

**Summary:**

# **Analysis of transport services along the coast of Norway from Bergen to Kirkenes**

The Coastal Express supplies a continuous daily shipping service along the coast of Norway from Bergen to Kirkenes, with more than ½ million travellers annually. It receives a yearly subsidy of 180 million NOK. EFTA Surveillance Authority (ESA) had no objections against the subsidy agreement for the period 2002-2004, except that the transport needs should be documented before a new agreement is established. Furthermore, an open transparent process is required next time.

On behalf of the Norwegian Ministry of Transport and Communication, the Institute of Transport Economics has carried out an evaluation of transport supply and demand along the coast from Bergen to Kirkenes, and the need for Public Service Obligation (PSO) if the Coastal Express should operate under commercial terms.

In September - October 2002 a travel survey among Norwegian passengers was performed. 75 percent of the trips had a specific place of visit, 15 percent travelled for the experience of the voyage (leisure trips with “experience of the voyage” as the only motivation for choosing The Coastal Express). Longer trips were especially motivated by the experience of the voyage. 10 percent of the passengers participated in on-board conferences.

The sheer transport function of the Coastal Express is most important north of Tromsø and between Bodø and Lofoten. Many passengers chose The Coastal Express because it was cheap or because the alternatives were bothersome. Further south, the element of “experience travel” was higher.

Considering four legs with Bergen, Trondheim, Bodø, Tromsø and Kirkenes as end-points, the traffic may be classified as follows:

Traffic between intermediate ports and nearest end-point city	50 percent
Traffic between intermediate ports on a leg	26 percent
Traffic between the neighbouring end-point cities	7 percent
Traffic beyond nearest end-point city	17 percent

Most ports along the route have good access to airports. However, air travel is seldom used for local and regional travel. The competition between the Coastal Express and air travel is therefore limited. Some legs have parallel high-speed ferry services; Bergen - Florø, Kristiansund - Trondheim, the coast of Helgeland and Troms. The Coastal Express has a market share of 10-50 percent on these legs

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depending on the timetable. Compared to the high-speed ferries, the Coastal Express has nevertheless a distinct transport function in several ports due to different departure times.

To sum up; the Coastal Express has an important and distinct transport function north of Tromsø and between Bodø and Lofoten. In addition Tromsø – Harstad and Rørvik – Sandnessjøen are legs were PSO would be required. Furthermore, legs like Bergen – Ålesund and Harstad – Svolvær have significant traffic, but the share of “experience travel” was high.

The Coastal Express has an import function in transporting goods to small ports in Finnmark. Road closures during winter make these small settlements dependent on sea transport. Other services offer at the maximum only two frequencies a week.

Alternative modes of travel are subsidised by 350-650 NOK per passengers, while the Coastal Express receives 430-440 NOK per passenger (round trips excluded). Calculations show that the legs mentioned above would require PSO of about 120 million NOK (2001) if the Coastal Express were closed down. If a Coastal Express run on commercial terms, turned in Tromsø, not serving ports further north, PSO of 88 million NOK would be required. These calculations do not take into account the need for goods transport and the regional effects of the Coastal Express.