach service (PSO or otherwise) might affect PSO rail was the same as the test of whether a proposed rail service (PSO or otherwise) might affect PSO bus.

Summary

C.104 Evidence from a number of Member States suggests that coach operators can offer long-distance services with fares around half those of rail services, that many users of new coach services may have previously travelled by train, and that liberalisation to permit such services could have a material effect on viability of some rail services.

C.105 Regulation 1370/2007 gives competent authorities powers to protect PSO services by granting exclusive rights, but there are a number of alternative approaches based on restricting or limiting new entry.

C.106 Regulation 1073/2009 sets out an approach to restricting international services, but compliance with the test is potentially complex and the process of authorising a new service could take up to nine months. If liberalisation were extended to the much larger domestic coach markets, it would be desirable for any right to restrict services to be based on a clear, simple and rapid process.

C.107 Determining whether bus and coach services compete with each other, or with other modes, cannot be reduced to a simple test of whether they operate between the same bus stops. If liberalisation is to be supported by a clear, simple and rapid process, this would need to be based on objective and ideally unambiguous criteria.

C.108 Potentially the simplest test would be to permit any coach service, provided that passengers were carried at least a minimum distance, such as 50 kilometres, making it clear to potential entrants what services are and are not permitted. This approach was formerly used in the United Kingdom and forms part of the current test in France, Germany and Sweden.

C.109 Such a simple test may unintentionally prohibit services which would in practice be no threat to other PSOs, but any scope for appeal or negotiation raises further issues, such as identifying the PSO service(s), and hence competent authority(ies) affected, establishing what further tests should be applied, and the burden of proof, which might lie with the entrant, the incumbent(s) or be subject to decision or adjudication by an independent body. Any of these processes is likely add time, cost and the potential for legal challenge, which may be disproportionate for small services or for small changes to existing services.

- C.110 Additionally:
- Regulation 1370/2007 permits exclusive rights to protect any PSO
 - Regulation 1073/2009 requires that international coach services be authorised except on the basis of detailed analysis of their effect on one or more PSCs
 - Directive 2012/34 requires that international rail services may be limited to protect the economic equilibrium of a PSC
 - Member States or competent authorities may selectively waive the powers to grant exclusive rights or restrict services, with the effect that a service may be permitted by one mode and forbidden by another
- C.111 The resulting growing complexity, and the potential liberalisation of the large and often dynamic domestic coach markets, raises the issue of whether further liberalisation should be combined with further harmonisation so that the restrictions are independent on the modes of existing and new services.

Fares

- C.112 A further issue relevant to the liberalisation of coach markets is the extent to which coordination or integration of fares should be permitted or required, which we discuss briefly below.
- C.113 Regulation 1073/2007 Article 4 states that:
- “The fact that a carrier offers lower prices than those offered by other road carriers or the fact that the link in question is already operated by other road carriers shall not in itself constitute justification for rejecting the application.”*
- C.114 This explicitly envisages that a carrier offers lower prices, and implicitly assumes that fares are not inter-available between operators, as is often the case in other modes and is a specific feature of one model of rail liberalisation.
- C.115 In most Member States, a single national and publicly-owned rail operator has been responsible for all domestic services and has provided a consistent approach to fares including common types and conditions of ticketing and the sale of through tickets between any two points in the network. Under progressive rail liberalisation since 1988 (in Sweden) there has been considerable divergence from this model, including variations such as:
- Each operator is free to devise and set their own fares, and no through fares exist.
 - Through fares must be offered and “inter-available” (accepted by all operators), but operators are allowed to offer lower fares on their own services.
 - Long-distance fares are not regulated, but operators of long-distance services must accept locally-priced tickets for short distance journeys.
- C.116 Airlines in the global aviation market have found that it is commercially valuable to have “interline” agreements to enable them to offer through fares and through baggage services. Great Britain’s railway requires that fares are available between any two stations, and are accepted by all operators, and imposes processes for apportioning the revenue to operators.
- C.117 Some domestic coach markets are not highly regulated but in others, particularly with an incumbent national operator, there may be an expectation that through and inter-available fares will be available.

- C.118 We conclude that action to liberalise coach services may, as with the Fourth Railway Package, need to consider:
- Whether fares offered by different operators should be liberalised, regulated or integrated
 - Whether integrated ticketing between coach operators should be forbidden, permitted or mandated
 - Whether integrated ticketing between coach and other modes should be forbidden, permitted or mandated

Monitoring and information provision

- C.119 Our 2009 study identified that one of the principal difficulties of studying the long-distance coach market was the lack of reliable, consistent and comprehensive information on coach operations. This included not only detailed information on customer satisfaction (we noted that private companies have no obligation or indeed incentive to publish service quality indicators⁹⁶) but also basic information on fleets, operations, passengers, revenues and costs.
- C.120 Other studies for the Commission have also revealed a consistent lack of reliable information in other transport sectors. For example:
- In a current study on the impact of Regulation 1370/2007, our Draft Final Report noted that limited requirements for competent authorities to require, or Member States to collate, information on PSO bus, light rail and urban rail services means that it is difficult to form a view of the operation and financing of the sector.
 - In a recent study of the harmonisation of cost allocation for Air Navigation Service Providers (ANSPs), we found that general principles for the allocation of costs had resulted in widely different approaches in practice.
 - In our work on the Fourth Railway Package, we noted that subcontracting, liberalisation and privatisation all make it harder, not only in practice but also in principle, to define the boundaries of an industry and hence its financial and operational data.
- C.121 However, processes exist by which data can be standardised, anonymised to protect confidentiality, and collated on a basis which allows the effective monitoring of the operations, finances and performance of an industry. In some cases this is carried out by a specialised industry body on a basis agreed by members or subscribers, as is the case with OAG which monitors the aviation industry. It may therefore be appropriate to consider regulation to require consistent provision of certain information by all coach operators, subject to the observations that:
- The requirement to provide information should be proportionate and have due regard to legitimate concerns regarding commercial confidentiality.
 - Clear definitions are likely to be required, as the example of the costs of ANSP provision show: one approach is for data collection standards to be agreed within the industry rather than imposed externally.

⁹⁶ “Study of passenger transport by coach”, 4.70

D Stakeholder engagement

Introduction

- D.1 The Task Specification required the delivery of a robust stakeholder engagement process under the guidance of the Commission and according to the Commission's minimum standards for consultation.
- D.2 Our study methodology is based on two separate approaches to data gathering and analysis, designed to ensure an appropriate balance in terms of pan-European coverage on the one hand and in-depth investigation and analysis of issues arising in particular markets on the other. It involved:
- A combination of desk research and telephone interviews covering all 28 Member States, undertaken by team members with appropriate language and relevant sector expertise in order to understand the issues, identify the relevant stakeholders, identify experts, collect data and find sources of information; and
 - Detailed case studies of 10 Member States, which built on the information obtained in the previous stage through face-to-face interviews with a number of stakeholders in each of the selected countries in order to obtain specific and detailed information rather than too general findings.
- D.3 The selection of Member State case studies was intended to provide a representative sample of countries with a range of characteristics in terms of level of economic development, population density, geographical location and models of competition and regulation. We also considered two examples of international coach operations in order to illustrate perspectives that Member State coverage alone would not capture.

Stakeholder consultation

Objectives of the engagement with stakeholders

- D.4 The objectives of the engagement with stakeholders were to:
- Determine stakeholder views on:
 - the regulatory aspects that rule the coach sector in their country; and
 - evaluation on the impact of Regulation 1073/2009 on international coach transport.
 - Enable us to obtain information and data required to provide an overview of coach transport market in each Member State and for the case study analysis.

Consultation

Identification of list of stakeholders

- D.5 We established a list of stakeholders to be contacted with a request for data submission, written response and, in some cases, either a telephone or face-to-face interview. We undertook stakeholder interaction at two levels:
- Face-to-face interviews for the 12 case studies (10 Member States and two international route case studies), supported by telephone interviews where it was not possible to arrange a face-to-face interview.
 - Telephone interviews and written/email exchanges for the remaining 18 Member States. We contacted 2-3 stakeholders in each of these States. In addition, a follow-up telephone call was done to clarify some written responses or delve deeper into a pertinent issue.
- D.6 Subject to availability and willingness to participate, we contacted the following organisations for all Member States:
- The government Ministry or Department, responsible for sponsoring or overseeing the development of coach travel and setting up the regulatory framework. The representatives of Member States include national transport authorities (typically the department of government responsible for transport) as well as other national bodies such as competition bodies.
 - The regulatory/licensing agency, where this is separate from the Ministry, which is directly responsible for ensuring that coach transport services are provided.
 - At least one coach operator or operators association, representing each group of stakeholders.
- D.7 In order to maximise the likelihood of obtaining good-quality and representative data we prioritised operators or operator associations according to simple criteria such as market share, geographic coverage and fleet size.
- D.8 For the case study States we also contacted:
- at least two operators, ideally with different perspectives of the market (for example, a main national operator and a recent entrant);
 - any key operator association; and
 - at least one operator of a main terminal.
- D.9 In total we approached close to 160 organisations active in the different Member States or, for organisations such as UITP, IRU and EPTO, at the European level.

Development of stakeholder questionnaires

- D.10 We developed stakeholder data requests and questionnaires for the telephone interviews in order to collect both quantitative and qualitative data. These included a series of common questions, designed to ensure that the collection of numerical data was as comprehensive as possible and that other information was collected on a consistent basis.
- D.11 We gathered information on national regulatory frameworks, underlying policy objectives (what the framework is intended to achieve), supporting legislation (the legal instruments giving effect to regulation), administration (how regulation is undertaken in practice) and effects (in terms of encouraging new entry and discouraging monopoly abuse). We also collected qualitative information on the views of stakeholders in the key areas of the study. Where possible, we obtained from Member States their views on the impact of Regulation

(EC) No 1073/2009. We also collected specific information about the carriage of disabled passengers and persons with reduced mobility.

- D.12 Team members undertook stakeholder engagement, translating the template into local languages as required. All stakeholders invited to participate in the interview programme were initially be contacted by e-mail, with the letter of introduction from the Commission attached. Once agreement was obtained, stakeholders were sent the questionnaire/data request templates and, where necessary, an interview date and time was agreed. Interviewers were asked to capture all responses and make further contact as necessary to clarify information or ask additional questions.

Stakeholder engagement

- D.13 The table below summarises the total number of stakeholders contacted and responses received in the period to the end of November 2015.

Table D.1: Stakeholders contacted and responding, July to November 2015

	Stakeholders contacted	Response received
MS Ministry	27	17
Regulation/Competition Authority	22	15
Coach Operators	63	13
Key operator Association	27	18
Terminals (for the 10 case studies)	16	7
International associations	4	3
Total	159	73

Source: Steer Davies Gleave

- D.14 The responses were received in the form of questionnaires sent by email or recorded in meeting notes.
- D.15 The consultation process engaged about 95% of stakeholder groups that we intended to contact. In some cases competent authorities at the national level correspond to the Ministry, while in some Member States we did not identify or contact the specific organisation responsible for broader competition issues.
- D.16 Overall 45% of those that we approached replied to our requests. This exceeds the response rate achieved in a number of recent stakeholder engagement exercises that we have delivered for the Commission and reflects the importance of stakeholder input to overcome the lack of comprehensive and/or comparable data on the coach market across the EU.
- D.17 Following further consultation with the Commission, we continued to contact and seek responses from stakeholders up until late February 2016, a few days before this report was finalised. This report reflects all the stakeholder comments which we have received and been able to process before its finalisation.

Confidentiality

- D.18 A limited number of stakeholders for the case studies agreed to be interviewed on the condition that their comments remained confidential. As a result, stakeholder views, on good contracting practice or other issues, are referred to without attribution in this report.

E Glossary

E.1 Appendix Table E.1 lists two letter codes used to refer to Member States.

Table E.1: Member State codes

Code	Member State
AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	The Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

E.2 Appendix Table E.2 lists a number of other terms used in this report.

Table E.2: Glossary of terms

Word or phrase	Definition
Authorisation	Regulation 1073/2009 states that Authorisations shall entitle their holder(s) to operate regular services in the territories of all Member States over which the routes of the service pass. Regulation 361/2014 states that authorisations shall conform to the model in Annex IV.
Big bus	In the UK, a bus with a mass of more than 8.5 tonnes.
BMVI	Bundesministerium für Verkehr und digitale Infrastruktur The German Ministry of Transport and Digital Infrastructure
Bus and coach	Passenger-carrying vehicles which are often not defined or distinguished. In practice: <ul style="list-style-type: none"> - buses do not normally have toilets, underfloor storage areas, seat belts, arm rests or head rests. - coaches do not normally have provision for standing passengers. <p>We agreed with the Commission that, for the purposes of this study, the definition of coach services would cover all bus and coach services other than urban and rural regular scheduled services. This would mean that regular interurban, regular international, special regular and occasional services would be regarded as coach services, regardless of the vehicle type used.</p>
Cabotage operations	Regulation 1073/2009 states that ‘cabotage operations’ means either: <ul style="list-style-type: none"> - 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 this Regulation, provided that it is not the principal purpose of the service
CAGR	Compound average growth rate.
Certified true copy	Regulation 1073/2009 states that international carriage of passengers by coach and bus shall be carried out subject to possession of a Community licence issued by the competent authorities of the Member State of establishment. The Community licence and the certified true copies thereof shall correspond to the model set out in Annex II. They shall contain at least two of the security features listed in Annex I.
Coach	See bus and coach.
Community licence	Regulation 1073/2009 states that international carriage of passengers by coach and bus shall be carried out subject to possession of a Community licence issued by the competent authorities of the Member State of establishment. The Community licence and the certified true copies thereof shall correspond to the model set out in Annex II. They shall contain at least two of the security features listed in Annex I.
Competent authority	Regulation 1370/2007 states that ‘competent authority’ means any public authority or group of public authorities of a Member State or Member States which has the power to intervene in public passenger transport in a given geographical area or any body vested with such authority.
Domestic carriage	A service which is not international.
EDF	European Disability Forum.
EU11	The EU15 less Cyprus and Malta, islands with no international coach services
EU13	The 13 Member States of the European Union who joined since 2004
EU15	The 15 Member States of the European Union before 2004
EU28	The 28 Member States of the European Union at the time of the study

Word or phrase	Definition
HICP	Harmonised Index of Consumer Prices. The HICP is compiled by Eurostat and the national statistical institutes in accordance with harmonised statistical methods.
Integration	Regulation 1370/2007 states that 'integrated public passenger transport services' means interconnected transport services within a determined geographical area with a single information service, ticketing scheme and timetable.
International carriage	Regulation 1073/2009 states that 'international carriage' means: (a) a journey undertaken by a vehicle the point of departure and the point of arrival of which are in two different Member States, with or without transit through one or more Member States or third countries; (b) a journey undertaken by a vehicle of which the point of departure and the point of arrival are in the same Member State, while the picking up or setting down of passengers is in another Member State or in a third country; (c) a journey undertaken by a vehicle from a Member State to a third country or vice versa, with or without transit through one or more Member States or third countries; or (d) a journey undertaken by a vehicle between third countries, with transit through the territory of one or more Member States.
Journey form	Regulation 1073/2009 states that occasional services shall be carried out under cover of a journey form with the exception of the services referred to in the second subparagraph of Article 5(3). Regulation 361/2014 states that the control document (journey form) for the occasional services defined in Article 2(4) of Regulation (EC) No 1073/2009 shall conform to the model in Annex I to this Regulation.
Liberalisation	Changes to a regulatory framework to permit a wider range of activity and/or a lower requirement for licences, authorisations, journey forms and other documents.
Liberalised	A market which has been subject to liberalisation.
Occasional service	Regulation 1073/2009 states that 'occasional services' means services which do not fall within the definition of regular services, including special regular services, and the main characteristic of which is the carriage of groups of passengers constituted on the initiative of the customer or the carrier himself.
Persons with reduced mobility	Regulation 181/2011 states that 'disabled person' or 'person with reduced mobility' means any person whose mobility when using transport is reduced as a result of any physical disability (sensory or locomotory, permanent or temporary), intellectual disability or impairment, or any other cause of disability, or as a result of age, and whose situation needs appropriate attention and adaptation to his particular needs of the services made available to all passengers.
PSC	Public Service Contract
PSO	Public Service Obligation
PRM	Persons with reduced mobility.
Public Service Contract	Regulation 1370/2007 states that 'public service contract' means one or more legally binding acts confirming the agreement between a competent authority and a public service operator to entrust to that public service operator the management and operation of public passenger transport services subject to public service obligations; depending on the law of the Member State, the contract may also consist of a decision adopted by the competent authority: <ul style="list-style-type: none"> - taking the form of an individual legislative or regulatory act, or - containing conditions under which the competent authority itself provides the services or entrusts the provision of such services to an internal operator.

Word or phrase	Definition
Public Service Obligation	Regulation 1370/2007 states that ‘public service obligation’ means a requirement defined or determined by a competent authority in order to ensure public passenger transport services in the general interest that an operator, if it were considering its own commercial interests, would not assume or would not assume to the same extent or under the same conditions without reward.
Regular service	Regulation 1073/2009 states that ‘regular services’ means services which provide for the carriage of passengers at specified intervals along specified routes, passengers being picked up and set down at predetermined stopping points.
Regulation 684/92	Council Regulation (EEC) No 684/92 which was replaced by Regulation 1073/2009.
Regulation 12/98	Council Regulation (EC) No 12/98 which was replaced by Regulation 1073/2009.
Regulation 1370/2007	Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) Nos 1191/69 and 1107/70.
Regulation 1073/2009	Regulation (EC) No 1073/2009 of the European Parliament and of the Council of 21 October 2009 on common rules for access to the international market for coach and bus services, and amending Regulation (EC) No 561/2006.
Regulation 181/2011	Regulation (EU) No 181/2011 of the European Parliament and of the Council of 16 February 2011 concerning the rights of passengers in bus and coach transport and amending Regulation (EC) No 2006/2004.
Regulation 361/2014	Commission Regulation (EU) No 361/2014 of 9 April 2014 laying down detailed rules for the application of Regulation (EC) No 1073/2009 as regards documents for the international carriage of passengers by coach and bus and repealing Commission Regulation (EC) No 2121/98.
Regulatory framework	The international, European, national, regional or local laws and regulations which define the conduct of an industry such as the provision of coach services.
SMMT	Society of Motor Manufacturers and Traders.
Special regular service	Regulation 1073/2009 states that ‘special regular services’ means regular services, by whomsoever organised, which provide for the carriage of specified categories of passengers to the exclusion of other passengers.
Stakeholder engagement	A process of contacting relevant parties to seek information and/or opinions
Suburban bus service	Suburban buses services are not defined in law, but are typically operated in an urban area and its suburbs by a bus under a Public Service Obligation.
Terminal	Regulation 181/2011 states that ‘terminal’ means a staffed terminal where according to the specified route a regular service is scheduled to stop for passengers to board or alight, equipped with facilities such as a check-in counter, waiting room or ticket office. However, many places considered to be terminals do not have these facilities, and in this report a terminal generally means any point not on the public highway at which passengers board or alight from bus and/or coach services.
Urban bus	Urban buses services are not defined in European law, but are typically operated in an urban area by a bus under a Public Service Obligation.

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