CNMC public consultation on intercity passenger transport services by coach

The Act 3/2013, of June 4, creating the National Commission on Markets and Competition (CNMC) of Spain, includes among the functions of the institution the drafting of studies and research on competition matters, as well as general reports on different economic sectors (Article 5.1.h)). The Board of CNMC has exercised this prerogative by initiating a study on the conditions of competition in the intercity transport by coach sector.

This study is part of Strategic Action 6.1 of the [CNMC’s 2019 Action Plan](https://www.cnmc.es/sites/default/files/editor_contenidos/CNMC/PortalTransparencia/Plan%20Actuacion%202019_DEFINITIVO%20EXTERNO_13.02.2019.pdf) (analysis of sectors that make a direct contribution to the welfare of citizens, such as all modes for passenger transport).

**Why is the CNMC preparing a study on intercity passenger transport services by coach?**

Intercity coaches are one of the most widely used means of transport among passengers in Spain, especially among low-income users. Under Spain’s concession system, private companies are granted exclusive rights to operate the service of certain routes through an administrative license. Although this system may have improved the spatial coverage of the transport network, numerous experts and authorities have identified deficiencies that call for a reassessment of the current system.

The study will perform an analysis of the national and regional concession system for the provision of intercity passenger transport services by coach from the perspective of competition and efficient regulation. Additionally, the study will evaluate European reforms for the introduction of competition in the market. From these analyses, the study will draw a series of conclusions to improve competition conditions in the sector.

**How will the CNMC carry out its study on intercity passenger transport services by coach?**

The study starts with this public consultation phase, which intends to collect the views of the main stakeholders engaged in this sector. These include consumers and users of the service, public institutions and regulatory authorities, intercity bus and coach operators, other transport operators, and other experts and concerned agents.

The next stage will consist in the analysis of the received contributions, as well as contacts (through both meetings and eventual information requirements) with some of the agents related to the sector. These tasks will be simultaneous with the internal elaboration of the study, which the CNMC expects to complete in a period of 6-9 months.

**Participation rules for the public consultation**

This public consultation follows a transparent process and the contributions received will be taken into consideration for drafting the study. After responding to the questionnaire, in the last step before submitting the contribution, participants are asked to provide their contact information (contact name and e-mail), as well as the name of the individual or represented institution. Contact information (contact name and e-mail) will remain confidential, and shall not be published under any circumstances. Nonetheless, both the name of the individual or represented institution and the received contribution may be published in full. Exceptions may be made regarding certain information, when specified by the participant for duly justified confidentiality issues.

Required fields are marked with an asterisk (\*). Answer to the rest of the questions is optional, so participants are encouraged to focus their responses on those sections where they hold relevant information. Those questions for which participants lack relevant information or judgement may be left unanswered or marked as DK/NO (“don’t know/no opinion”).

Answers to open-ended questions are allowed a maximum character length in order to ensure a concise response. References or links to publicly available documentation may be included to reduce the extension of the contribution. If a participant wishes to submit additional information (such as data, tender specifications, contract terms and concession contracts, etc.), an electronic file (pdf, excel, word, etc.) may be sent to the e-mail address dp.estudios@cnmc.es using the subject "Study on intercity coach services" (stating clearly whether the provided documentation can be disclosed together with the answer to the public consultation).

# 1. About you

I am giving my contribution as:\*



# 2. Interest of the participant

Select the geographical scope of interest (select all that apply)\*

☐Spain

☐Andalusia

☐Aragon

☐Asturias

☐Balearic Islands

☐Basque Country

☐Canary Islands

☐Cantabria

☐Castile-La Mancha

☐Castile and Leon

☐Catalonia

☐Extremadura

☐Galicia

☐La Rioja

☐Community of Madrid

☐Region of Murcia

☐Navarre

☐Valencian Community

Concessions or routes of special interest for the individual or represented institution (max. 4,000 characters)



# 3. General assessment of the sector

Intercity coach transport in Spain is regulated under a concession system, whereby private firms are granted exclusive rights to operate the service in absence of competition for a specific route. Under this system, firms compete to obtain the concessions, which are awarded to the operator that offers the most competitive bid according to the conditions specified in the tendering process.

Ex-ante competition among firms to obtain the concessions is aimed at granting adequate service conditions for all users. The firm that eventually obtains the concession, and therefore the right to operate the service exclusively (in the specified routes), must comply with the conditions to which it has committed itself to prevent eventual abuses of its monopoly power. Moreover, the concession system seeks to ensure the provision of transport services between locations that would otherwise not be commercially attractive to private firms in a free market. By grouping these routes with commercially attractive routes within a single concession, the cost of operating the service on these lines can be shared by all users (as the profits arising from the operation of commercially viable routes may be used to operate unprofitable routes).

However, under the current system public authorities decide which routes should be operated, and this decision might not be aligned with the preferences of consumers. In addition, the price paid by users of commercially viable routes would be higher under the concession system than the price set in a free market, as they would be financing the operation of services in unprofitable routes or areas.

On the other hand, the CNMC and other experts and authorities that have studied the sector have identified functioning deficiencies in the concession system. These deficiencies could hinder competition between companies, favour previous concessionaires, and harm the user, in the form of higher prices and/or lower quality of service.

Given the administrative difficulties associated with the management of concessions, other European countries allow for more than one bus company to operate the same route. On the other hand, the operation of services in unprofitable routes is financed by public authorities through subsidies.

**Express your opinion on the following statements (where “0” means “strongly disagree” and “5” means “strongly agree”)**

In general, current intercity bus routes respond adequately to your transportation needs



Intercity coach services are sufficiently connected with other passenger transport services (for example, rail, plane, city buses, subway...)



In general, intercity coach transport services are less attractive to consumers than other means of transport



Allowing several companies to operate their services in the same route would improve the attractiveness of coach transport compared to other means of transport



The provision of transport services in routes or areas without commercial interest for private companies should be financed by:

☐ Intercity transport users, grouping profitable and unprofitable routes so that the cost of operation is shared among travellers

☐ Taxpayers, through subsidies granted by public authorities and funded by their budgets

☐ DK/NO

You may provide additional comments to the questions above (max. 4,000 characters)



# 4. Other questions. Consumer valuation

The current concession system aims at allowing the State to provide an extensive transport network at a reduced cost. However, this system would also entail inconveniences such as higher rates for end users, and lower frequency or quality of services. An incorrect management of the concession system by public authorities increases the cost for end users. This, in turn, could hinder the competitiveness of coach services compared to other means of transport, including private vehicles.

Indicate how often you usually use the following modes of transport for your intercity trips

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | More than twice per week | Once or twice per week | Once or twice per month | Once or twice per quarter | Twice a year or less | DK/NO |
| Private vehicle | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Shared vehicle | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Bus or Coach | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Train | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Plane | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Ferry/maritime transport | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |

Which coach operators do you usually travel with? (max. 1,000 characters)



Rate the following aspects of your intercity coach journeys

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Not at all satisfied | Dissatisfied | Indifferent | Satisfied | Very satisfied | DK/NO |
| Service fare | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Departure frequencies | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Journey time and number of stops | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Quality, comfort and safety | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Quality/price ratio | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |
| Overall service | [ ]  | [ ]  | [ ]  | [ ]  | [ ]  | [x]  |

In your opinion, how would the following aspects be affected if there were several companies operating their services on the same route?

|  |  |  |  |
| --- | --- | --- | --- |
|  | Would improve | Would worsen | DK/NO |
| Service fare | [ ]  | [ ]  | [x]  |
| Departure frequencies | [ ]  | [ ]  | [x]  |
| Journey time and number of stops | [ ]  | [ ]  | [x]  |
| Quality, comfort and safety | [ ]  | [ ]  | [x]  |
| Quality/price ratio | [ ]  | [ ]  | [x]  |
| Overall service | [ ]  | [ ]  | [x]  |

You may provide additional comments to the questions above (max. 4,000 characters)



# 5. Submit your answer

Full name of the individual or represented institution (will be published together with the contribution)\*



Contact name (will remain confidential)



Contact e-mail (will remain confidential)\*

