

Economies of scale and scope in the Japanese water industry

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[Abstract]

The purpose of this paper is to identify economies of scale and scope in the Japanese water industry. Although drastic regulatory reforms such as privatization or liberalization have been implemented in public utility industries world-wide, such kind of deregulations have not been promoted in the water industry. Therefore, focusing points of empirical studies in the water industry have tended to be toward investigation of economies of scale for potable water distribution as well as horizontal/vertical scope of services that water companies should provide. The results obtained from the analysis indicate that there are overall economies of scale as well as economies of scope between water delivery and water purification. Japanese water utilities could achieve extra cost saving from further water utilities' consolidation.