

Moving out of the recession – driving your car or going by train?

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As we all know, the worldwide economy is now in a severe recession. In the transport sector, good news for the railways is coming from America, where \$8 billion of the 2009 stimulus bill have been allocated for intercity rail projects. In Germany however, no new rail projects have been announced, but you can apply for a scrappage premium of 2,500 euros if you scrap a car older than 9 years and buy a new one. Originally limited to 600,000 cars, the premium was extremely popular and is now being extended until the end of 2009 (no doubt due to the upcoming general elections this September!).

In Japan the automobile industry has been hit very hard by the recession, and even Toyota, flagship of the Japanese industry, is making its first losses in half a century. The response of the Japanese government was to lower the tolls on most expressways to a maximum of 1,000 yen regardless of distance on weekends. This scheme started in March 2009 and will last for two years, and only applies to those cars equipped with an ETC (electronic toll collect) system. A second scheme is similar to the German one: a 250,000 yen premium if you buy a new car while scrapping one older than 13 years, and a reduction of 50% to 100% of the car tax for new cars for three years.

The Japanese media have covered the expressway toll discounts very extensively, as the tolls are quite high and the new system means you can now save 50% to 90% of the fees when travelling long distances. All so-called “regional” expressways now have a maximum toll of 1,000 yen on weekends, while those around Tōkyō and Ōsaka and some special sections like bridges have separate fees, so if you go via these you pay a bit more. However, the savings can be enormous, like travelling from Kagoshima to Aomori: the standard toll for this section (about 2,050 km) is 39,000 yen, this is now down to between 2,100 to 5,000 yen depending on the route. Ise to Niigata (a distance of 600 km)

now costs only 1,000 yen on weekends compared to 13,000 yen before. As could have been expected, this discount system has been very popular and more Japanese now seem to be driving their cars on weekends.

And the effects of the recession and the toll discount on railways and public transport? While long-distance bus routes may benefit from cheaper expressways (tolls for buses and lorries, generally two or three times higher than those of passenger cars, are also heavily discounted), passenger numbers of many railway companies are already declining. As JR Central announced, the Tōkaidō Shinkansen saw a drop of 15% of travellers in February 2009 compared to February 2008, that was the steepest fall so far on record within one month (until then, the largest drop in passenger numbers was 13% in February 1995 due to the earthquake in Kōbe). This trend continued, in April the drop was 11%, and 14% in May. While the February drop was probably solely due to the recession, in April and May the lower expressway fees and the swine flu (which has especially restricted school excursion trips) seem to have had a strong effect.

In an article in the August issue of *Tetsudō Journal*, author Nobuyuki Satō analyses the effects of the lower expressway fees on railways during the Golden Week, a cluster of public holidays between 25th April and 6th May, one of the main holiday season for the Japanese. Car traffic on expressways was up by 20% in average compared to last year, with some routes even having 60% or 80% more. The number of traffic jams doubled.

Looking at the Tōkaidō Shinkansen, its passenger numbers were 93% of last year, Tōhoku and Jōetsu Shinkansen passenger levels were 94%. Most other lines have seen a similar drop, e.g. Azusa and Kaiji on the Chūō Line (93%), Nanki on the Kii Line (92%), some worse as the Kyūshū Shinkansen (88%) or the Shiokaze in Shikoku (86%), very few

had even more passengers as the Odoriko (105%). Using the lines along the Bōsō Peninsula (Chiba Prefecture) as an example, Satō demonstrates the effects of the expressway fee discount: The Uchibō Line along the western coast of the peninsula saw a drop to 86% of last year's level, while the Sotobō Line along the eastern coast did fairly well with 93%. Satō attributes this difference to the fact that the western coast has an expressway running parallel to the railway plus the Aqualine through Tōkyō Bay, while there is no expressway along the eastern coast.

I wrote above, that bus companies could benefit from lower expressway tolls, but a note in the August issue of *Bus Magazine* gave more precise details. It does actually seem that the disadvantages are graver than the benefits, as the average drop in passenger numbers of highway buses during Golden Week was 6% to 7% in most areas, and even 12% in Kyūshū. Also, buses got delayed due to longer traffic jams, and especially passengers of airport shuttle buses were badly affected with lots of missed planes.

An article in the *Asahi Shimbun* of 20th July explains the effects of the toll discount on ferry companies. Some routes, like the ones across Tōkyō Bay, or from Wakayama to Tokushima, have seen a drop of 30% in passenger volume. One route that ended operation in late June was the Kure-Matsuyama Ferry from Onomichi (Hiroshima) to Imabari (Shikoku). It had already been badly affected by the opening of the Nishi-Seto bridge system in 1999, however could survive by offering cheaper fares compared to driving over the bridge, but that has now become impossible.

The bus and railway companies in Japan do not get any financial assistance from the government in a stimulus package, nor do they get compensation for the passenger losses that obviously occurred due to the reduced expressway tolls. Nevertheless, they are trying to attract more passengers with discounts.

JR East offers a two-day pass for unlimited rides on local trains in the Tōkyō area, ranging from Atami to Kōriyama and including some private

railways and the ferry across Tōkyō Bay, for 5,000 yen (children 2,000 yen). The shinkansen can be used, but the usual supplement must be paid. This pass is valid every day between 20th July and 31st August and on weekends in September.

JR West offers a discount on Sanyō Shinkansen reserved seat return tickets, however only on Kodama trains and for a minimum of two people. Prices vary but are heavily discounted, like Ōsaka to Hiroshima return for 11,920 yen instead of 19,900 yen. Children pay a flat fare of 3,000 yen. The offer started in March and will run through the end of October. Reportedly the utilisation rate of reserved seats on Kodamas, usually around 17%, rose to 21% due to these tickets.

A joint offer by JR West, JR Shikoku and JR Kyūshū is the West-Japan-Pass, available for two or three consecutive days from Friday to Monday. It costs 18,000 or 20,000 yen (children half price) and allows unlimited rides on all trains including shinkansen, 6 or 8 seat reservations are free. This offer is also valid only for a minimum of two people.

I find these offers less than convincing. JR East's price of 2,500 yen per day is more than when using the Seishun-18-ticket (2,100 yen for use nationwide). Nothing is being offered to directly target a small group of 4 or 5 people for a flat price, because when using a car it costs the same regardless of the number of passengers. The first two offers are limited to slow trains, this does also not look at direct competition to cars using the expressways.

However, coming to the defence of the railway companies, they must try to keep revenues up. The Japanese government could help, but the message seems to be clear: "We want you to go by car, not by train. Go slowly, enjoy the traffic jams, do not take trains." I doubt that this is a sustainable strategy, but in Japan general elections will be held at the end of August. Obviously, cheap driving and cheap cars are the most simple election gifts, everywhere.

(The information so far was up-to-date as of early August 2009, below is an update from late September:)

During the mid-August Obon holidays, passenger numbers on JR shinkansen and limited express trains were down 8% in average compared to the year before (7th to 18th August). Especially bad were the figures for the Kyūshū Shinkansen (minus 13%) and the Sanyō Shinkansen (minus 11%). Buses were affected too, as Nishitetsu's highway buses saw a drop of 20%.

On the other hand, due to increased congestion on highways during Obon, some freight forwarding companies shifted to JR Freight, so the freight trains has an increase of 6.3% during this time.

(The printed version of this article appeared in issue 69 of the Bullet-in, and was shortened by one paragraph. This version includes the full text.)