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**SLOW PROGRESS TOWARDS BUS COMPETITION IN THE EUROPEAN
UNION**

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Abstract

This paper reports on a study of bus service competition and regulation within the European Union which was undertaken in 1997. It shows that, despite the widespread acceptance of the principles of open competition, harmonisation of regulation and subsidiarity of administrative decisions, there are still considerable differences in practice across Europe. No other country appears to be inclined towards the wholesale deregulation of bus services which was adopted in the UK but the favoured model of competitive tendering has not been universally adopted throughout Europe. Even when competitive tendering has been introduced, it is more often based on costs only and on a route by route basis. Area franchises, which give more scope for commercial innovation, have only been introduced in a small number of places on an experimental basis. Strict regulation has, so far, been seen as more important than open competition.

Introduction

This paper is based on a study undertaken for the European Commission which looked into the regulatory systems applicable to bus services in each country of the European Union. Within the European Union, there are certain discernable trends which are considered to be important but which are not necessarily compatible with each other. Such trends appear to be arising naturally rather than as a result of a dictat from Brussels and results from the common concerns which face all the European countries to a greater or lesser extent. These trends can be summarised as follows:

- It is widely accepted that a greater degree of competition is important in order to gain the benefits of the Single European Market.¹ This requires that markets within each country should not only be open to competitors within that country but should also be open to competitors from all European countries. This implies a major change for the organisation of bus services which have been strictly regulated in all countries. The means of regulation will have to be more flexible to promote the desired increased competition.
- The regulation of bus services is an important duty of public authorities to ensure that - adequate services exist in all areas,

- there is a proper integration of passenger transport systems
 - the fares charged are reasonable and provide no deterrent to the promotion of public transport as an alternative to the private car.

If anything, the importance of public transport in transport policy has meant the need for regulation is seen to be even greater.

- Following the principle of subsidiarity, the responsibility for regulating bus services should be devolved to more localised administration but perhaps with some degree of oversight by the national authorities. At the same time, however, it is also considered that regulation should be harmonised in order to promote a “level playing field” which facilitates the Single European Market.² These particular objectives may be extremely difficult to reconcile.

The work was carried out during the first half of 1997 and was conducted by means of interviews with government officials and bus industry associations within each country of the European Union.

Competition

Table 1 sets out the form and extent of competition which was found in each country.

Country	Form of competition
Austria	None
Belgium	None except for tendered contracts for private sector operators in one Region.
Denmark	Extensive gross cost tendered contracts
Finland	Gross cost tendered contracts in major urban areas Semi permanent licenses elsewhere.
France	Public monopoly in Paris Competitive tendering elsewhere mostly on a gross cost basis.
Germany	None but competitive tendering is being introduced.
Greece	None
Ireland	None except for some illegal operations, mainly on long-distance services.
Italy	None except for experiments with competitive tendering in some areas. Some illegal competition.
Luxembourg	None
Netherlands	None but competitive tendering is being planned.
Portugal	Limited illegal competition.
Spain	Public sector municipal monopolies Private sector competitive tendering.
Sweden	Extensive gross cost tendering

United Kingdom	Tendered contracts within London On the road competition elsewhere in Great Britain No competition in Northern Ireland.
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Table 1 - Form and Extent of Competition in each Country

In only four countries, can there said to be extensive competition. Four countries have no competition, although in two of these countries plans are afoot to introduce some competitive tendering. Elsewhere competition exists but only to a limited extent. In three of these countries the only competition which exists is by means of illegal operation. In some other countries competition exists amongst private sector operators but public sector companies enjoy a monopoly. We will now review the type of competition which exists. -

On the Road

The only instance of legal on-the-road competition which occurs in Europe is in the United Kingdom. This was brought about by the deregulation of services which took place in 1986. The principal reason for deregulating services was the concern about the rising cost of revenue subsidies to bus operators. Illegal competition has broken out in some parts of other countries, particularly Ireland, Portugal and Italy.

Competitive Tendering

Other countries are introducing competition by means of competitive tendering. The principal motivations for the introduction of tendering are:

- The rising cost of public transport subsidies.
- The European Competition Directive
- The desire to bring about more innovation in the provision of services.

Currently only the UK, Denmark, Sweden and France (outside Paris) has a system of competitive tendering throughout the country. The UK differs from the others in so far as competitive tenders are only sought for those services/journeys which are not provided on a commercial basis. Tendered contracts in the other countries are for complete services or groups of services and in France and Spain for complete urban areas.

Most contracts are on a gross cost basis, whereby the operator is guaranteed the agreed operating costs of the contract and the authority retains the revenue. Increasingly, however, contracts are being let on a net cost basis whereby the operator only receives the difference between operating costs and expected revenue. This passes the commercial risk to the operator and hence there is a greater incentive to maximise the revenue collected. This form of contract

now applies to 20% of contracts in France and has been tried experimentally in Helsingborg in Sweden. In London, where contracts are awarded for complete services, nearly all contracts are on this basis.

Some other countries have introduced tendering on part of their network. Strictly speaking, France comes into this category because RATP, the public sector operator in Paris, has a monopoly on all services in the capital in perpetuity. The other main country in this category is Spain where competitive tendering is currently in operation in all areas except where a municipally owned company has a monopoly of all services in that city. Contracts are let for complete networks of services in urban areas and on a route-by-route basis outside urban areas. The Spanish system has the effect that private sector operators are subject to competitive tendering whilst public sector operators are not. The Flemish region of Belgium are also planning to introduce competitive tendering but again only for the private sector in their area.

Some other countries are in the process of introducing competitive tendering. In Finland tendering is being introduced in the city of Helsinki. Services in the surrounding area and from there into Helsinki have been subject to competitive tendering for some years but this is now being extended into the city itself. This will effect the present municipally owned operators in Helsinki. Germany and Netherlands are likely to experience a major upheaval in bus service provision in the next few years. In Germany the Lander (regional authorities) have been given discretionary powers to introduce competitive tendering on all services requiring subsidy i.e. the great majority of existing services. Most of the Lander are keenly interested in doing so. In most areas existing operators have been given a period of grace of up to five years to achieve the necessary cost savings to make themselves more competitive. In addition municipal authorities are being given more responsibility in deciding what services are appropriate for their areas. In the Netherlands authorising powers are being devolved from national to regional level and the regional authorities are being given discretionary powers to introduce competitive tendering

Little or No Competition

Remaining countries have no plans to introduce competitive tendering at the present time. Luxembourg have had a system of tendering since 1968 but this is not based on financial considerations. Every ten years private sector operators have to re-tender for the services they operate and thereafter are paid a common rate for each kilometre operated. The government retains the revenue collected. This system means that it is rare for a route to pass from one operator to another. The last time this happened was in 1978. Greece has a completely closed system based on cooperatives known as KTEL. Each

KTEL has a monopoly of services in their area and membership of each KTEL is closed. The only way for a new operator to start is to buy membership of a KTEL from an existing operator. In Ireland there are similarly few opportunities for new operators to come in. A service licence can only be granted if it can be shown that existing services do not meet the needs of the proposed services. Many new service operators in Ireland have established themselves simply by operating illegally.

Neither the Netherlands nor Austria have any real competition, with incumbent operators effectively enjoying long term protection through the licensing system. Similar situations exist in Italy and Portugal except that in places the inadequate services which have resulted have led to illegal competition.

International Competition in Domestic Markets

In countries which have introduced a degree of competition, the incidence of competition from operators from other member states is still comparatively rare. Apart from the success of Swedish companies in Finland, a French company in Spain and an American company in the Netherlands, the great majority of tendered contracts are won by indigenous companies. In France, despite the virtual universal use of competitive tendering, we have not heard of any successes by other than French companies. The principal method that a foreign company can expand in another country is by buying up an existing business.

Competition with the Railways

Despite moves to introduce an element of competition in bus services, some countries take the view that competition should not be allowed if it impacts on railways services. This is the case in France, Germany, Netherlands and Belgium. Other countries particularly in southern Europe and in Scandinavia, have allowed the development of parallel bus and long-distance coach services even when competition between bus operators is still not allowed. In Ireland the CIE exercised restraint by not introducing long-distance coach services against its railway arm until prompted to do so by the introduction of illegal competition.

Service Planning and Authorisation

Table 2 indicates for each country who is responsible for authorising services.

Country	Local Services	Cross Boundary Services	Long Distance Services
Austria	Municipal	National	National

Belgium	Regional	Regional	National
Denmark	Regional	Regional	National
Finland	Regional	Regional	National
France	Municipal	Regional	National
Germany	Regional	National	National
Greece	Regional	National	National
Ireland	National	National	National
Italy	Municipal / Regional	Municipal / Regional	National
Luxembourg	National	National	National
Netherlands	Municipal / National	National	National
Portugal	National	National	National
Spain	Regional	National	National
Sweden	Municipal / Regional	National	National
UK	None	None	None

Table 2 - Responsibility for Authorising Services

The general pattern is to allow municipal or regional authorities to authorise services which are wholly within their areas but for those services which cross boundaries the authorising body is usually the national authority. Sometimes, when the service crosses only one boundary or is still essentially local in nature authorisation is carried out by the region within which the majority of the route length occurs (Belgium, Italy) or after discussion between regional authorities (Denmark, Finland). France has a three tier system whereby local services are authorised by Municipal authorities or groups of municipal authorities, cross-boundary services are authorised by the departement and longer distance services by the national government. Italy has a four tier system involving municipal, provincial, regional and national authorities.

In nearly all countries authorisation of longer distance services is the responsibility of the national authority. There is a contrast between countries which allow the authorisation of services to compete with railway services (Spain, Greece, Ireland and Sweden) and those which do not (Belgium, Germany, Denmark, France and the Netherlands). Those countries which have allowed competing services to develop have witnessed a tremendous growth in such services in recent years.

Many countries have a different policy for authorising services depending on whether or not the operator is public sector. Many public sector operators do not require to follow any authorisation procedure and can simply authorise their own services. This is the case in Ireland and in a number of capital cities namely Helsinki, Paris, Athens, Luxembourg and Stockholm. In Lisbon the nationalised operator is only required to notify the authorising body and London

is the only part of mainland Britain where there is still a requirement to hold a road service licence. In practice service authorisation in London is carried out by London Regional Transport a nationalised body.

In most countries authorisation goes beyond merely adjudicating operators proposals. The authorising body takes the lead role in planning the network of services. This results in the establishment of which routes will go where and what level of service will apply at least in terms of the number of journeys per hour. Table 3 summarise the situation for each country.

Country	Network	Timetable	Schedules
Austria	Verkehrverband	Verkehrverband	Operator
Belgium	Regional	Operator	Operator
Denmark	Regional	Regional	Operator
Finland	Regional / Operator	Regional / Operator	Operator
France	Municipal	Operator	Operator
Germany	Regional	Operator	Operator
Greece	National / Regional	National / Operator	National / Operator
Ireland	Operator	Operator	Operator
Italy	Municipal / Regional	Operator	Operator
Luxembourg	National	National	National
Netherlands	National / Municipal	Operator	Operator
Portugal	Operator	Operator	Operator
Spain	Regional	Operator	Operator
Sweden	Regional / Municipal	Regional / Municipal	Operator
United Kingdom	Operator	Operator	Operator

Table 3 - Responsibility for Service Planning

It is not always a straightforward issue in dividing responsibilities because even where the responsibility for service planning may lie with the authorising body, in many instances operators will play a greater or lesser role in putting forward proposals or suggestions.

The question arises as to whether public authorities are in the best position to introduce innovation in the provision of services. Even when public planners may wish to introduce innovative ideas, political considerations may often prevent their implementation. A partnership between operator and public authority may be the best way of encouraging innovation in service provision. This can happen either by regular discussion between operators and authorities such as in Greece or by granting concessions for larger areas rather than route by route such as in France. Furthermore if operators are

required to bear the commercial risk then this would also provide a spur to innovation.

The exceptions to the above are again the UK and Ireland. In the UK because of deregulation, service planning in all respects is a function of operators. Local authorities service planning is concerned only with additional services which require subsidies. In Ireland service planning also lies with the operator and the national authority plays a very passive role in authorising services according to established rules.

Beyond the specification of bus routes and levels of service, different countries diverge as to the degree to which the authorising body undertakes the more detailed planning of timetable and operating schedules. The most centralised country is Luxembourg. The Luxembourg Ministry of Transport carries out the full service planning function for all services except those operated by municipal companies. The Scandinavian countries undertake the planning of actual timetables but will accept minor amendments from operators in order to provide for efficient operations. Elsewhere operators will carry out the timetabling and scheduling function in accordance with the requirements of the authorising body. In most cases the timetable itself will require to be authorised.

The situation in Greece is different in respect of the nationalised companies in Athens. These companies come under a holding company known as OASA. This body carries out the complete service planning function on behalf of its operating subsidiaries. These services do not require to be authorised at a higher level.

Fares

Besides taking a lead role in designing and authorising services, public authorities in most European countries have the responsibility for establishing the fare system and setting the level of fares. In most countries where this is the case the authorities have established a system which allows for multi-modal travel usually on a time basis (usually one hour) with the use of each single ticket. In addition there is usually a series of multi-journey, day and season tickets. Most countries make tickets available at a wide number of retail outlets. In Italy, for example, it is not possible to purchase tickets on the vehicle.

In the UK and Ireland where the operator is responsible for the fare system the integration of tickets are not usually possible. A number of conurbation authorities have succeeded in establishing a series of day and season tickets by agreement with operators, but generally a multi-modal single ticket is not available.

Although fare levels are the responsibility of the operator in Ireland, the discussions over annual subsidy include an understanding about the extent to which fares should be increased or not. Similarly in London where London Regional Transport is a nationalised body responsible for the procurement of bus services throughout the city, the level of fares is established by them and is applicable on all services.

Countries where fare levels are set by the public authorities generally report a reluctance to raise fares around election times and tend to have higher subsidy level

Provision of Socially Necessary Services and Transport Integration

In most countries these functions are integrated with their service procurement responsibilities. The main means of integration is through the common fares system

Those countries which treat urban services separately from regional/inter-urban services often find that it is difficult to achieve coordination of services within the urban area. Services coming in to the town or city from outside are often prevented from picking up local passengers or are required to charge higher fares. In some instances they even have separate stops. Spain, Portugal, Italy and Greece conform to this pattern. In France they have attempted to overcome this problem by allowing the inter-urban operator to become a sub-contractor to the urban operator to allow them to carry urban passengers. By contrast the northern European countries notably Netherlands, Germany, and the Scandinavian countries treat the bus network as an integrated system regardless of whether the particular service operates wholly within a town or city or originates from outside.

The verkehrsverband system which is applicable in Germany, Austria and in the larger cities of Italy represents the most comprehensive attempt to coordinate public transport. All operators are required to become members and revenue is pooled between them. The verkehrsverband undertakes the planning and marketing of services and includes as part of the network all public transport modes including tram, metro, and suburban rail. In other countries, for example, France, Ireland, Portugal and Spain there is little coordination of services between transport modes.

Again Ireland and the UK are different. In Ireland there is no established coordination function. The nationalised operator has an implied duty to provide whatever social services are deemed appropriate. This can often mean that it is difficult to make major changes to existing services. In the UK social service procurement is one of the main public transport responsibilities of local

authorities. Their concern is however only for those services which are not already provided on a commercial basis. The same authorities are also responsible for transport coordination. This however can be problematic because they cannot force operators to act against what they consider is their commercial interest and since most operators are in competition with each other, mutual cooperation may be difficult to obtain.

Financial Support

Table 4 shows the overall level of financial support in each country.

Country	Level of Financial Support (% total costs)
Austria (Cities)	50
(elsewhere)	80
Belgium	60-70
Denmark	32
Finland (urban)	30-50
(elsewhere)	20-30
France (urban)	50-62
(elsewhere)	50
Germany	35
Greece (Athens)	62
(elsewhere)	0
Ireland	13
Italy	55-60
Luxembourg	82
Netherlands	65
Portugal (public sector)	
30-35	
(private sector)	0
Spain (urban)	30-35
(elsewhere)	0
Sweden	35-55
United Kingdom (London)	15
(elsewhere)	20

Table 4 - Level of Financial Support

In the majority of countries financial support is negotiated as a global amount at the beginning of each financial year. This then acts as a fixed contract between subsidy provider and operator. There is usually scope for top-up payments but this is supposed to be for unforeseen events. Some countries enforce this more rigidly than others. In countries where there are tendered contracts, negotiations are still required to allow for any inflation in costs.

Subsidies agreed in this fashion do not usually specify the exact purpose. Hence the global amount provides for maintenance of agreed services, at the agreed fare scales, at the agreed level of service, and providing special fares to particular groups of passengers such as the elderly and handicapped. Subsidies are not usually broken down for each of these elements.

The model outlined above does not apply in Germany, UK and Ireland. In these countries specific subsidies are provided for the transport of the elderly and handicapped at special fares. In the UK the exact scheme varies between local authorities areas and is agreed by operators with each local authority. In Ireland a national scheme applies. Apart from subsidies for special fares, Ireland subsidises its nationalised operators by a global amount in a similar fashion to other European countries whereas in Germany public sector operators are subsidised by their municipal owners. In the UK subsidies are linked to tendered contracts which meet the gaps not fulfilled by commercial services. This often means that the subsidised operator providing journeys on a particular route in the evenings and on Sundays is different from the operator providing the main commercial service at other times.

In some countries subsidies are only directed at public sector operators. This applies in Germany, Ireland, Portugal and Greece. In Germany the majority of private sector operators operate under sub-contract to one of the municipal operators and are hence subsidised indirectly. If, however, a private operator provides a service in its own right, the current system does not allow for that operator to be subsidised. This situation will change in the near future. In Greece the only subsidised operations are in Athens and in Thessaloniki. Athens is nationalised but Thessaloniki is a private operation jointly owned by the original vehicle owners and their descendants. No other subsidies are provided and hence Thessaloniki is the only subsidised private sector in Greece although this operation will shortly be nationalised. Ireland simply has no mechanism for subsidising private companies.

Structure of the Bus Industry

The wide variations in practice between European countries can now be compared with differences in the structure of the bus industry in each country. Table 5 indicates the percentage of buses which are in private ownership.

Country	Percentage of buses in Private ownership
Austria	20
Belgium	28
Denmark	55

Finland	82
France	84
Germany	48
Greece	68
Ireland	15
Italy	33
Luxembourg	74
Netherlands	3
Portugal	70
Spain	60
Sweden	76
United Kingdom	95

Table 5 - Percentage of National Fleets in Private Ownership

These percentages show the full range from almost exclusively private ownership in the UK and France to almost exclusively public ownership in the Netherlands and Ireland. Can it be said that the countries with the highest level of public ownership coincide with the highest level of financial support? Not entirely. Austria, Belgium, Italy and Netherlands conform to this pattern but the country with the highest level of financial support, Luxembourg has only 26% of its fleet in public ownership. At the other end of the scale the country with the lowest level of financial support, Ireland, has 85% of its fleet in public ownership.

We shall now consider differences in the private and public sectors in each country. Table 6 shows the degree of concentration in both the private and public sectors.

Country	Number of Companies with fleets of over 100 buses			
	Private sector		Public sector	
	Companies	% of Nat. fleet	Companies	% of Nat. Fleet
Austria	1	5	4	19
Belgium	2	5	3	72
Denmark	6	52	4	45
Finland	3	17	7	14
France	36	?	10	14
Germany	0	0	67	29
Greece	16	37	3	32
Ireland	0	0	2	84
Italy	27	7	69	56
Luxembourg	1	13	1	18
Netherlands	0	0	13	94
Portugal	15	34	6	20
Spain	7	30	5	29
Sweden	1	13	4	12

United Kingdom	14	52	13	5
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Table 6 - Concentration of the Bus Industry

The Private Sector

There are perhaps two models for the shape of the private sector. Denmark, Spain, France and the UK indicate a high level of concentration the largest six companies controlling a significant proportion of the national fleet. The other model is of a highly fragmented industry as in Germany, Ireland and Greece where the majority of private sector operators are small businesses with perhaps only one or two buses.

It is noticeable that the countries where the private sector is more concentrated correspond to a large degree with the countries which are more open to competition. Recent experience from the UK, France and Scandinavian countries show that small operators find it difficult to survive on their own in a more competitive market. In the UK and Denmark this has resulted in a greater concentration of the industry where small operators are either sold to larger companies or withdraw from the market for regular services. In Sweden they are trying to deal with the situation by forming cooperatives. It will be interesting to see whether this is successful but experience suggests that eventually small operators will find the pressure to sell or withdraw too great.

Competition from other EU states has only very recently started to appear in domestic bus markets. In most instances it has resulted from the purchase of companies by foreign buyers. The largest company to appear so far is the Stagecoach Group of the UK which has bought Svebus and Linjebuss of Sweden and has a stake in a company in Portugal. Both Svebus and Linjebuss have, in turn, bought small operations in Finland, Denmark and Belgium. Recently Arriva have bought previously nationalised companies in Netherlands. The experience of foreign operators succeeding in the winning of competitive tenders is so far very limited. The French company CCEA have gained business in this way in Spain and the American company Vancom have succeeded in the Netherlands.

The Public Sector

Table 6 also indicates the structure of the public sector in each country of the European Union. It shows the dominance of the industry by a few large public sector companies in Belgium, Ireland and Netherlands and by a large number of public sector companies in Italy. In most countries the public sector is either owned by municipalities or by the state. Only in the Netherlands is there a significant percentage of both, although even here the nationalised

group is much bigger. Belgium is unique in that the ownership of public sector bus companies lies with the regional government.

Nationalised companies either operate services throughout the country (Austria, Italy, Ireland and Netherlands) or provide services in the principal cities (France, Greece and Portugal)

After the privatisation of the nationalised bus companies in the United Kingdom few other countries followed suit until recently. The biggest trend has been to remove the large fleets formerly operated by state railway companies. In most cases these have been placed in another public sector company. In the case of Sweden, however, this led to its eventual privatisation through the purchase of Swebus by Stagecoach. Netherlands are in the process of selling off their nationalised companies and Germany are now considering the sale of the regionalverkehr companies formed out of the former operations of the railways and the post office. Austria are considering the sale of the postbus fleet.

Municipal authorities have generally speaking shown a great reluctance to privatise bus companies under their control. Even in the UK the process of privatisation of municipal companies is far from complete despite years of considerable pressure from the previous government. Elsewhere the only instances which have been found have been Vantaa in Finland (bought by Linjebuss of Sweden) and Athens in Greece (privatised in 1992 but renationalised in 1993). In Groningen in the Netherlands the municipal operation has been placed under a management contract with Vancom of America who have also purchased a 15% holding. They have an option to purchase 85% of the company provided the financial performance improves.

Conclusion

At the start of this paper we defined three trends which are apparent within the European Union. These were:

- Opening up of more areas to competition in order to realise the benefits of the Single European Market,
- The need to develop and promote public transport as an alternative to the private car, and
- Furthering the principle of subsidiarity in order to localise administrative decisions to the greatest possible extent.

We can now clearly see that the latter two trends have been pursued more vigorously than that of promoting competition. Public authorities have shown no great desire to relinquish the controls over local bus services except in the UK. Even when competition is being introduced through competitive tendering, this is more often on a gross cost, route by route basis. This means that the authority

retains responsibility over route structure and timetables. Even when competition is relatively open, only the United Kingdom removes control over fares from the public domain. Some countries are experimenting with area wide franchises which allows for a degree of commercial innovation but such moves are fairly tentative at present. Other countries appear to be content to open up competition for private sector operators whilst still protecting the public sector.

On the question of subsidiarity, there has been a distinction in certain countries between urban and non-urban services. Whilst this has promoted greater local involvement, it has led to problems over coordination. This may be overcome by moving the responsibility to regional level but there will always be a problem with cross-boundary services. In some countries there are major changes underway to devolve responsibility for bus services from national level to regional level. At the same time measures are being taken to introduce more open competition through competitive tendering. This is particularly the case in Germany and Netherlands where the previous dominance of public sector operation looks set to change.

What has been the effect of the introduction of a greater degree of competition? As is well known the financial performance of bus undertakings is mainly a function of service levels, fare levels and revenue support. Our investigation did not attempt to make comparisons in the first two of these variables. Hence, we cannot comment on the financial effects of increased competition. Revenue support was looked at and there might be considered to be a tentative relationship between the level of revenue support and the degree of openness of competition. The Scandinavian countries and the UK do appear to have lower levels of revenue support than others. Again, however, there are exceptions. France which has a higher level of competition also has a relatively high level of financial support. Ireland, on the other hand, has the lowest level of financial support and no open competition. In this case we can point to the growth of illegal competition which has actually provided opportunities for the nationalised companies to introduce long distance services which they previously left to the railway.

The other relationship to which we have referred, is that between the degree of openness of competition and the concentration of the industry. It is interesting to speculate as to the causes of this phenomenon. It was thought that there were no major economies of scale in bus operation and hence no cost advantage in being bigger.³ If this is the case, we can only conclude that the concentration of the industry in those countries with more open competition must be in order to gain market power. On the road competition in the UK shows that it is difficult for small operators to succeed against the larger groups. Equally, when competition is based on tenders, size seems to be important. For example, in Sweden we saw that smaller operators felt the need to form cooperatives in order to compete more

effectively with larger companies. If this trend continues and if other countries remove more barriers to competition, we could be in for a race for dominance across the whole EU similar to that which we have seen in the UK

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