

# 27 February 2013: Coach transport

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**Several months after interregional coach transport was opened up to competition, the Autorité de la concurrence launches a sector inquiry to examine the operation of competition in this sector**

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Until 2011, regular interregional transport links by coach were barely developed in France. In 2011, conditions were made easier for opening up the lines, and this expanded the market. It resulted in authorisation granted for 230 interregional links and in 270 requests for opening up lines under consideration at the end of 2012. Many operators thus entered the market. These included Eurolines (a subsidiary of Veolia Environnement), Megabus (a subsidiary of the British company Stagecoach), iDBUS (SNCF) and Starshippers (created by the Réunir Association of Independent Forwarders).

By examining how competition operates in this emerging but dynamic market, the Autorité de la concurrence intends to assess the current competition conditions as well as the way in which they could be fostered further for the benefit of consumers.

**A cheap mode of transport, attractive for young people and those of modest means, but one that is underdeveloped in France**

Coach transport offers competitive prices, making it a cheap mode of transport, especially in comparison with the train. As an example, in January 2013, a Paris –

Lille round trip coach ticket was offered by the two companies providing this link (iDBUS and Eurolines) at a price of between 18 euros and 48 euros<sup>1</sup>.

These prices are likely to interest people of limited means, such as students. A customer study produced by Eurolines indicates that 42% of the passengers using these lines are aged under 26.

In its inquiry, the Autorité will seek to understand the reasons why this means of transport is not as well-developed in France (only 2% of long distance journeys) as it is among our neighbours (United Kingdom, Sweden, Spain). It will ask four main questions.

## **The issues studied**

Is the authorisation scheme for opening new lines too restrictive?

Even though the market has been able to open, the creation of lines remains subject to permission from the State and is dependent on conditions. The starting points and termini of the lines must link two European towns or cities and internal links must not compete with existing public links such as, for example, the TET lines (*trains d'équilibre du territoire* – trains linking several regions). The Autorité will ask whether this authorisation scheme has blocked the entry of coach operators into the market. It will also analyse the extent to which subsidising the railway routes could restrict the opening of road transport lines.

Should the opening up to competition be expanded to include internal lines?

Currently, only *cabotage* is permitted, i.e. a service between two French towns is only possible if it is incorporated into international routes (for example, Paris-Lille-Amsterdam). Strictly domestic lines (for example, Paris-Lille or Lyon-Marseille) are not permitted. In its inquiry, the Autorité will examine to what extent the market could be opened up more extensively to domestic lines for the benefit of consumers.

Is equality of opportunity guaranteed between all potentially interested

operators?

The Autorité will ask whether multimodal companies, such as the SNCF, have competitive advantages that are liable to deter the entry of other operators or strengthen their position in this emerging market. In this respect, it should be noted that the SNCF, the incumbent operator of rail transport, has diversified its activities and operates on many markets other than that of urban passenger transport (through its Keolis subsidiary).

Under what conditions could coach operators regroup?

Finally, the Autorité will study the issue of groupings between coach operators. If such cooperation enabled them to share certain facilities (such as passenger information and ticket sales), it ought not to be a vehicle for agreements between them, especially involving sharing out the market.

### **A public consultation in the autumn**

The Autorité de la concurrence will be opening a public consultation in the autumn before issuing its opinion, which may be accompanied by recommendations.

*(1) Price for an outbound journey on 28 January 2013 and a return on 30 January 2013.*

**> Full text of Decision 13-SOA-02 of 7 February 2013 on a self-referral for an opinion relating to competition in the regular interregional coach transport sector (in French)**

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