



# Smart Urban Mobility in Latin America

## Smart Move Discussion Paper



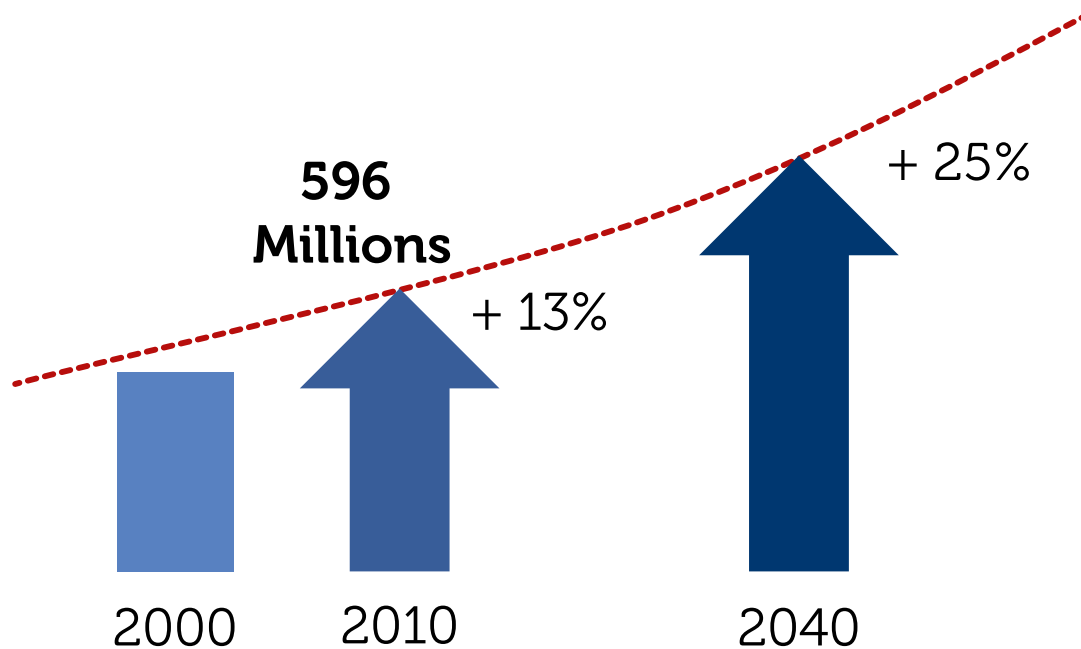
# Smart Urban Mobility

Mobility is a key factor for the development of cities. **Latin America has seen how its economic and demographic growth in the past decades has resulted in a major expansion of urbanization and thus, much more traffic congestion in their cities.** Between 2000 and 2010, the population of Latin America grew by over 13% to surpass 596 million inhabitants, foreseeing by ECLAC, a population's increase by 25% in 2040. 2015's rate of urbanization in Latin America already was the highest in the developing world, with nearly 81% of the

population concentrated in urban areas, according to the United Nations' Population Division<sup>1</sup>.

Similarly, welfare and GDP per capita of Latin Americans have increased exponentially, resulting in **greater demand in private vehicles increasing**

<sup>1</sup> CAF - Banco de Desarrollo de América Latina, *Desarrollo urbano y movilidad en América Latina*, pp. 11 y 16; The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p. 6.



Between 2000 and 2010, the population of Latin America grew by over 13% to surpass 596 million inhabitants, foreseeing by ECLAC, a population's increase by 25% in 2040. 2015's rate of urbanization in Latin America already was the highest in the developing world, with nearly 81% of the population concentrated in urban areas, according to the United Nations' Population Division.

well above the world average of 46 minutes, **the time it takes to go to work and generating much more congestion and pollution** in major cities<sup>2</sup>.

Thus, in many Latin American cities, **air quality has deteriorated due largely to the use of fossil fuels in vehicles**. According to a study of the Clean Air Institute in 2012, increased pollutant emissions is partly the result of uncontrolled land use, poor transport planning and the use of poor quality fuels<sup>3</sup>. Another study by the Inter-American Development Bank says that in cities suffering from increased pollution, the adoption of smart mobility solutions to help reduce the concentration of airborne particles to global standards, could help save between 10,500 and 13,500 premature deaths, various diseases and loss of economic productivity<sup>4</sup>.

**Smart urban mobility involves the movement between one point and another in the city. But it has to be understood as a system to meet needs that go beyond a mere trip or journey. Thus, it must also be accessible for all and have quality.** It means actions that lead to rethink policies in various aspects such as infrastructure, traffic management, road safety or investments. This is **to generate integration between all transport modes in the city**. Therefore, one of its major challenges is getting the right funding to implement it.

But to be effective, a framework for transport policy should necessarily consider **sustainability**. In this sense, public transport is configured as a provider of essential mobility for achieving environmental objectives and as a complement, competitor and even substitute for private vehicles. To do this, there is a need for policy and legislation that incentives its use.

**Latin America has tested the application of different measures and policies for urban mobility over time.** This is demonstrated by various measures over time as the launch of the first collective buses in the 1920s, through the installation of electric trams in almost all major cities by foreign investors, the expansion of the undergrounds in the seventies, the creation of State-owned enterprises and its subsequent deregulation or the invention of the Bus Rapid Transit (BRT)<sup>5</sup>.

Precisely in relation to the latter ones, **Latin America has the global largest network of BRT by length and daily passenger volume**, representing more than 1/3 (34.6%) of the overall kilometers traveled and almost 2/3 (62.4 %) of total passengers carried<sup>6</sup>. The largest systems are in São Paulo, Santiago, Buenos Aires and Bogota.

Amongst all the Latin American countries Brazil stands out for being considered the world leader in BRT systems. In fact, one of the most successful is the *Rede Integrada de Transporte*, established in 1974 in the city of Curitiba, serving 508,000 passengers daily in a city with 1.84 million inhabitants. The system has taken part of the credit given to the city because of having the cleanest air in all Brazilian urban areas<sup>7</sup>.

Bogota and Guayaquil have also followed this model. Thus, the TransMilenio BRT system -created in Bogotá in 2000 with dedicated bus lanes- is now the largest in the world and serves 2.6 million passengers daily, although the increased demand is running out the current capacity of its terminals and buses<sup>8</sup>. Existing studies consider that systems like TransMilenio in Bogota, Mexico and Metrobus Transantiago in Santiago have done much to improve air quality in these cities, but the trends

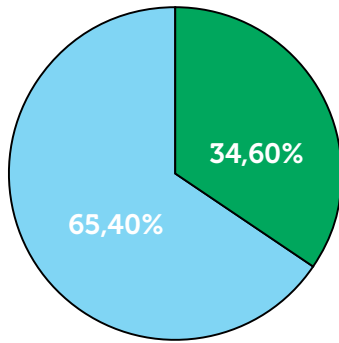
2 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p. 8.  
3 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p. 13; Clean Air Institute, *La calidad del aire en América Latina: Una visión panorámica* (2012).  
4 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p. 13; Banco Interamericano de Desarrollo, *Urban Air Quality and Human Health in Latin America and the Caribbean* (2005).

5 CEPAL - Boletín FAL [Edición N° 323, número 7, 2013], *Políticas integradas y sostenibles de movilidad: revisión y propuesta de un marco conceptual*; CEPAL - Serie Recursos Naturales e Infraestructura N° 177 (vol. 1), *Políticas de logística y movilidad. Antecedentes para una política integrada y sostenible de movilidad* (2015), p. 7.  
6 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p.12.  
7 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p. 12.  
8 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p.12.

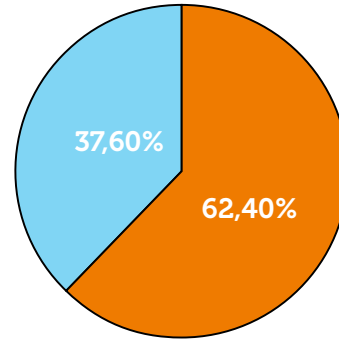


## BRT Network

Overall Kilometers traveled



Passengers carried



**Latin America has the global largest network of BRT by length and daily passenger volume**, representing more than 1/3 (34.6%) of the overall kilometers traveled and almost 2/3 (62.4 %) of total passengers carried. The largest systems are in São Paulo, Santiago, Buenos Aires and Bogota.



One of the most successful is the *Rede Integrada de Transporte*, established in 1974 in the city of Curitiba, serving 508,000 passengers daily in a city with 1.84 million inhabitants.



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towards the worsening of pollution suggest that further measures are needed<sup>9</sup>.

However, **these mass transit systems often operate overwhelmed by increased demand and a lack of infrastructure for pedestrians and cyclists.** Thus, a study of Latin American cities in 2011 by the global consulting firm McKinsey & Company found out that better metropolitan planning to find transport solutions can create greater efficiencies in business and have a positive impact on economic growth<sup>10</sup>.

But BRTs are not the only adopted measure to improve mobility in cities. Several Latin American governments have expanded road infrastructure and used schemes to restrict space on the streets in order to handle the traffic. In several cities -includ-

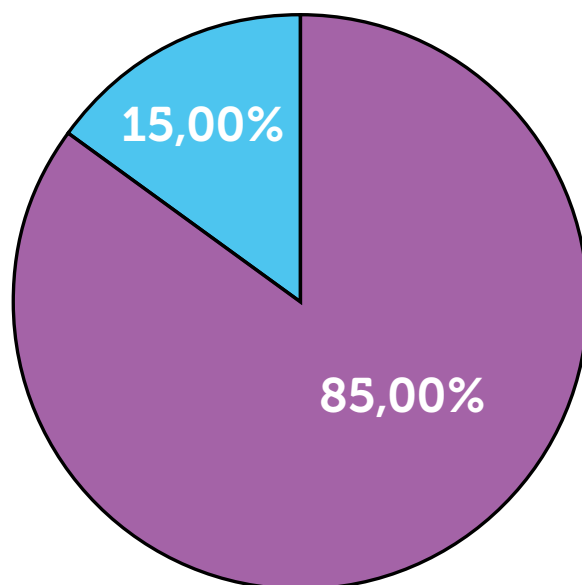
ing São Paulo, Mexico City, Bogotá San Jose or La Paz- **plans have been implemented prohibiting the use of vehicles** with a certain number of license plate throughout the day or in high traffic hours. The possible imposition of congestion charges to road users has been studied and considered in several cities (São Paulo, Santiago and Bogotá) but it has not been ultimately implemented because of people's opposition. Regarding the promotion of other forms of mobility, it is true that cycling has grown rapidly as an alternative of mobility in Latin America, but its use still remains marginal<sup>11</sup>.

A study from the Development Bank of Latin America summarizes the evolution of mobility and its direct relationship with the processes of expansion and urban development in 15 metropolitan areas in Latin America: Buenos Aires, Belo Horizonte, Curitiba, Porto Alegre, Rio de Janeiro, Sao Paulo, Santiago, Bogota, San Jose, Mexico City,

9 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p.12.

10 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), pp. 13-14; McKinsey & Company, *Fulfilling the promise of Latin America's cities* (2011).

11 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p.12.



85% of urban transport would come from roads and the remaining 15% from rail-related modes.

Guadalajara, Leon, Lima, Montevideo and Caracas<sup>12</sup>. The study shows that, by classifying public transport vehicles according to their importance on the total number of passengers, then it appears that **bus, minibús and microbús “produce” most of the transport**. Similarly, 85% of urban transport would come from roads and the remaining 15% from rail-related modes. The bus services in the 15 metropolitan areas analyzed are predominantly from private companies, with private fleet and operated by a lot of undertakings. In addition, most of the areas authorizes services through concessions.

The study also warns that economic instability, low incomes of most of the population and the structure of the offer of public transport have contributed to make a permanent critical issue about public transport fares. Thus, one of the most important consequences is the **increase in the average value of fares** over time. This opens the debate about whether collective transport systems can survive

only through fares charged to users and points out to the idea of subsidies.

But in all studies consideration is missing to a mode such as taxi, which performs transportation services with great potential at urban level. In this regard, **taxi services play a key role in smart urban mobility thanks to its flexibility, door-to-door service and full time availability**. But this potential is rarely used and taxis are usually absent from any urban planning and infrastructure. These services are regulated and subject to compliance with administrative authorizations and a large number of fiscal, economic and insurance obligations. At present, the debates around them focus on addressing the market entry of new services through mobile applications that have forced this sector to rethink itself. Reactions to these new services are controversial and generate controversy, resulting in prohibitions to operate but also some Latin American cities have regulated their use (such is the case of Mexico City).

**In Latin America two models of regulation of urban public transport can be identified: high-regulation (existing in Brazil and to a lesser**

12 CAF - Banco de Desarrollo de América Latina, *Desarrollo urbano y movilidad en América Latina*.



**extent in Costa Rica), and medium or low regulation which is present in all the other countries<sup>13</sup>.**

The Constitution of the Federative Republic of Brazil defines public transport as an “essential public service” and the competent authorities are responsible for regulating and controlling these services. In the other countries of Latin America there is a lesser degree of control, which is noted, for example, in the license that is required to drive a public transport vehicle and the way to obtain it (according to the appropriate authority in each territorial and /or jurisdictional level).

In Latin America there are cases of **failure, weakness or inadequacy of public systems for planning and management of urban transport<sup>14</sup>**. This happens because sometimes the system could not be implemented, and sometimes, the entities that constitute them fail to coordinate properly. In all metropolitan areas there is an almost universal desire to have effective forms of institutional coordination but the political complexity of these areas and the various problems they face put obvious obstacles to overcome this challenge. Another important aspect relates to the efficiency and quality of public transport, where deficiencies in offer, poor quality of vehicles and insecurity are critical issues.

**One of the key policy frameworks for urban mobility is demand management.** It is impossible to exclusively respond to this demand through the provision of infrastructure and urban transport services. In this sense, the demand for urban mobility must be understood, classified, prioritized and, if necessary, moderated, in order to be able to improve the responses that can be given in terms of offer.

There is a significant movement advocating for **mobility as a social right and as a State policy throughout Latin America<sup>15</sup>**. Such importance of ensuring mobility to every citizen in urban areas is also equally committed to promote public trans-

port services to be considered as public services. In such a way, the State will ensure accessibility to urban mobility with a reasonable quality and safety, affordable price to all citizens and at an acceptable cost to society.

**A major challenge is to address road safety.** The figures in Latin America are worrying and statistics note that most of those deaths and injuries in road accidents occur in cities. A report on infrastructure strategy launched by the IDB in 2014, found that more than 100,000 people die each year in the region by road accidents (this is equivalent to the number of deaths caused by AIDS, lung cancer, tuberculosis and malarial all together), producing associated costs ranging from 1% to 3% of GDP<sup>16</sup>. More than half (50.6%) of these victims are the most vulnerable road users, i.e. pedestrians, cyclists and motorcyclists.

Therefore, **although the implementation of new modes and changes in the operations have helped to mitigate mobility problems that affect cities**, the fact is that **the major urban areas of Latin America still have problems** of congestion, operational inefficiencies, accidents, local and greenhouse emissions, energy inefficiency and inefficient use of space.

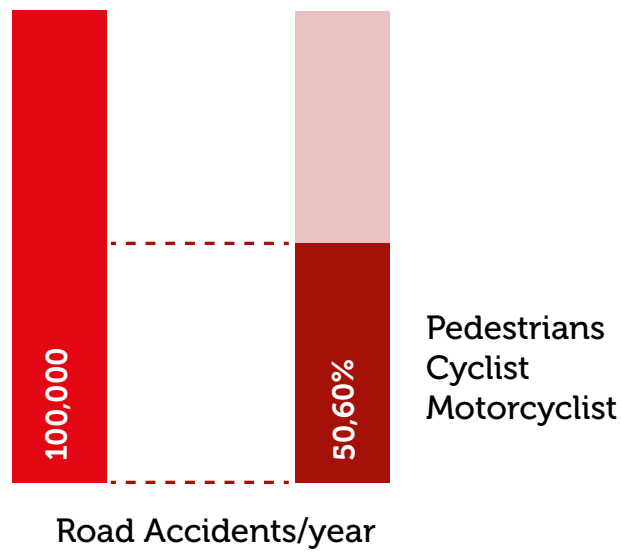
13 CAF - Banco de Desarrollo de América Latina, *Desarrollo urbano y movilidad en América Latina*, p. 310.

14 CAF - Banco de Desarrollo de América Latina, *Desarrollo urbano y movilidad en América Latina*, p. 312.

15 Movilidad Urbana Sustentable de América Latina, *Declaración de Lima: Libro Blanco de la movilidad urbana sustentable de América Latina* (2014).

16 The Economist – Intelligence Unit para Banco Interamericano de Desarrollo/Fondo Multilateral de Inversiones, *El uso de las APP en la movilidad inteligente en América Latina y el Caribe* (2015), p. 14.

## Number of Deaths



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# Intercity and long distance regular lines by bus and coach

Collective regular intercity and long-distance services of transport by bus and coach in Latin America are very important due to socio-economic effects. It should be noted that this is **an industry that has been traditionally highly regulated in all countries**, with differences between them. Thus, in some countries they are categorized as public transport services whereas they are not in other ones. Its regulation covers many aspects: the type, the maximum age and other technical aspects of vehicles used to provide those services, the routes assigned or selected, the permits, insurance and taxes required to meet regulatory obligations arising from such activity....

These **services can be carried at domestic level** if they are only provided on the national territory of a country (being regulated at that level) **or at international level** if they are performed cross-borders. In the latter case, there are more requirements as they go beyond regulation of a country. In the American continent some associations for the integration of countries have developed their own international conventions or agreements which stipulate the rules for transport operations and transit through their territories. That is the case of Mercosur (now formed by Argentina, Brazil, Paraguay, Uruguay and Venezuela) and the Andean Community (Bolivia, Colombia, Ecuador and Peru), although there are international agreements that affect these cross-border services by neighbouring countries and / or territories within a region (a good example would be the ATIT-International Land Transport Agreement, signed under the 1980 Montevideo Agreement and which applies to services between the countries of the Southern cone).

These regular intercity and long distance transport services are **influenced by many factors**. Among them we can mention the structure, quality and maintenance of the road network, the cost of tolls and fuel, the length of travel or safety and security (both personal and for the belongings of travellers). Like all modes of transport, such services also produce **negative externalities** (noise, emissions, other environmental impacts, congestion, increased use of the road network, road safety ...).

But **these services are very important for Latin America due to the social and cohesive role that they play and for contributing to economic development and employment in the routes they serve**. Thus, they have a much higher passenger share than other modes and cover most of the travels of collective transport. This is due to several reasons. One of them is its large geographic penetration, connecting all kinds of urban and rural areas or any other ones, supported by its extensive network of stops and terminals. This has a cohesive and facilitating effect on the territorial structure of countries and regions. Another reason is their social role since they cover the movement of those who lack private vehicle, who cannot drive by age or physical condition or who have low incomes. The affordability of these services makes an influence on many people who opt for this mode of collective transport instead of other ones. Also, the provision of such services impacts on economic growth and job creation through activities associated with long-distance transport. A good example would be tourism, as these services can directly or indirectly drive, complement or contribute to related activities.

As mentioned before, the regulation of these services varies from country to country. Somehow, **public authorities always play an essential role in shaping these services**. That role may be higher or lower depending on the situation of each country. Thus, it may be that there is a system of operating permits -issued by the authorities- that define the route, frequency, quality or fare (or not, as it might be free) of the services offered. It may also be that the authorities award public contracts for the provision of these services under conditions and with requirements set in advance for a limited time. Or it may be that the authorities must validate that what is required by law to provide these services is met. In any case, the authorities are always involved and -although not all services enjoy the status of public transport (but they do in some countries)-, there are always some ones which are eligible for subsidies to ensure the mobility of people in rural areas or areas with low demand transport. That is the case for those services that would not be profitable if exploited in a strict business sense.

The **market** for these services is **strongly dominated by national companies** in the country where the service is provided (or where it begins, in the case of cross-border services). In many cases market is said to be so saturated that the only growth prospects go through either acquiring competitors or expanding into new markets. But the latter possibility requires something that is not as simple as it seems: to have appropriate and accurate information on the economic, legal and political environment of the country concerned to ensure legal certainty of investments in order to decide accordingly.

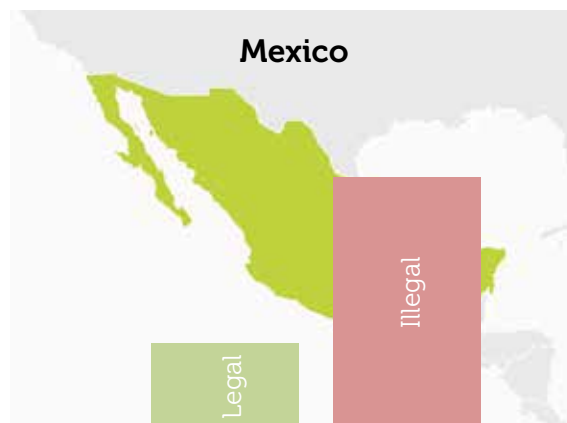
But regular intercity and long-distance transport by bus and coach faces major **public policy challenges**. This is an industry which requires that the authorities become more and better aware about their economic, social and political importance as well as recognize the commitment and role that these companies -providers of an essential service for citizens- play in the development of their cities, regions and countries. This can be achieved through the **formulation of policies that promote the use of this mode, financial programs** that allow and facilitate the renewal of key assets for the provision of the essential services accordingly with modern times and technologies, and **investments**

**in primary and auxiliary infrastructure** to improve conditions, safety and quality of the service for the benefit of the passenger.

On the one hand, the institutional weakness of regulators makes difficult to control non-competitive behaviours. Thus, **illegal transport** is one of the main concerns of the industry. While in Chile is pointed out to the existence of some 2,500 illegal vehicles for long distance services (about half the legal fleet for the same legal services, a few years ago in Mexico it was estimated that 1.5 illegal vehicles were operating per each legal vehicle. Such a figure was more surprising because there were 47,000 vehicles operating legal services of passenger transport by road (buses, coaches, minibuses ...) in Mexico. Therefore, **it urges severe and effective legislation which enhances inspection services and provides for an effective sanctions regime to eradicate the pirate services from companies operating illegally**.

Moreover, **in some cases it could be argued that there is precariousness in labour and operational regulations, thereby reducing incentives for efficiency and investments in operators**. On social and labour issues, it should be noted that many countries do not legislate specifically for this industry and its workers but the same rules for companies in several different sectors apply. Other ones do have specific legislation for this industry where the issue is addressed, regardless of whether companies can also conclude their own agreements. In addition, national representation varies. Thus, there are countries where there are no national trade unions but each company can have one or more than one trade union (if very large). There is also the situation of countries where there is one or more national (or regions) unions and then workers choose between join (or not) one or another. The existence of collective agreements signed by companies and trade unions guarantees that the conditions laid down therein shall apply to workers.

There is no doubt that **drivers are the most important human capital of a company in this industry**. They are subject to requirements of both initial and periodic training thorough external centres to their companies or internal ones. The most widespread practice is the first one, being usual that many are



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first formed as drivers and then look for work in that profession. In this regard a strong trend is highlighted in Argentina where such training is made by using driving simulators.

**Access to the profession of transport varies.** In some countries it is regulated, requiring a minimum age, to pass a psychophysical examination and obtaining the necessary training among other requirements. In others, it is deregulated and anyone who meets certain requirements (e.g. having a bus and an agreement with the departure and arrival terminals for the route) can create such a company to provide these services that meet basic social service needs of citizens.

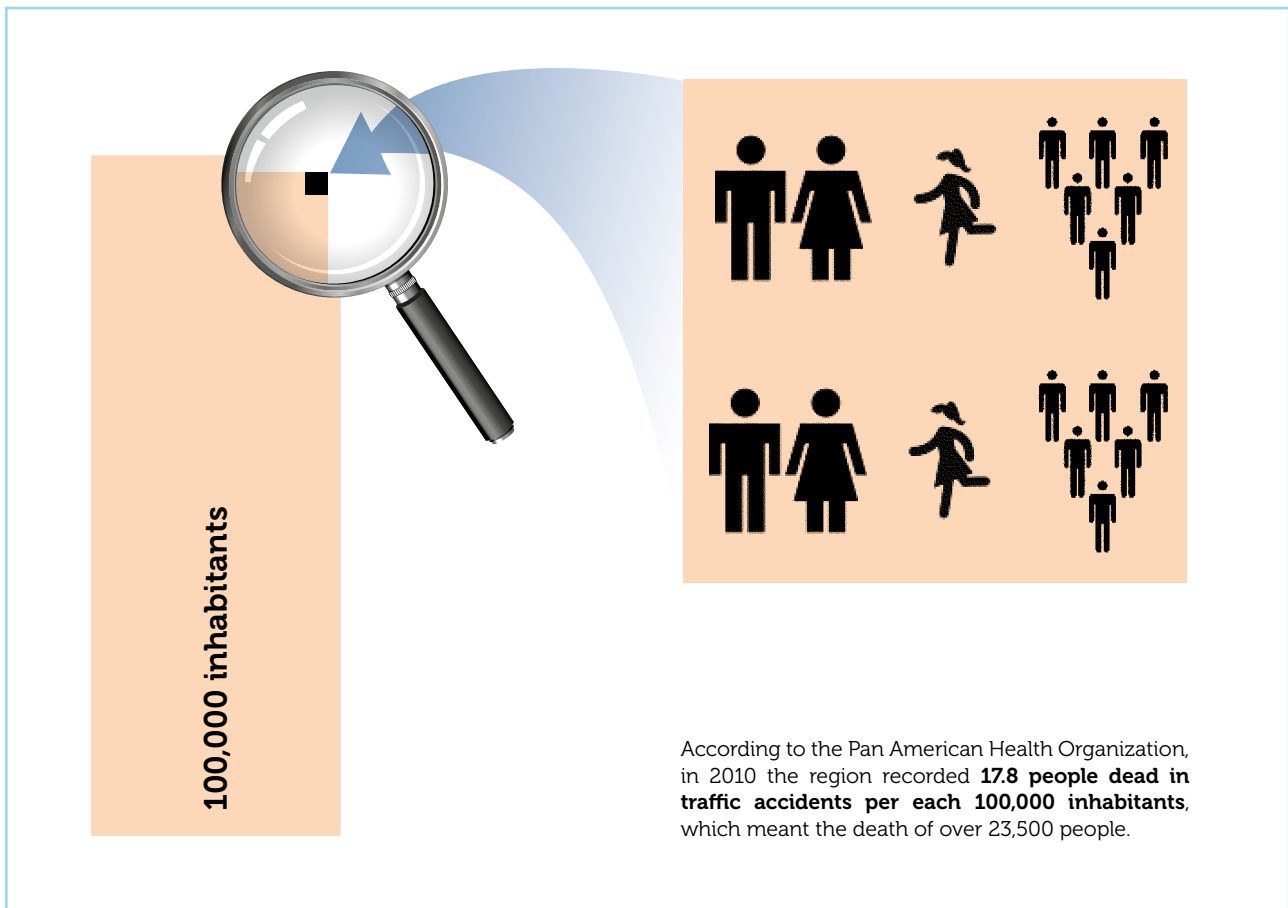
It is clear that a pending issue is to improve levels of education and training due to the importance of providing quality and safe services that reinforce the image of the industry to society. Therefore, **it is needed to promote education and training policies for workers, managers and entrepreneurs** through real training centres specialized in transport.

As for the **fares** of these regular services in Latin America, they can be free or be set by the public authorities. The two situations are given in these countries. There might be regular services which are deregulated and whose fare is up to the company and others where the fares are set by the authorities as well as regular services with freedom

of fares or with fares set by the authorities, which also grant exclusive rights for service operation to a company for a limited period of time. In countries where freedom of fares exists, there are clear problems of competition between companies due to strong price adjustments.

In any case, the economic balance of operations should be ensured. So **it is essential that the fares or transport ticket prices absorb and compensate all the operating costs.** If this could not be due to reasons of economic and social policy, then the authorities should ensure the economic balance of operations with a fair and reasonable return, assuming the payment to operators when there are revenue shortfalls resulting from operating essential intercity and long distance public services.

Other issues of concern to this industry are the **high operating costs of enterprises**, mainly for **fuel** but also for the **tolls, insurance and taxes** related to these services, which in many countries qualify as public services. On this basis, tax reductions or exemptions are requested due to the social aim that these services meet. Similarly, it is needed **a tax and fiscal policy that is reasonable and consistent with the level of essential public service that is carried out** and in order to reduce the fiscal impact on the activity, remove tax duplicities and avoid distorting tax burdens.



Fossil fuel is a majority and therefore industry suffers from the same problems associated to oil crisis and its fluctuating prices. Therefore, the **establishment of mechanisms to allow stabilization of the real costs related to fuels and lubricants** is missed.

In large countries there are concerns about low-cost airlines passenger because they absorb passengers from long land routes. Thus, **the presence of large subsidies distorts competition for air transport**, because although buses have a comparative advantage in middle distance services, then complementation between the two modes of transport is discouraged.

Also, there are **loopholes in the regulations and rules to operate** such services. There also technical problems due to lack of road infrastructure, signage, intelligent transport systems ... Hence **investments are requested to improve the infrastructure** that is directly need to provide services as well as other auxiliary infrastructure such as the terminals, whose upgrading results in a better quality service.

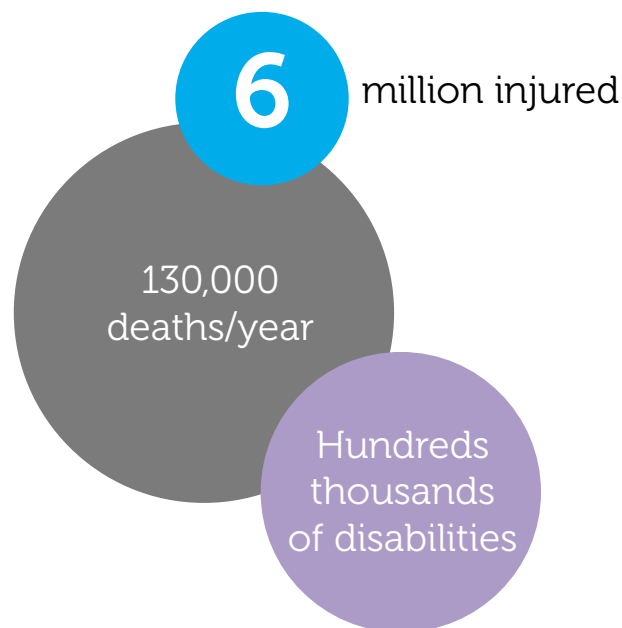
Here it is especially highlighted the state of the road network. Despite being the most widely used transport infrastructure in Latin America, **the quality of roads impacts the competitiveness of companies** that provide services through them<sup>17</sup>. It has improved but in many cases the conditions remain precarious so investment, expansion and better maintenance are required.

This has great impact on road safety, one of the most negative aspects of the region. Thus, **Latin America has one of the biggest records of road deaths and related injuries in the world**. According to the Pan American Health Organization, in 2010 the region recorded **17.8 people dead in traffic accidents per each 100,000 inhabitants**, which meant the death of over 23,500 people<sup>18</sup>.

17 Inter-American Development Bank, *La logística como motor de la competitividad en América Latina y el Caribe* (2011), p. 16; CEPAL, *TRANSPORTE Y TURISMO EN CENTROAMÉRICA Y EL CARIBE* (2001), pp. 18-19.

18 Pan American Health Organization: [http://www.paho.org/pan/index.php?option=com\\_content&view=article&id=725:mas-23-500-peatonos-mueren-anualmente-america-latina-caribe&Itemid=0](http://www.paho.org/pan/index.php?option=com_content&view=article&id=725:mas-23-500-peatonos-mueren-anualmente-america-latina-caribe&Itemid=0)





It is estimated that **road safety in the region is about 130,000 deaths a year, getting around 6 million injured and hundreds of thousands of people with disabilities.**

For the World Bank, the poor state of part of the road network in the region is one of the factors explaining that Latin America continues to rank first in the sad world ranking of regions with the highest rates of casualties from road traffic accidents<sup>19</sup>. Thus, it is estimated that **road safety in the region is about 130,000 deaths a year, getting around 6 million injured and hundreds of thousands of people with disabilities.** The situation among people aged 15 to 44 years is even more heart-breaking, because for this group, traffic accidents have become the leading cause of death. Therefore, **there is a challenge to have road safety as part of public policies aimed at achieving sustainable transport and contributing decisively to reduce accidents.**

Another problem that also deserves special attention is the request for **greater police cooperation and continuous monitoring to prevent robberies and assaults to passengers** before, during and at the end of the trip. In terms of accessibility, it is noteworthy that **vehicles** used for services and especially long distance transport ones are characterized by being **equipped with modern technologies and adapted to meet the requirements and**

**comfort needs of all passengers, and especially the people with reduced mobility's ones.**

Moreover, the sector strives to contribute to sustainability and organizes efficient driving courses for its drivers. Similarly, there are audits to ensure that operations are conducted in a way that respects the environment and it has been perceived that passengers are willing to pay more for environmentally-friendly options, so they demand information to help them evaluate and choose ethical operators opting for sustainable transport. So it is clear that **buses and coaches should help reducing the effects of climate change and be prepared for unexpected natural disasters.**

A concern was also noted in some countries to prevent the **proliferation of nationalization policies** that create legal uncertainty for private investment.

This makes regular intercity and long distance transport services by bus and coach in Latin America have **outstanding challenges** to be urgently addressed in order to carry out more effectively the important social function that they perform, ensuring people's mobility, uniting and proving the backbone of territories and contributing to the economy and employment in the region.

<sup>19</sup> Banco Mundial: <http://www.bancomundial.org/es/news/feature/2013/05/10/accidentes-trafico-carreteras-america-latina>

# Group tourism by coach

**Group tourism by coach is an important economic factor and mobility challenge.** The importance of tourism industry is well known because of its contribution to gross domestic product and job creation. Thus, boosting tourism offers many advantages in terms of economy, development, improvement of the image of the host country.... Therefore, national, regional and local authorities strive to develop strategies for the promotion and development of tourism.

But it is different for coach tourism because it is out of all these strategies. Despite its contribution to creating business and jobs, **public authorities ignore group tourism by coach when developing its policies, strategies, plans and programs related to the attraction, consolidation and offer of tourism.**

This makes an influence on the fact that group tourism by coach has much less passengers' share that it could have. It is an **activity which is little recognised and hardly known.** Companies providing such services do not simply carry tourists from one side to another. They do organize tours, excursions, school trips or allow the private hire of vehicles for the transportation of groups of people.

Such services may be provided by and for tourism service companies, hotels, travel agencies, tour operators, passenger transport companies ... But it is necessary that the market offers them with the quality and opportunity required. These transport services are an **essential link to connect the arrival and complement the offer and staying of tourists.** For the development of tourism in an area, it is important to have general good quality general or tourism alternative passenger transport services,

an optimal offer of specialized tourism transport on tours hired locally, and regular transport lines of buses and coaches to facilitate and ensure mobility in both satisfactorily and reliably.

Therefore, it is an **activity which is strategic, essential and at the same time complementary to any tourism activity.** A lack of boosting makes a negative impact on the activities and services that hotels and tourist attractions offer and undermines the connections to access in and out of those ones, resulting in a final bad perception by the tourists themselves.

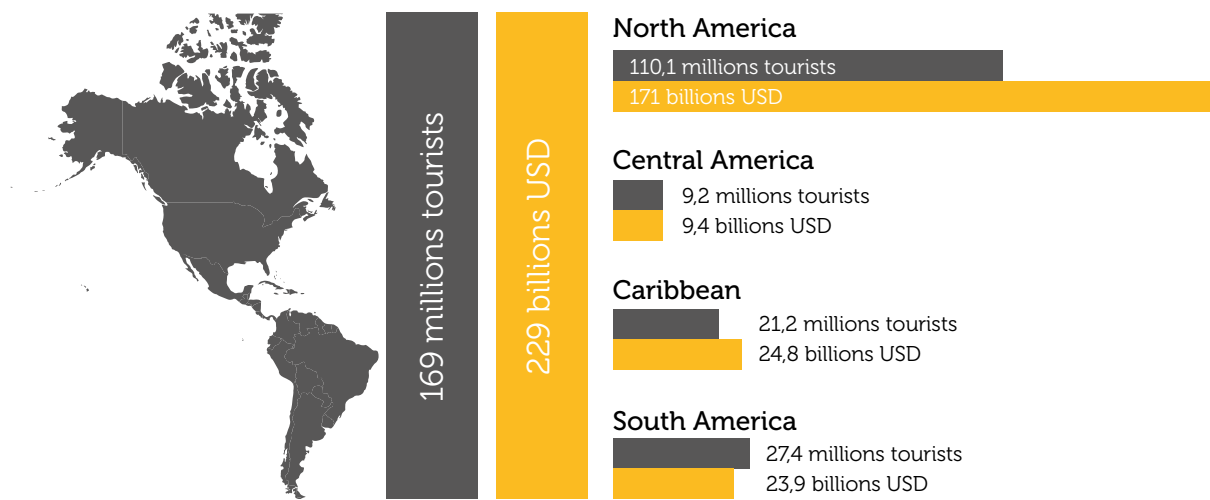
**Latin America gathers excellent conditions to enhance these services.** According to the UNWTO, in 2013 the American continent received almost 169 million tourists (110.1 million in North America, 9.2 million in Central America, 21.2 million in the Caribbean and 27.4 million in South America) which generated more than 229 billion USD (171 billion in North America, 9.4 in Central America, 24.8 in the Caribbean and 23.9 in South America)<sup>20</sup>.

According to the latest World Economic Forum's "*Travel and Tourism Competitiveness Index*" from 2015 -which analyses the competitiveness and strategic positioning of tourist destinations around the world- Brazil is the first country in Latin America, at 28<sup>th</sup> position in the world ranking<sup>21</sup>. It is followed by Mexico (30<sup>th</sup>), Panama (34<sup>th</sup>) and Costa Rica (42<sup>nd</sup>).

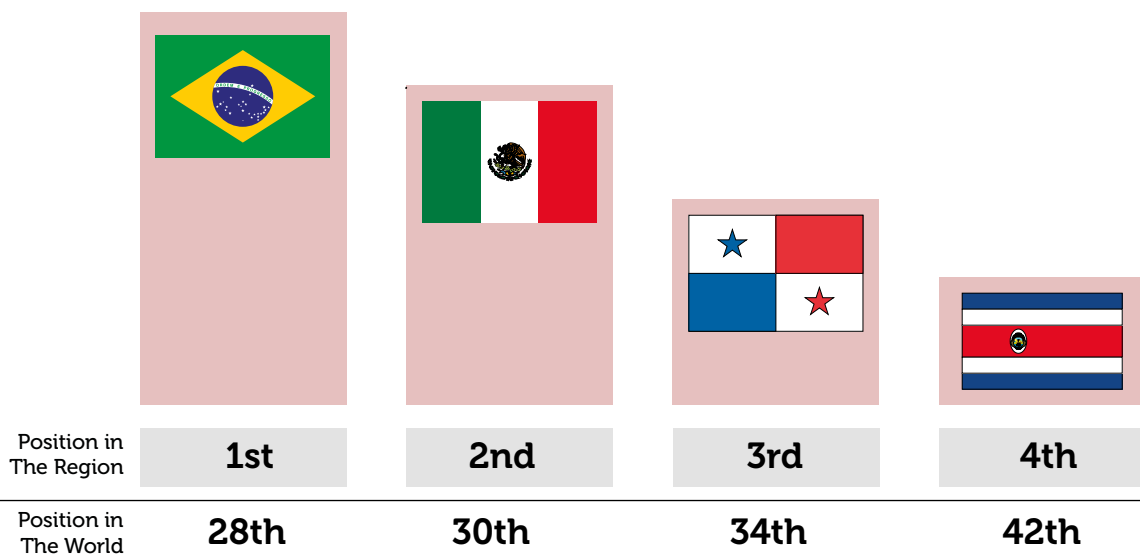
Focusing only on the American continent, the ranking is led by the United States and Canada. In the

<sup>20</sup> UNWTO, *Tourism highlights 2014 Edition* (2014).

<sup>21</sup> World Economic Forum, *Insight Report - The Travel & Tourism Competitiveness Report 2015. Growth through Shocks* (2015).



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Top 10 they are followed (in this order) by Brazil, Mexico, Panama, Costa Rica, Barbados, Chile, Puerto Rico and Argentina. Peru, Colombia, Trinidad and Tobago, Uruguay and Jamaica come later.

This study highlights the **important role of tourism in the entire American continent**, where it is perceived as an **engine of development for the region**. Thus, the study shows that the many historical, cultural and natural resources make it an ideal place to travel.

It also recognizes that the tourism industry has grown in the region in recent years, but insists that **it still has many challenges to improve the brand positioning of its many destinations and build tourists' loyalty**. In the case of South America, the study identifies the following areas for improvement: deficiencies in transport infrastructure (mainly land transport), security and business environment.

All this shows the **potential of tourism industry in Latin America**, where **group tourism by coach services can clearly help reinforce**. Nowadays these services are mainly used for excursions. Even though with less passenger share, there is demand for luxury tourism services and tourism services. This makes that the number of companies and the fleet that provide such offer is smaller than the bus and coach companies operating regular services. In fact, it is noteworthy that many passengers use the interurban and long distance bus and coach services as part of their travel for individual tourism.

But while individual tourism for leisure and business often use domestic regular bus and coach services, group tourism by coach can have **a much more cross-border nature** given the important offer that Latin America has in terms of excursions allowing to see nature and culture, visiting archaeological and historical sites.... This forces to address possible bottlenecks at borders and administrative formalities for immigration, customs and security that can generate situations of uncertainty for both passengers and the company and its staff operating the service. In fact, the existence of congestion resulting from road checks may discourage individual travellers and even more in the case of those who travel by bus.

Authorisation for such services varies from country to country and domestic law should be observed. Likewise, attention must be drawn to different international conventions and agreements allowing transit and cross-border services. Boosting these services may require to promote in Latin American something similar to the Interbus Agreement for occasional services by bus and coach in Europe.

It is also clear that an important **work of awareness and information** on the need to promote these services to public authorities needs to be carried out. The goal should be to include the fostering of such services in tourism strategies of cities and regions of Latin America.

But before promoting these services, particular attention should be paid to the **state of road infrastructure** in Latin America. Investments are urgently needed to improve, expand and maintain roads in good condition in order not to diminish the competitiveness of these services, to enhance the quality and comfort for their users and to strengthen safety as a whole.

**To mitigate the relationship between the current state of the roads and their impact on road safety is needed.** The high numbers of fatalities and injuries resulting from traffic have been highlighted by the World Bank, being the poor state of the road network pointed out as one of the factors that explains the figures. That is why this situation should be corrected before promoting group tourism by coach services.

As in any road transport service, **group tourism by coach is affected by the roads to destination and the roads of the journey to reach it**. But not only its design, state or maintenance make an influence on the service but also the cost of tolls, the journey time and the security of people during the itinerary. This is a recurring issue in the viability of tourism and countries' destinations. Thus, good organization and passenger security are key for this type of tourism to become competitive tourism itself and also to contribute to the competitiveness of the entire tourist offer.

**The industry is strongly committed to accessibility.** This is proved by the provision of modern



equipped vehicles which offer facilities to its passengers (Wi-Fi, toilets, larger seats and recliners, televisions, beds, snacks and drinks on board, air conditioning / heating ...), with special attention to people with reduced mobility. But **promoting the use of these services will also help make better and more efficient investment in accessibility, technologies and other benefits** that will result in higher quality, safety and comfort.

There is no doubt in the **industry's commitment to sustainability**. Good evidence is the effort made to use environmentally-friendly vehicles, the investment in efficient driving courses for drivers and the provision of information about the carbon footprint of vehicles. But also, **boosting these services will bring more investments to achieve higher levels of sustainability**. Therefore, one of the aspects to consider when promoting these services lies in the development and provision of financial mechanisms that allow companies to apply for them in order to undertake the necessary investments.

# Smart Urban Mobility in Latin America

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