

## **International comparison of taxi regulations and Uber**

KiM Netherlands Institute for Transport Policy  
Analysis

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## Summary and conclusions

### Introduction

In 2014, research was conducted to evaluate the changes made in 2011 to the taxi regulations contained in the national Passenger Transport Act 2000. During the course of this research, Uber's introduction in the taxi market emerged as an increasingly important focal point. In particular, UberPOP – a service connecting customers to private drivers (operating their own vehicles) via a smartphone app – generated much debate.

It is in this context that the Directorate General Accessibility (DGB) commissioned the KiM Netherlands Institute for Transport Policy Analysis to conduct an international comparison of taxi market regulations and the ways in which various countries have dealt with the advent of Uber, and particularly UberPOP.

### Characteristics of the Netherlands' taxi market

The international comparison of taxi regulations revealed a number of characteristic features specific to the Netherlands as compared to most foreign countries:

- Certain aspects, such as maximum fares and (the absence of) capacity regulations, are regulated at the national level in the Netherlands.
- In various foreign countries there is a much stricter distinction made between the individual market segments *taxi* and *hired cars with drivers* than there is in the Netherlands.
- Taxis are also much more routinely ordered by telephone in the Netherlands than in other countries, where a significant proportion of trips occur after taxis are 'hailed in the street'. In various other countries the ordering of taxis by telephone falls under the segment 'hired car with driver'. Moreover, the use of a central taxi dispatcher system, which is used in the Netherlands' major cities as an intermediary between taxi services and taxi customers, is not used in other countries.

The background to the first two points above is that the Netherlands' regulations strive to facilitate the most effective use possible of cars and drivers, in order that the resources are in place and capable of then being deployed where they can best be utilised, unhindered by regulations that define boundaries between market segments. The third point listed above is seemingly primarily the result of a historically developed culture.

### Uber abroad

Regarding Uber, the following characteristics emerge:

- Services such as UberBlack (which uses certified drivers and company cars) are accepted in many countries. However, in various countries, this service falls under the category 'hired car with driver', which is often much less regulated than the taxi market. In some countries, pointed discussions centre on whether the Uber-app could possibly replace the taxi meter, and whether or not the method that Uber uses for fares, and manner of calculating and publishing its fares, comply with the established standards governing taxi fares and the publication thereof. Uber's fares are flexible, while those for taxis are regulated (fixed or maximum fares), and the fares

for hired cars with drivers (and contract transport in the Netherlands) are generally set in advance.

- The Uber-app is in line with the traditional Dutch way of ordering taxis via intermediary central taxi dispatches (previously primarily done by telephone), and in this respect Uber is less of a revolutionary innovation than it is in some other countries. What is new however is that Uber uses just one portal (the app) to cover the entire country, and even internationally.
- In all the countries researched, UberPOP was not regarded as part of 'the sharing economy', but rather as a taxi or hired-car-with-driver service. The service has thus far not been accepted in any of the countries studied, because it does not meet the established requirements (standards pertaining to the cars, drivers, and in some cases standards pertaining to the company). In the Netherlands and various other countries, the guidelines are focused on excluding non-qualified drivers and cars. Moreover, in some countries the guidelines are (also) focused on the app and Uber itself, as a provider of unauthorized services. The latter is not the case in the Netherlands, however, because the Netherlands' taxi legislation does not contain provisions pertaining to organisations that act as intermediaries between taxi supply and demand, such as the central taxi dispatchers operating in the Netherlands' major cities or Uber.
- With UberPOP, Uber claims to contribute to innovation in the sharing economy through facilitating a more efficient use of underutilised resources (cars).  
The Uber app includes a system that relies on customers to evaluate their trips and their corresponding Uber drivers. When this evaluation system works well, it contributes to the operation of a mechanism resulting in more customers for the entrepreneurs (Uber drivers) who have earned a reputation for providing good quality service, and fewer clients for those that provide a poor quality of service. Regarding UberPOP, contentious debate centres on working conditions, safety and privacy. As with all innovations, it is important to analyse whether the current regulations remain optimal.

# 1 Introduction

## 1.1 Background

In 2014, research was conducted for an interim evaluation of amendments made in 2011 to the taxi regulations contained in the Netherlands' Passenger Transport Act 2000. During the course of this research, Uber's introduction in the taxi market emerged as an increasingly important focal point.

### **Uber in the Netherlands**

*Uber was founded in San Francisco (Silicon Valley) and quickly expanded: currently operating in 53 countries, according to Uber's website. In the Netherlands, three Uber services are offered in the four major cities:*

1. **UberBlack:** *Drivers and clients connect with each other via the app. The services are provided by drivers who adhere to the legal requirements. The drivers decide when they want to work by logging on to the app. Payment also occurs via the app; Uber receives 20% of the trip price, with the rest for the driver.*
2. **UberLux:** *The same conditions apply for this service. The cars are more luxurious and the fares higher.*
3. **UberPOP:** *Hereby the drivers and customers also connect with each other via the app. Private drivers are hired and paid for their services. The drivers do not adhere to the legal regulations. The standards pertaining to the cars are also lower, hence the service is less luxurious than UberBlack. The fares one pays are also substantially lower than those of regular taxi rides.*

*Uber moreover does not promote UberPOP as a taxi service, but rather as part of the so-called 'sharing economy'.*

It is in this context that the Directorate General Accessibility (DGB) commissioned the KiM Netherlands Institute for Transport Policy Analysis to conduct an international comparative study of taxi market regulations in a number of countries and of the ways in which various countries have dealt with the advent of Uber, and in particular the UberPOP service.

In consultation with the commissioner, the comparative study included a number of countries in the Netherlands' immediate vicinity, as well those situated further away, where media reports about Uber had appeared at the start of this study:

1. Belgium
2. Germany
3. France
4. Spain
5. United Kingdom (UK)
6. Brazil

In addition, quick scans were used to analyse how other EU countries and the United States approach Uber and similar services.

## 1.2 Approach

The comparative study was conducted over a relatively short time period and was based on information available to KiM and the Ministry, as well as that derived from online desk research. Additional information was requested from the transport attaches of the Dutch embassies in Germany and France. For the Czech Republic, information specific to Uber was requested from the CDV<sup>1</sup>, a traffic and transport research centre, which employs an expert on the local taxi sector.

In many cases this approach resulted in fragmented information, the reliability of which was however vigorously checked (multiple sources). More detailed and up-to-date information was found for some countries (Belgium, Germany, France, UK) than for others (Brazil, Spain).

In analyses of Uber, it is important for debates and reports about UberPOP in particular to be recent. In this context, the following are key points of consideration:

- The information is primarily derived from short news articles publically available online. Hence, it was sometimes difficult to determine the exact argument or point of view therein. Consequently, many articles about an 'Uber' ban or court case were in fact only about the UberPOP service (the most frequently discussed service – see Chapter 3). This issue was largely overcome by comparing and cross-checking multiple articles.
- Legal proceedings against Uber have been launched in virtually every country, and in some cases regulations were revised in response to the introduction of Uber services. Accordingly, Uber also reacts with changes of its own, which means the situation is rapidly changing and available information can become quickly outdated.

## 1.3 Structure

The key findings are summarised at the start of this report. Chapter 2 presents the primary reasons for regulating the taxi market and then summarises the characteristics of the Dutch taxi market. Chapter 3 provides a general overview of regulations in the countries compared. Chapter 4 specifically details the situation that Uber finds itself in. In the appendixes, the regulations and Uber's current situation are expanded on in greater detail.

<sup>1</sup> Centre Dopravního Vyzkumu

## 2 Regulation of the taxi market

### 2.1 Why regulation?

If a market functions 'perfectly', regulation in principle is unnecessary. Companies can join the free market, and customers are fully informed about quality and pricing. A balance between supply and demand 'automatically' emerges; moreover, an equilibrium price also emerges that is deemed economically optimal.

In reality, however, markets do not function 'perfectly': so-called 'market failures' are always an issue. If, and to what extent, such failures occur depends on the market's specific characteristics (see, for example, Teulings et al., 2003; OECD, 2007). Examples of 'market failures' in the taxi market include:

1. **High fixed costs (economies of scale):** in the street taxi market, an operator with a very large fleet of cars has an economy of scale, because, with many cars, he/she will have on average greater availability with shorter arrival times – a quality that taxi customers deem important. In order to remain competitive in terms of availability, a company that wants to enter this market must do so with many vehicles at once. For small operators, one alternative is to link up with existing intermediaries, such as central taxi dispatchers in major cities, or other platforms, such as Uber. Moreover, economies of scale also exist in terms of investments in telephone dispatches and marketing. If economies of scale predominate, it becomes difficult for new operators to enter the market. This can result in monopolies or cartels offering higher prices and lower quality than is desired.
2. **Insufficient or asymmetric information:** if customers cannot compare operators, then they cannot make properly informed choices between operators. Hence, in principle, there are then few incentives to offer quality or to compete on price. For taxis, this can result in fares not being established in advance, or a situation in which one in practice is compelled to take the first taxi in line at a taxi stand. An asymmetry in the availability of information between the taxi operator and customer may also occur, whereby the customer is unable to properly assess an offer and hence is put in a weak, dependant position. This occurs in taxi transport when, for example, passengers have no knowledge of local routes as compared to their drivers. Consequently the 'taxi meter' - from which the taxi derives its name worldwide – renders the exact fare components (kilometres, time and hourly price) of a trip transparent for customers, and hence there can be no further discussion or disagreement about this between drivers and customers.
3. **External effects:** this involves the positive (social, economic) or negative (noise, emissions, safety) effects that are not included in the interplay of supply and demand on the market. For taxis, this can pertain to a lack of space (in inner cities), the safety of drivers, passengers and fellow road users, and the quality of services offered to (foreign) travellers. For taxis, this specifically means that, in relation to the driver, the customer is immediately in a dependent position the moment he/she enters a taxi.



As the examples cited above reveal, the reasons for a certain degree of taxi market regulation are to prevent aspects of market failure from occurring. However, regulation can also result in 'government failure': bureaucracy and business costs increase, and unforeseen 'perverse' incentives can be introduced, resulting in undesirable effects. Regulation is therefore only desirable if the advantages outweigh the disadvantages. Moreover, new developments - such as the advent of Uber - can lead to new patterns of operation.

The decision if, and how, the market should be regulated therefore always involves a weighing of the advantages of eliminating market failures and the disadvantages of government failures. In all the countries studied - and also in the Netherlands - a decision was made to specifically regulate the taxi market. This concerns in theory the following types of general regulations:

1. **Price regulation:** a decision was frequently made to regulate the fares, in order to compensate for the disadvantages of insufficient information and monopolistic profits.
2. **Capacity regulation:** the major cities of foreign countries often opt to limit the number of licenses issued, in order to prevent the city's traffic from become overly congested due to a glut of taxis; to give drivers the opportunity to recoup and profit from their investments in their education and vehicles; and also because the authorities then find it easier to control the quality of the services offered.
3. **Quality regulation:** this is to guarantee public safety, to offer passengers satisfactory quality standards, and to ensure everyone has access to taxi transport, for example. In situations where the decision was made to not link quality standards to the number of licenses issued (capacity regulations), the authorities virtually always decided to institute general regulations pertaining to quality standards, to greater or lesser degrees.

## 2.2 Taxi: Netherlands versus foreign countries

Compared to other countries, it appears that the Netherlands' taxi market and regulations differ on some points, as detailed below.

*The Netherlands, an earlier adopter of extensive national regulations, since 2011 greater decentralisation*

In 2000, the Netherlands' Passenger Transport Act prescribed the dismantling of a decentralised capacity policy and a switch to a general national quality regulation. Following legislative amendments in 2011, all municipalities could impose additional quality standards in a regulation. However, to date, this has not yet occurred, although various municipalities have prepared regulations (Rebel, 2014). In future, there could be greater regulatory differences among municipalities, as is the case in other countries.

In addition, seven<sup>2</sup> Dutch municipalities are permitted to impose additional regulations, as required by the 'Authorised Taxi Authority (in Dutch, 'Toegelaten Taxi-organisatie' (TTO)), which applies to companies or drivers that offer street taxi transport in the relevant municipalities. The municipalities attach certain conditions to the TTO. This directive was introduced as a means of supporting the 'reputation mechanism', which holds that having a reputation for providing good quality will

<sup>2</sup> Amsterdam, Rotterdam, The Hague, Utrecht, Eindhoven, Enschede and Haarlemmermeer.

result in more customers for the companies, and a reputation for poor quality to fewer customers. However, in the sharply fragmented street taxi market in major cities, where many 'individual drivers' (driver/business owner) operate, the probability of a driver encountering the same customer twice is exceedingly low, hence the reputation mechanism does not automatically work.

To date only the Netherlands' three largest cities (which also claim the largest share of the market) have implemented this regulation (Rebel, 2014). Additionally, the transport for Amsterdam Airport Schiphol is an exception, for which separate private taxi concessions are tendered.

Taxis are permitted to offer their services throughout the Netherlands, which is contrary to the other countries detailed in this comparative study. This does not however apply to the municipalities where TTO is established, and to Amsterdam Airport Schiphol; there, a driver or company that wants to offer street taxi transport must first become part of one of the municipality-appointed TTO's (or of the concession holder for Amsterdam Airport Schiphol), regardless of whether or not the driver is a resident of the respective municipality.

This constitutes a key difference with most other countries (see section 2.2), where there are only the 'bare bones' of a national policy in place, and where the majority of regulation - including that pertaining to capacity, quality and fares - is the responsibility of local governments (states, cities, municipalities, regions).

#### *Separate regulation for 'hired car with driver'*

Another key difference between the Netherlands and the various other countries is that the Netherlands does not make distinctions between the various market segments with regard to most aspects of the taxi regulation. That stands in stark contrast to many other countries, where a sharp distinction is made between the *taxi* market and the market for *hired cars with drivers* (see section 2.3).

#### **Definition of taxi versus 'hired car with driver'**

*In the various other countries, an explicit distinction is made between taxis and 'other cars that offer services'. In all countries, taxis may pick up customers on the street and at taxi stands. Taxis are also clearly recognizable (from a sign on the roof, for example).*

*There are however distinct differences between countries with regard to what the category 'other cars that offer services' actually means. In some countries, this solely pertains to certain types of services offered, such as a luxury limousine service, while in other countries such services can represent serious competition for regular taxis, in that the cars are ordered by telephone or other means (see the following chapter). Moreover, the names also differ. Here, we frequently encounter the use of 'hired car with driver' as a collective name for this category; however, owing to the differences existing between the various foreign countries, the name is imprecise.*

The Netherlands' taxi regulations make as little distinction as possible between the various market segments, as this then gives Dutch companies the freedom to deploy their vehicles and drivers in the most effective and efficient means possible depending on actual demand.

A distinction is however made between street taxis and contractual transport. The latter is exempt from regulations pertaining to fares, and the visibility thereof (such as the requirement of having taxi meters/on-board computers, for example). The market segments are therefore not legally defined, although the law does regulate which types of vehicles are exempt from fare regulations:

Passenger Transport Act. Art. 81, par. 2. The first paragraph (- which states that the Minister can establish rules pertaining to taxi fares and the transparency thereof -) does not apply to fares for taxi transport that

*is made pursuant to a written agreement, in which during a fixed period, as specified in the agreement, repeated taxi transport is provided at a fare specified in the agreement.*

The market is consequently much less segmented than in most other countries: taxi companies that actively offer taxi transport on the street (primarily at taxi stands), also offer contracted transport. Taxis that provide street taxi transport also offer rides that are ordered; for example, rides that are ordered via central taxi dispatchers (see the following paragraph).

#### *Central taxi dispatchers and taxi stands versus hailing taxis in the street*

In the Netherlands, we do not have the street taxi culture in which taxis drive around in order for customers to hail them, nor of customers hailing moving taxis from the curb. This is however the culture in many major foreign cities, and it is on this point that the Netherlands differs from most other countries. In the Netherlands, people routinely order taxis by telephone via the central taxi dispatcher system or by walking to a designated taxi stand. It is rare for a moving taxi to be hailed in the street, although doing so is not prohibited. In many foreign countries, the functioning of the taxi system in major cities is characterised by unoccupied taxis driving around looking for customers. Taxi stands, or ordering a taxi by phone, are also prevalent, but the hailing of taxis in the street usually plays the most prominent role.

In the various foreign countries, the 'central taxi dispatcher' system is therefore still relatively unknown as an intermediary between taxis and customers. In practice, however, this role is closely comparable to the role that Uber now fulfils. Where the Dutch taxi dispatcher system traditionally uses the telephone and a main taxi dispatching telephone number as its medium, Uber now uses an app. In various US cities, which still do not have or only have a few taxi dispatchers, Uber aims to enter the taxi market through price differentiation, which is rendered partially possible due to the economies of scale that a central taxi dispatcher offers. The innovation that Uber introduced in the US therefore partly pre-existed in the Netherlands' central taxi dispatcher system – except that the medium differs. Hence, it was for this reason that Uber did not differentiate by price (it was even markedly more expensive) when initially entering the Dutch market, but rather primarily by quality, through use of the app, which gives taxi customers the opportunity to post a public assessment (review) of their ride taken via Uber. However, with UberPOP, the service is now competing based on price.

### 3 International comparison of legislation and regulations

A comprehensive description of the regulations in the countries compared in this study is included in the appendixes. This chapter compares the key aspects thereof.

#### 3.1 National versus local/regional regulations

In all the countries studied, local governments exert a great deal of influence on how regulations are introduced. Major cities or metropolitan areas primarily have their own individual regulations, while in more rural areas the country, region or municipality is responsible for instituting regulations. There is however a major difference in the extent to which the various national governments provide general frameworks.

**Table 3.1**

Extent to which regulations decentralised per country.

Source: KiM

|                 |  |
|-----------------|--|
| Belgium         | Regulation is decentralised to the three regions (Brussels, Flanders, Wallonia). The individual local governments establish many of directives.  |
| Germany         | National legislation is indeed in place, but the Federal States have the autonomy to deviate from them. This frequently occurs in practice.  |
| France          | National legislation exists. However, within the given framework, local governments are responsible for establishing the additional practical requirements.  |
| Spain           | National legislation is in place, but how strict it is remains unknown. Local governments have a high degree of autonomy.  |
| UK              | Overarching national legislation exists, but all municipalities (in London, the Metropolitan Region) have a high degree of autonomy in establishing the regulations.   |
| Other countries | <ul style="list-style-type: none"> <li>• In the Czech Republic, there are national directives for companies, a taxi register, and requirements for drivers. Local governments can establish maximum fares and designate taxi stands (not required).</li> <li>• For Brazil, no information was found pertaining to national directives. Cities and regions have a high degree of autonomy for introducing regulations.</li> <li>• In the USA, no federal legislation exists: the states are responsible, but often give the power back to the regions and/or cities.</li> </ul> |

Due to the decentralised approach to developing and imposing regulations, there is in practice a substantial difference in how the regulations are developed. Hence, German cities and regions impose strict regulations, while elsewhere much more deregulated markets exist. Some cities in Germany, France and the UK put a cap on the maximum number of licenses to be issued (and licenses are often (re)sold – as in Paris, for example), but in other cities this is not the case.

Consequently, it is virtually impossible to state definitively if the regulations in a particular country are strict or not, as the situation varies per city/region. In the countries compared in this study, the regulations in Belgium, Brazil, France and Spain were seemingly the strictest. In Germany and the UK, major differences exist between the individual municipalities/cities/regions.

### 3.2 Taxi versus hired car with driver

As discussed in section 2.1, the regulations in most countries explicitly make a distinction between *taxis* and *hired cars with drivers*. There are stark differences in the ways in which the various legislatures approach this matter. The following table provides an overview of the differences in the individual countries.

**Table 3.2**

Comparison of legislation and regulations, taxi's vs. hired cars with driver  
Source: KiM

|         | <b>Taxi</b>  | <b>Hired car with driver</b>   |
|---------|--|--|
| Belgium | <ul style="list-style-type: none"> <li>• License valid for municipality</li> <li>• Separate sign indicating TX</li> <li>• Short trips allowed</li> <br/> <li>• Pick up of passengers + from taxi stands</li> <br/> <li>• Fares regulated</li> </ul>            | <ul style="list-style-type: none"> <li>• License valid for entire region</li> <li>• Sign indicating TXH or TXL</li> <li>• Minimum trip 3 hours (all regions), &gt;90 euro (Brussels), contract length is 7 days (Wallonia)</li> <li>• Destination and fare must be agreed in advance + written contract (Flanders, Wallonia)</li> <li>• Fares unregulated (Flanders)</li> </ul> <p>In all three regions, regulations are in place regarding the number of licenses issued, in order to ensure hired cars do not compete directly with taxis.</p> |
| Germany | <ul style="list-style-type: none"> <li>• Fares regulated</li> <li>• Exterior of car regulated</li> <li>• Permitted to drive around and pick up passengers</li> <br/> <li>• Local knowledge test required</li> <br/> <li>• Hiring per seat permitted</li> </ul> | <ul style="list-style-type: none"> <li>• Fares unregulated</li> <li>• Exterior: requirements different than for taxis</li> <li>• Must always return to company 'base' site, unless there is a new reservation. Final destination must be predetermined</li> <li>• Requirements for drivers largely identical; local knowledge test only for cities with &gt; 50K inhabitants</li> <li>• No hiring per seat.</li> </ul> <p>There are a substantial number of car hire companies, but the number of taxi companies is much higher.</p>             |
| France  | <ul style="list-style-type: none"> <li>• From taxi stands + picking up passengers</li> <li>• Taxi meter required</li> <br/> <li>• Comprehensive training courses (6-9 months)</li> <li>• Location devices for customers allowed</li> </ul>                     | <ul style="list-style-type: none"> <li>• Only via reservation, after trip completed required to return to company site.</li> <li>• Price must be established upon reservation.</li> <li>• Limited training course (250 hours)</li> <br/> <li>• Location devices not allowed (in for example apps)</li> </ul>   |

|                 |   |   |
|-----------------|---|---|
|                 |   | There is intense competition between both types. The aim of the regulation is to give both types advantages and disadvantages.  |
| Spain           |   | The number of licenses issued is a maximum of 1 per 30 taxis. Hence, hired cars are always a 'luxury' limousine service or tourism-related service.   |
| UK              | <ul style="list-style-type: none"> <li>• General rules largely identical</li> <li>• Taxi stand + picking up passengers</li> </ul>   | <ul style="list-style-type: none"> <li>• General rules largely identical</li> <li>• Only by reservation</li> </ul>  |
| - London        | <ul style="list-style-type: none"> <li>• Exterior strictly regulated</li> <li>• Car &gt; 15 years old. Euro 5 emission standard</li> <li>• Demanding local knowledge test</li> <li>• Company license for owner</li> </ul> | <ul style="list-style-type: none"> <li>• May not resemble a taxi</li> <li>• Car &lt; 5 years old for first license, when renewed &lt; 10 years old. Euro 4 emission standard</li> <li>• Much less demanding knowledge test, other license requirements are largely identical</li> <li>• Company license: Drivers must operate from a site that has a separate license and adheres to the requirements</li> </ul> <p>In London, there are more hired cars with drivers than taxis.</p> |
| Other countries | <p><i>Czech Republic</i></p> <p><i>Brazil (Sao, Rio)</i></p> <ul style="list-style-type: none"> <li>• Operate from taxi stand</li> <li>• Fares regulated</li> </ul>   | <ul style="list-style-type: none"> <li>• May only offer taxi services in cities</li> <li>• Separate license – only expensive limousine services</li> <li>• Fares regulated (89% higher than taxi)</li> <li>• Hence, not a major competitor for taxis.</li> </ul>  |

Both taxis and hired cars with drivers are regulated in all the countries studied. The regulations in Belgium, Brazil, Spain and the Czech Republic are such that hired cars with drivers do not compete with regular taxis: they are limousine services, or services for tourist (half-day) trips.

However, in Germany, France and the UK, hired cars have a stronger competitive position – in London, there are substantially more hired cars with drivers than taxis. The regulations in these countries are designed to ensure that both taxis and hired cars with drivers have certain competitive advantages and disadvantages. Hence, the aim is to maintain the position of the individual market segments.

### 3.3 The license for the driver

The following table provides an overview of the regulations in place in the various countries.



**Table 3.3**

Comparison of legislation and regulations licenses for drivers  
Source: KiM

|  |   |
|--|---|
| Belgium (all regions)                              | <ul style="list-style-type: none"> <li>• The number of licenses is capped</li> <li>• Suitability test</li> <li>• Certificate of good behaviour</li> <li>• License only for specific transport areas for taxi (hired cars: all regions)</li> <li>• License renewed annually</li> <li>• In Wallonia, the driver must own his/her own car</li> </ul>   |
| Germany (States may deviate)                       | <ul style="list-style-type: none"> <li>• In some regions, the number of licenses is capped, in others not</li> <li>• License for a specific area and for specific taxi stands</li> <li>• Requirements pertaining to age (&gt;21 years old), driving experience (&gt;2 years) and driving record (based on the German points system for driving licenses)</li> <li>• Medical evaluation</li> <li>• Local knowledge test</li> <li>• Signed declaration regarding responsibility for passengers</li> <li>• Drivers of hired cars have comparable requirements; knowledge test only required in larger cities (&gt;50,000 inhabitants)</li> </ul> |
| France   | <ul style="list-style-type: none"> <li>• Mandatory test (training course of 6-9 months for taxi drivers)</li> <li>• The number of licenses issued may be capped by the local government (for example in Paris, but not everywhere)</li> <li>• The license indicates where customers may be picked up</li> <li>• Requirements for hired car drivers are less strict (in particular, less demanding tests)</li> </ul>   |
| Spain  | <ul style="list-style-type: none"> <li>• Drivers must also be a company</li> <li>• Tests, including knowledge test, required</li> <li>• Certificate of good behaviour required</li> </ul>   |
| UK (high degree of autonomy for local governments) | <ul style="list-style-type: none"> <li>• Licenses valid for a maximum of 3 years</li> <li>• Minimum of 1 year driving experience</li> <li>• Insurance required</li> </ul>   |
| - London   | <ul style="list-style-type: none"> <li>• Minimum age 21 years old, possession of driver's license &gt;3 years</li> <li>• No criminal record</li> <li>• Medical certificate</li> <li>• Extremely demanding knowledge test for taxi drivers ('the Knowledge' – training course lasting 2 to 4 years). Hired car drivers have much less demanding test</li> <li>• Driver approval test (behaviour, eyesight and so forth)</li> </ul>   |
| Other countries                                    | <p><i>Brazil:</i></p> <ul style="list-style-type: none"> <li>• License for specific taxi stands (capped)</li> <li>• For 'touristic' taxi stands, mandatory knowledge test for English or Spanish</li> <li>• Ranking based on type of car and driving record. Higher rankings offer advantages (including at temporary taxi stands set up for special events; priority given when renewing license).</li> </ul>  |

In all countries, the license is initially only valid within a certain transport zone. The requirements set for drivers vary: in some countries, drivers must pass a comprehensive test (London's is the most demanding), while in other countries only more general checks apply (age, driving license, criminal record). As previously



stated, in all countries the local regulations largely determine the extent to which the market is actually regulated.

### 3.4 Requirements for the car

Local governments also largely determine the requirements for the cars. The following provides a general overview.

**Table 3.4**

Comparison legislation and regulations for cars.

Source: KiM

|  |   |
|--|---|
| Belgium (all regions)                              | <ul style="list-style-type: none"> <li>• Maximum of 9 seats</li> <li>• Requirement for recognisability of taxi (colour, sign on the car, etc.)</li> <li>• A card listing the fares must be posted in the taxi</li> <li>• Car must be &lt;7 years old</li> <li>• Taxi meter required - printed receipts must be issued to customers</li> </ul>   |
| Germany (States may deviate)                       | <ul style="list-style-type: none"> <li>• Very strict requirements for the car (incl. taxi meter, safety provisions, design, colour, etc.)</li> <li>• Hired cars may not resemble taxis</li> </ul>   |
| France   | <ul style="list-style-type: none"> <li>• Maximum of 9 seats</li> <li>• Only taxis may have devices that find locations (hence, not hired cars)</li> </ul>   |
| Spain  | <ul style="list-style-type: none"> <li>• Annual inspection, taxi meter (and receipt upon request) and taxi sign on car required</li> <li>• Requirements for exterior appearance of car (or at least in Madrid and Barcelona)</li> </ul>   |
| UK (high degree of autonomy for local governments) | <ul style="list-style-type: none"> <li>• License for car is valid for 1 year maximum, local authorities can inspect a car up to a maximum of 3x per year</li> <li>• Hired cars may not resemble taxis</li> <li>• Maximum of 9 seats (including driver)</li> </ul>   |
| - London   | <ul style="list-style-type: none"> <li>• Extremely strict requirements for the exterior and design of taxis</li> <li>• A taxi may be a maximum of 15 years old; a hired car 5 years old (10 years upon renewal). The cars must meet emission requirements</li> <li>• The owner is issued the license – not the driver or company/collective</li> <li>• Taxi meter required for taxis</li> </ul> |
| Other countries                                    | <p><i>Brazil</i></p> <ul style="list-style-type: none"> <li>• Taxi meter required for taxis – a printed receipt must be given to customers upon request</li> <li>• Tax breaks given to cars with CNG (=natural gas) engines</li> <li>• Routine mechanical inspections</li> </ul>  |

Local governments also have a high degree of autonomy in issuing licenses. For taxis, a taxi meter is required in all countries. Moreover, directives are often issued pertaining to the exterior and design of the taxi. In London and Germany, the requirements are strict and highly detailed, while in other countries they frequently only pertain to a specific colour and the required taxi sign on the roof.

### 3.5 Requirements for the taxi companies

The licensing requirements for a taxi company are summarised in the following table.

**Table 3.5**

Comparison legislation and regulations for companies.  
Source: KiM

|  |  |
|--|--|
| Belgium  | <ul style="list-style-type: none"> <li>As far as is known, no separate specific licenses issued to companies.</li> </ul>   |
| Germany (States may deviate)                       | <ul style="list-style-type: none"> <li>Separate license for companies. This particularly concerns diplomas/certificates proving one's capability of running a company. There are also financial requirements.</li> <li>Drivers are not required to be part of a collective.</li> </ul>   |
| France   | <ul style="list-style-type: none"> <li>No specific requirements that differ from the standard regulations that apply to other types of companies.</li> </ul>   |
| Spain  | <ul style="list-style-type: none"> <li>The driver is the company. No separate license.</li> </ul>  |
| UK (high degree of autonomy for local governments) | <ul style="list-style-type: none"> <li>Separate license is prescribed - valid for 5 years maximum.</li> <li>Applicant must be at least 21 years old. The person must own the car, which adheres to the requirements. Personal history (criminal record, tax record, etc.) checked.</li> <li>For hired cars, there is a small business (&lt;3 cars) license or a standard (&gt; 2 cars) license.</li> </ul> |
| - London   | <ul style="list-style-type: none"> <li>For hired cars, there is a small business (&lt;3 cars) license or a standard (&gt; 2 cars) license.</li> </ul>  |
| Other countries                                    | <ul style="list-style-type: none"> <li>In Rio de Janeiro, the license is valid for companies or individuals. Old licences can be transferred (sold), but not new licenses.</li> </ul>  |

There are significant differences in the regulations pertaining to licenses for companies. In Belgium, Spain and France, no specific license is issued to taxi companies. However, the company must adhere to the standard legal requirements for setting up a company. In Brazil, Germany and the UK, a specific license is issued – companies must adhere to additional requirements.

### 3.6 Regulation of fares

Taxi fares are regulated in all countries.

**Table 3.6**

Regulation of taxi fares.  
Source: KiM

|                       |  |
|-----------------------|--|
| Belgium (all regions) | <ul style="list-style-type: none"> <li>Fares are regulated by the local government. This includes a maximum fare (at least in Flanders). Fares outside of the licensed area are also regulated.</li> </ul>   |
| Germany               | <ul style="list-style-type: none"> <li>Local governments determine the fares.</li> <li>Fares outside of the transport area are unregulated.</li> </ul>   |
| France                | <ul style="list-style-type: none"> <li>The fares are regulated by local governments.</li> </ul>  |
| Spain                 | <ul style="list-style-type: none"> <li>Local governments determine the fares. There is however a national guideline pertaining to the fare structure (regular and higher fares).</li> <li>Fares to areas outside of the licensed transport area are regulated by the regional government (at least in Catalonia).</li> </ul> |
| UK                    | <ul style="list-style-type: none"> <li>Fares are regulated by the local governments.</li> <li>Fares to areas outside of the licensed transport area are not regulated.</li> </ul>  |
| Other countries       | <ul style="list-style-type: none"> <li>In Brazil, local governments determine the fares. However, there is a prescribed fare structure (standard and higher fares for evenings, weekends).</li> </ul>  |

Fares are virtually always regulated within the licensed transport zone, and a taxi meter is required. In some countries, the fares to areas situated outside of the licensed transport zone are regulated (Belgium, France, Spain), while in some other countries this is not the case.

## 4 Uber

### 4.1 Uber in the Netherlands

Uber is *one* of the taxi operators that connect supply and demand via a smartphone app. In this, then, Uber is not unique: various other taxi companies also offer their services via an app (such as TCA, in Amsterdam).

The UberBlack, UberLux and UberPOP services are offered in the Netherlands (see Chapter 1). The first two use drivers who adhere to the legal requirements (such as a driver identity card). However, not all Uber-deployed cars have taxi meters and driver identity cards; the Uber services also operate according to a different fare structure. Consequently, taxi rides undertaken for Uber (the transportation services) do not meet all the legal requirements (Rebel, 2014). Nevertheless, the intermediary service that Uber offers (connecting supply and demand via its app) is not prohibited in the Netherlands.

Drivers for the UberPOP service do not adhere to the legal requirements for taxis: they do not have company licenses and/or driver identity cards (Rebel, 2014). In the summer of 2013, Uber started an UberPOP pilot program in Amsterdam, before subsequently deciding to regularly offer this service. UberPOP was also offered in The Hague, Rotterdam and Utrecht. Because the cars and drivers did not adhere to the legal requirements, the transport services that follow the UberPOP formula were prohibited and the drivers subjected to fines. Nevertheless, Uber announced that it would continue to offer the service.

### 4.2 International comparison

The following table provides an overview of the current situation pertaining to Uber in the various countries compared in this study. The Czech Republic was also added to this overview, with a Czech expert on the local taxi market providing information based on a brief questionnaire. In addition to the countries compared in the previous chapter, we conducted a quick scan of the current situations in other EU countries (for more details, see the appendixes).

**Table 4.1**

Current situation Uber  
Source: KiM

|                    | UberPOP   | UberBlack   |
|--------------------|---|---|
| Belgium (Brussels) | <ul style="list-style-type: none"> <li>Prohibited by a judge.</li> <li>Regions have announced they will revise regulations. The type of revision is unclear.</li> </ul>   | <ul style="list-style-type: none"> <li>Not offered.</li> </ul>  |
| Germany            | <ul style="list-style-type: none"> <li>For procedural reasons the national ban was revoked.</li> <li>Banned in Berlin, Hamburg and Düsseldorf; the situation in Frankfurt and Munich is unknown.</li> <li>In the three cities where it is banned, Uber drastically lowered its fares in order to adhere to the law – in practice this means that no Uber services are offered.</li> </ul> | <ul style="list-style-type: none"> <li>Banned in Berlin and Hamburg, allowed other cities as far as is known.</li> <li>UberBlack is no longer offered in Berlin.</li> <li>UberTaxi was introduced in various cities and adheres to legal requirements.</li> </ul> |

## International comparison of taxi regulations and Uber

|                    |  |   |
|--------------------|--|---|
| France             | <ul style="list-style-type: none"> <li>Following various legal challenges with varying judicial decisions, the law was changed as of 1-1-2015, to which UberPOP in practice cannot adhere.</li> <li>Various court cases are ongoing.</li> </ul>  | <ul style="list-style-type: none"> <li>No legal proceedings, as far as is known.</li> </ul>   |
| Spain              | <ul style="list-style-type: none"> <li>UberPOP is banned on the national level.</li> <li>As of 31-12-2014, Uber has withdrawn from Spain.</li> </ul>   | <ul style="list-style-type: none"> <li>Is not offered.</li> </ul>   |
| Czech Republic     | <ul style="list-style-type: none"> <li>Introduced in December – no inspections conducted yet (as of late January).</li> <li>Cars and drivers must adhere to requirements for taxis (taxi meter, sign on roof, license).</li> </ul>   | <ul style="list-style-type: none"> <li>Falls under the taxi regulation. Cars must adhere to requirements (taxi meter, sign on roof) and drivers and cars must have taxi licenses.</li> <li>Fines are therefore issued – appeal procedures currently ongoing.</li> </ul> |
| UK                 | <ul style="list-style-type: none"> <li>Is not offered.</li> </ul>  | <ul style="list-style-type: none"> <li>There are legal proceedings underway, but Uber has seemingly been largely accepted.</li> <li>Uber has also introduced UberTaxi in London, which adheres to the legal requirements for taxis.</li> </ul>                          |
| Other EU countries | <ul style="list-style-type: none"> <li>In Italy, a court case is underway in Milan.</li> <li>No information found about any legal proceedings launched in Poland.</li> </ul>   | <ul style="list-style-type: none"> <li>The services were introduced in 10 other EU countries.</li> </ul>  |
| Other countries    | <p><i>Brazil</i></p> <ul style="list-style-type: none"> <li>Is not offered.</li> </ul> <p><i>New-Zealand</i></p> <ul style="list-style-type: none"> <li>New Zealand: offered in some cities. No legal proceedings as far as is known.</li> </ul> <p><i>China</i></p> <ul style="list-style-type: none"> <li>National ban.</li> </ul> <p><i>US</i></p> <ul style="list-style-type: none"> <li>Major differences per city and state. Permitted in some, banned in others.</li> </ul> | <ul style="list-style-type: none"> <li>Is offered in Sao Paulo and Rio de Janeiro. Court cases launched in both cities.</li> <li>Is not offered.</li> <li>Permitted.</li> <li>Major differences per city and state. Permitted in some, banned in others.</li> </ul>     |

The analyses reveal that in virtually all countries studied, UberPOP has encountered legal issues. It is regarded as a commercial taxi, or a hired car with driver service, that does not adhere to the legal requirements (licenses and so forth). Uber itself is often not in violation by offering its services, but rather the drivers are who execute the rides for Uber. UberPOP notwithstanding, the other Uber services (UberBlack et al.) have encountered fewer problems in the various countries. The services

however were banned in some German cities, while in a number of countries court cases are proceeding.

#### **4.3 UberPOP: taxi service or part of the 'sharing economy'?**

In all the countries studied, UberPOP was examined and tested according to the national legislation and regulations pertaining to taxis and hired cars with drivers. This occurred despite the fact that Uber advertises its service as part of the 'sharing economy' and believes that consequently the service should be regarded differently.

##### *What is the 'sharing economy'?*

In recent years a great deal of attention has been devoted to new developments that are summarily called the 'sharing economy'. These developments are driven by new technological developments, such as internet and smartphone apps. Much-cited examples include AirBnB (the renting of private residences as competition for hotels), *Thuisafgehaald* ('cooking for the neighbours'), peerby.nl (lending 'stuff') or Helping (an intermediary offering cleaning services) (see [deeleconomie.nl](http://deeleconomie.nl)). These companies function as platforms for connecting supply and demand.

'Sharing economy' is not an easy concept to define (see for example, Belk, 2014). The following points provide a frame of reference:

1. It can be regarded as a form of sharing by individuals without a profit motive. The idea then is that everyone profits, but that no single company financially benefits. Hence, a platform that facilitates the sharing also does not profit, but it can receive cost-covering compensation.
2. A company organises a platform to profit from, with providers receiving financial compensation that is greater than the costs incurred. Providers use their 'own means of production', such as a car that would otherwise be unused, or a house that is temporarily unoccupied.

In practice, however, there are various intermediate types of platforms. Hence, there are platforms that have no profit motive, or ones in which providers will not always have an explicit profit motive.

##### *Car sharing*

Various car sharing platforms exist. There are basically three types:

1. A shared car via a private company: for example, ConnectCar or Car2Go.
2. Private car sharing among individuals: for example, SnappCar, MyWheels and WeGo.
3. The sharing of one's own car, with the owner serving as driver.

The latter type is most relevant in the context of UberPOP. It is important to note that the national Passenger Transport Act is accommodating of all types of car sharing, services among friends, and volunteer transport services, such as for example regarding family care.

Consequently, the national Passenger Transport Act, article 2 paragraph 2, provides the discretionary leeway to determine by governmental decree that the legislation for public transportation and taxis, or the provisions based thereon, is entirely or

partly *not* applicable to certain types of transport. At present, article 2 of the Passenger Transport Decree states that the Passenger Transport Act is not applicable to 16 precisely defined transportation services (for example BOB-services: transportation executed by drivers who provide car driving services to customers who themselves own the car). Services that are comparable to UberPOP are currently not mentioned.

In addition, article 2 paragraph 5 of the national Passenger Transport Act declares that the law is not applicable to transport services provided at cost price (or below) if they are not conducted as part of a profession or business:

Art 2 paragraph 5 Passenger Transport Act:

*The law is not applicable to the transportation of people by car, other than public transport, if the sum of the payment for that transportation does not exceed the cost of the car and any possible additional costs for that transportation, unless the above was executed in the performance of a profession or business. By or pursuant to the general decree, rules have been established pertaining to the cost of the car and any possible additional costs.*

There are certain initiatives in the Netherlands, such as ANWB-Car Buddy ([taxipro.nl](http://taxipro.nl)), that make use of this provision and provide transportation with volunteer drivers who give rides to specific target groups at the cost price.

The fares charged by UberPOP are seemingly higher than only the costs of the car and any additional costs. Moreover, at issue is whether or not these rides are executed by drivers in the performance of a profession or business (see text box, article 2 paragraph 5 of the Passenger Transport Act). On this point, a court ruling in a preliminary injunction concluded that it does pertain to a commercial fare, given the nature of the service (non-contracted transport) and the 20% of the total transportation charge that Uber receives from the driver. For a more definitive explanation of this issue, additional research, informed by legal expertise, is required, or one must wait for judgements in the various court cases to be handed down.

#### *Economic advantages and disadvantages*

The manner in which Uber-app functions as a 'middleman' is in fact not particularly new; rather, only the design (and scope - international) is new. This has proven economic advantages (Camps, 2015):

1. **Effectiveness:** Supply and demand are directly connected and can immediately close a 'deal' without intermediaries: in economic terms, this means that the transaction costs are low. Moreover, in addition to connecting supply and demand, the payments, deposits and so forth occur via internet, and hence in principle occur in an efficient and traceable manner.
2. **Review system** clients evaluate the service provided in public forums (and often vice versa), and in the case of Uber the customers review their rides and drivers via the app. This can contribute to the functioning of a reputation mechanism, and consequently encourages the offering of quality

service. This compels the market to become more transparent and information is more readily available.

3. **Efficiency:** scarce, or underutilised means of production (such as cars, homes) are better utilised, which increases productivity and thus contributes to the general prosperity.
4. **Easily accessible:** the offering of services is easier to achieve, whereby there is more supply and competition. This limits the market failures and thereby increases prosperity.

This can mean that certain types of 'market failures' in the taxi market, as outlined in Chapter 2, do not occur, or to a lesser degree. This raises the question of whether the app can replace the required on-board computer and fare card. In addition, owing to the review system involving public customer evaluations, there is perhaps less reason to impose regulations pertaining to quality. This however also raises the question of to what extent the service provided is capable of manipulating the customer review system, for example in order to ensure that more positive reviews appear on the internet than negative ones. If that were the case, the information-asymmetry between customers and taxi operators could possibly even increase. At present, no known research has been conducted into the manipulability of this type of customer review system.

If the review system via the app functions properly, the offer of taxi transportation, organised under a brand name (such as Uber), and subject to a user-driven public evaluation system as facilitated by the app, contributes to the functioning of the reputation mechanism in the offering of taxi services in the Netherlands, and as such can provide a boost to delivering quality.

Conversely, new types of possible 'market failures' may arise: working conditions, safety and privacy issues remain discussion points with innovations such as UberPOP (Camps, 2015). There is also debate about the size of the drivers' salaries, and whether or not they are below the minimum wage, for example.

Given the taxi customers' sharp focus on immediate availability as a desired quality aspect and the commercial economies of scale associated with this (both in terms of availability/arrival times and high fixed costs), a relevant question is how many central taxi dispatchers/apps can co-exist in the long term. In other words, it is an open question as to whether or not the economies of scale associated with the use of the apps will result in undesired market power that in turn will require regulation.

The use of apps, such as with Uber, is similar in principle to the situation in the Netherlands, whereby people are accustomed to ordering taxis via an intermediary (taxi dispatchers). The introduction of such services however raised the question as to whether the existing legislation and regulations required amendment, whereby consideration will again be given to the whether the advantages outweigh the disadvantages (as detailed in Chapter 2.1) A related question is whether these amendments should focus exclusively on the existing regulations pertaining to the operation of transport services (with regard to drivers, vehicles, transport companies, fares), or that additional regulations are required that focus on the intermediary organisations and services between the customers and drivers. The



latter would imply an extension to the existing regulatory and enforcement burden, and, moreover, the emergence of new intermediary organisations in future could be impeded if the new regulations are too closely tailored to one existing service provider ('regulatory capture').

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## Appendix A Belgium

### **Legislation and regulations**

The taxi market is largely regulated by the regions (Flanders, Wallonia, Brussels), not on the national level (Wikipedia, in Dutch and French).

Drivers in all three regions must pass a test in order to receive a 'certificate of suitability'. In order to take the test, a 'certificate of good conduct' is required (in addition to a driver's license, ID). A behaviour test is then taken.

A taxi or hired car may have a maximum of 9 seats (including driver). There is a permanent designation on the license plates (the letters TX). Hired cars with drivers have the designation TXH or TXL.

A driver may only offer services in a designated transport zone. A taxi meter is also required for taxis.

The fares are regulated on the local level. Fares for travelling outside of the designated transport zone are regulated. The regulations for the three regions are addressed in greater detail below.

#### *Brussels*

The region establishes the regulations ([bruxellesmobilite.irisnet.be](http://bruxellesmobilite.irisnet.be)):

- Regulations apply to increasing a taxi's recognisability. A taxi must be black with a yellow-black stripe around the car, and a specific type of taxi light is prescribed.
- The taxi license must be visibly displayed.
- Cars may not be older than 7 years.
- Taxis are required to issue a printed receipt to customers.
- A customer may not hail a taxi within 100 meters of a taxi stand, but rather must walk to the taxi stand.
- The number of licenses is capped.

Drivers are issued a license if they pass a series of behaviour tests and a theoretical and practical driving test. Checks are made for criminal records. The license is renewed annually.

The Brussels Region issues separate licenses for hired cars with drivers. The services may only be performed within the region's borders. Further, only trips longer than 3 hours may be accepted, for which there is a 90 euro minimum fare ([hln.be](http://hln.be)). The number of licenses is extremely limited (62 operators, 211 cars, as of 1 Augustus 2014). These are primarily limousine services for weddings, etc.

#### *Flanders*

Here, too, a distinction is made between taxi services and hired cars with drivers (VMSG, 2012).

- Taxi services may only be offered at designated taxi stands and/or a private parking area (this can be designated in the license).

- The taxi license is valid for the territory of the municipality that issued the license.
- The maximum number of licenses is 1 per 1,000 inhabitants, from which municipalities may deviate by 20%. Upon agreement, it is possible to further deviate from this figure (for example, if there is an airport situated in the municipality).
- The fares for the license are determined by the municipality. The fares must be visibly displayed in the taxi.
- The municipality determines the maximum fares – these are not determined by the federal government or the region (this was previously the case on the federal level, but was recently rescinded). The municipality also designates the taxi stands. A taxi may offer a commercial fare discount.
- Each car is issued a taxi registration card that also indicates if certain taxi stands or private parking areas may be accessed.
- A taxi meter is required, and it must be capable of printing receipts. A specific agency monitors and approves the installation of the meters.
- Municipalities can impose additional requirements.

For hired cars with drivers, the following applies:

- The ordered ride (or combination of rides) must last a minimum of 3 hours.
- A written agreement must be reached in advance (signed prior to entering the vehicle).
- The license is valid for all of Flanders and is issued in the place where the company is registered. The cost of the license is determined by the Region (in 2012, 250 euro).
- The fares are not regulated.
- Each car receives a specific license ('card').

In addition to the general conditions (company registration number, ID, absence of outstanding tax debt, and so forth), an excerpt from the criminal register must be submitted when applying for a license. If an applicant has a criminal record, the municipality determines if this is grounds to deny/revoke the license. The applicant must also possess a suitable car. The municipality can impose additional requirements. The license can be valid for multiple cars and is valid for 5 years.

OECD (2007) states that in practice there are substantial differences in the regulations of individual municipalities. These differences primarily pertain to additional requirements concerning educational training courses, driving tests, etc.

#### *Wallonia*

Taxi drivers must have a municipal license that is also approved by the region ([mobilite.wallonie.be](http://mobilite.wallonie.be)). Taxis that drive on bio-fuels or have emission levels below 115 grams CO<sub>2</sub> can receive tax breaks.

The maximum number of taxis is established by the region at 1 per 2,500 inhabitants. Under certain conditions, the region may permit additional taxis. A driver must have a certificate of good behaviour, must own the car, and may not have any outstanding debts regarding tax payments. A driver must complete specific educational courses.

Hired cars with drivers must also have a license. People may only hire these cars for a minimum of 3 hours or for a period of at least 7 consecutive days. In addition, hotels may offer such services. A signed contract must be present in the car.

**Uber**

Uber is only active in Brussels, where it only offers UberPOP. A judge subsequently banned the service (nu.nl, 17 April 2014). Current legislation and regulations require safety checks for cars and drivers, insurance, and payment of social security contributions and taxes. According to the court ruling, UberPOP does not meet these requirements. The maximum fine for Uber drivers is 10,000 euro.

Nevertheless, Uber continues to offer this service. In late 2014, the cars of four UberPOP drivers were seized by the authorities (rtbf.nl, 30 Dec. 2014).

The Brussels region has indicated that it will amend the regulations in order to allow Uber to operate legally (ft.com; hln.be). This should occur by 2016. The manner in which this will transpire remains unclear, however, and the Region announced that the requirements will remain strict and be in accordance with those for taxi services.

## Appendix B Brazil

### Legislation and regulations

Local governments largely regulate the taxi market. They also set the fares (thebrazilbusiness.com). There are two fare groups (the local government determines the exact hours): daytime from Monday to Saturday (non-holidays), and the remaining hours and days (including holidays) Taxi meters are inspected by a national agency (Inmetro)

Scant information was found pertaining to the general regulations.

#### *Rio de Janeiro*

The regulations for Rio de Janeiro are detailed in Silva et al. (2011). Because Rio plays host to major sporting events (FIFA World Cup, Olympic Games), a great deal of attention has been focused on the city's taxi regulations.

Taxi companies receive licenses from the municipality – this can be for individuals as well as companies. The licenses in principle can be revoked at any time. There are two types of licenses:

- Licenses issued prior to 1998 can be transferred (in practice, sold) to others.
- Licences issued after that date cannot be transferred.

A maximum number of licenses may be issued. Over the next 30 years, the municipality aims to reduce the number of taxis from 34,000 to 9,000.

Drivers can work both independently and for collectives. In addition to taxis (with taxi meters), there are also hired cars with drivers that offer rides at an agreed price.

In practice, all taxis drive on gas (CNG), owing to the offered tax breaks and lower price of CNG.

The regulation was revised in 2011, and in principle new licenses were issued to all drivers. Cars and drivers were evaluated based on a 'points' system pertaining to such matters as driving behaviour, knowledge of foreign languages, and operating a car that is suitable for handicapped passengers. The licenses were then issued:

- A license was issued for specific taxi stands (based on the point system ranking and historical use of a particular taxi stand).
- A taxi may not offer services from other taxi stands unless the driver has a special additional license for this purpose. The licenses are only issued following extensive checks of driving license records and the mechanical condition of the car.
- For taxi stands situated at touristic sites, drivers are required to have an English or Spanish language proficiency certificate.
- Temporary taxi stands are also set up for special events. Drivers with the highest points ranking are issued licenses for these stands.

Special, extra luxurious taxis are offered in Rio de Janeiro (and Sao Paulo). They may only be ordered by telephone and their set fares are approximately 80% higher than those of a regular taxi (thebrazilbusiness.com).

**Uber**

UberBlack is offered in three cities. UberPOP is not offered in Brazil.

Virtually no information was found pertaining to the introduction of Uber, except that in Rio de Janeiro a process is underway aimed at prohibiting Uber. A number of Uber cars were fined in Sao Paulo, where legal proceedings are also underway – no judgement has yet been handed down.

Further, an Easytaxi service is also active in Brazil that is similar to Uber (Wikipedia, English). This service was started in Brazil (a year before Uber) and is now active in 27 countries.



## Appendix C Germany

### **Legislation and regulations**

The national Passenger Transport Act applies on the federal level. The Federal States have the right to define virtually every aspect of amendments to the law. De facto, the taxi regulation is therefore decentralised if the State so chooses. The State frequently further delegates the relevant powers to the cities or regions. The extent of the regulation therefore differs sharply in practice per city or region, although in actuality the structure of the regulation corresponds. The federal regulation is detailed below (based on German Wikipedia, OECD, 2007 and EIM, 2002).

In Germany, a distinction is made between taxis and hired cars with drivers ('Funktaxi'). The former has a taxi meter and can be hailed in the street, while hired cars may only be ordered via telephone, internet or smartphone app.

#### *Taxi*

In order to receive a taxi license, the car must meet all the set requirements. These requirements are highly detailed and relate to the number of doors, the place where the license was issued, the presence of a specific alarm system and taxi sign on top of the car. The colour (ivory white) is also prescribed nationally, although Federal States may prescribe alternatives.

The taxi operator receives a license for driving in a certain area and may only park at specific taxi stands. The company must be registered in the field of transport. A customer is otherwise not legally obliged to take the first taxi in line.

Within the licensed transport area, the regulated fares apply via the taxi meter; the fares are set by the local or regional governments. Fares for rides outside of the licensed area are unregulated and therefore negotiable. However, when outside the licensed transport area, taxis cannot pick up customers in the street or from taxi stands, although pre-ordered rides may be conducted in other transport areas.

The driver must have a special taxi driver's license, which is valid for five years:

- Requirements apply to age (>21), driving experience (>2 years). Drivers must also have a limited number of penalty points and must be demonstrably physically fit.
- Drivers undergo medical checks (physical and mental fitness, vision test).
- Drivers must take a local knowledge test.
- Drivers must sign a declaration acknowledging that they bear a special responsibility because they transport passengers commercially.

The taxi company must also have a license. The company should have various declarations issued by the German Chamber of Commerce and diplomas and references demonstrating the ability to run a company.

Local and regional governments are responsible for any quotas pertaining to the number of licenses issued. This sharply differs per transport area: in some states no maximum number is set. In others this is not the case: here, in practice, the

licenses are also sold – the law states that as a condition of this a large share of the company must also be transferred to the new license holder (cars, other facilities).

A new taxi operator must meet certain financial requirements and demonstrate the expertise required to run a company. The applicant is also evaluated (reliability, etc.). Taxi drivers are not required to belong to a collective, but in practice the majority do.

*Hired car with driver*

The cars may not drive around, park at taxi stands or pick up customers from the street, but they may park near an office building and wait for a ride to be ordered. Following a completed ride, the car must immediately drive back to the office, unless a new reservation was immediately received. Both the departure and arrival points must be established before the ride is undertaken. The car may also not resemble a 'taxi'.

Unlike taxis, the car may not be hired per seats, but rather only as a whole. The drivers must have a license that is valid for five years. The requirements are the same as for taxi drivers. The local knowledge test is only required in cities with more than 50,000 inhabitants.

**Uber**

Uber is active in five German cities: Berlin, Hamburg, Düsseldorf, Munich and Frankfurt. In addition to UberBlack (or comparable services) and UberPOP, UberTaxi is also offered in some cities. The latter operates in conformance with the directives and fares of a regular taxi service.

**Table C.1**  
Services offered in  
German cities  
Source: uber.com (9  
March 2014)

| City       | Services  | Remarks               |
|------------|-----------|-----------------------|
| Berlin     | UberPOP   | Fare 35 cents per km* |
|            | UberTaxi  |                       |
| Düsseldorf | UberPOP   | Fare 35 cents per km* |
|            | UberTaxi  |                       |
| Frankfurt  | UberPOP   |                       |
|            | UberBlack |                       |
| Hamburg    | UberPOP   | Fare 35 cents per km* |
|            | UberBlack |                       |
|            | UberTaxi  |                       |
| Munich     | UberPOP   |                       |
|            | UberBlack |                       |

\*This fare is so low that in reality there is likely no services offered (see below)

*UberPOP*

On 2 September, a judge banned UberPOP nationwide, with fines for drivers amounting to up to 250,000 euro per ride. However, two weeks later another judge overturned that decision on procedural grounds: the case against Uber had been filed too late, having had to be filed within 2 months after the start of UberPOP (English Wikipedia, nos.nl). The judgement did however restate that UberPOP failed to adhere to the legal requirements. It is unclear at this time if there are any additional ongoing legal procedures advocating for a national ban.

The primary reason for the ban was that the fares were so low that they could not be deemed to cover the cost price for sharing a car. It was therefore deemed to be a commercial car service that does not meet the various above-stated legal requirements (requirements for drivers, car, company).

UberPOP is prohibited in Berlin, Hamburg and possibly Dusseldorf. Uber has reacted to this by sharply lowering the fares for UberPOP in these cities to 35 eurocents per kilometre.

This fare is still higher than the variable costs, so that in principle it still does adhere to the legal requirements, which states that for non-commercial services only the variable costs may be reimbursed. The fare is so unattractive for drivers that in practice virtually no Uber services are offered at this rate (WSJ). In mid-January Uber announced that it would only offer UberPOP in Hamburg on weekends.

#### *UberBlack et al*

UberBlack and comparable services are not prohibited on the national level. However, legal proceedings have been launched in each city where the service is offered.

The legal proceedings have led to bans in Berlin and Hamburg. In Berlin the legal argument was that UberBlack is not a taxi service but rather a hired car with driver service. The car must therefore depart from a 'base' site for each ride and then return back to that location following the ride (nu.nl, 17 April 2014). However, because Uber drivers actually drive around like a real taxi, the service is prohibited. This ruling was reaffirmed in August, but also due to safety considerations: the cars are unregulated, the drivers do not have licenses, and the insurance coverage is insufficient (Wikipedia, English). The maximum fine for an offense is 25,000 euro.

According to online news reports, Uber had lowered the fares for UberBlack in Berlin to 35 eurocents per kilometre (conforming to UberPOP – see above), but at present, according to the Uber website, the service is no longer offered in Berlin. In Hamburg, the Uber website states that UberBlack is still offered at the usual fare.

Uber has also reacted to these proceedings by offering a new service – UberTaxi.

#### *UberTaxi*

This service is offered in Berlin, Hamburg and Dusseldorf. The taxis, drivers and companies adhere to the local requirements. This for example also applies to the fare structure: the Uber website links to a local website that lists the fares (in contrast to other services). The drivers and customers do however connect via the Uber app.

According to German Wikipedia, this service has not faced any opposition. Moreover, following the launch of this service, no legal proceedings or other protests against this service have been reported online.

## Appendix D France

### Legislation and regulations

In France, constituent national framework legislation is in place. Local and regional governments are responsible for further implementation of the regulations. A distinction is made in the legislation between taxis, hired cars with drivers, and carpooling.

#### *Taxi*

The regulation for taxis was introduced in 1995. Taxis must adhere to the following requirements (OECD, 2007; EIM, 2002; French Wikipedia).

- The driver must pass a test in order to ensure the quality of the service. The educational training course is primarily organised by the professions' union and lasts from 6 to 9 months.
- The driver must have a license to offer the service in a certain municipality or zone within the municipality. An existing (so-called 'parking-') license may be purchased from an existing licence holder (in 2007, the average cost of such an existing license was 100,000 euro; in Paris 180,000 euro; and in Nice 300,000 euro). New licences can be requested from the municipality, which determines how many licenses are in circulation. There is a waiting list for Paris – in the early years of this century there were 6,000 applications pending, yet only around 100 new licenses are issued each year (a waiting time then of multiple decades).
- The zones in which customers may be picked up are established in the license.
- The fares are regulated (Paris, and the rest of country, separately).
- The vehicle must also meet certain requirements (taxi sign on the car, size, etc.), for which a separate license is issued. A taxi may have a maximum of 9 seats (including driver).

There are no specific requirements for taxi companies; they are regarded as 'regular' companies and must adhere to the same general company requirements.

EIM (2002) indicates that compared to other countries, the legislation in France (and Germany) is highly detailed. There are for example even requirements in place pertaining to the clothes worn by drivers.

In reaction to recent debates about Uber and consequent legislative amendments, the government has set up an internet application system for taxi drivers. Drivers can sign up to it for free. The app is used for ordering rides. The Paris taxi union has now also introduced an app for smartphones.

#### *Hired car with driver*

On October 15th, the Thévenoud Act was published in the French Government Gazette (LOI no. 2014-1104). A minor amendment was published on 30 December. The law was aimed at preventing the competitive position of drivers with cars from becoming too strong as compared to taxis. This action was prompted by Uber's entry into the market.

The law sets the following requirements for cars with drivers (this information is based on articles in *La Tribune* dated 2 October 2014 and in *Le Monde* dated 15 December 2014):

- Drivers may only transport passengers based on a reservation. Customers may not be picked up on the street or at a taxi stand.
- At the conclusion of a ride, drivers are required to return to a main office or parking area. If drivers want to wait at an airport, they must do so in a paid parking place.
- The total price of the trip must be established when making a reservation.
- The driver must be in possession of a professional registration card that is issued after completing 250 hours of a drivers' education course.
- An insurance policy covering professional liabilities is required.
- Drivers may not use location devices that customers can use if they have not yet made a reservation. This is only permitted for taxis.

On 30 December 2014, an additional implementation Article was published, stating that intermediaries are required to verify once a year that the drivers comply with the above-stated conditions.

#### *Carpooling*

With regard to carpooling, the law states that this is only permitted if a private individual who proposes the route to cover to another person shares the ride and shares the costs. It is a criminal offense to set up a system that brings people into contact who are not registered as taxi drivers or driver with car for the purpose of offering a transport service. This can result in a maximum prison sentence of 2 years and a 300,000 euro fine. The fine for a company can be up to 1.5 million euro and a 5-year ban on operating in France.

#### **Uber**

##### *Services offered*

Uber offers services in five cities and one region: Paris, Lille, Lyon, Toulouse, Bordeaux, and the French Riviera. The number and types of services offered differ per city. UberPOP is offered everywhere, and additional services offered in the various cities. The most services are offered in Paris.

##### *Current situation*

Various legal proceedings have been launched, whereby in one instance Uber services were banned and in another they were not. Moreover, at one point a regulation held that Uber drivers must wait 15 minutes before they were allowed to pick up a passenger.

Following a recent legislative amendment on 30 December, the Ministry banned UberPOP because its drivers did not adhere to requirements for cars with drivers or carpooling. It is unclear if this remains the case. The requirement for insurance coverage was delayed until 1 July 2015, and the professional registration card requirement will also be introduced during the course of this year.

Uber has filed two lawsuits pertaining to:

- The use of location devices. Uber argues that this decree runs contrary to the Constitution by undermining the freedom to exercise a profession, the right to property, and the principle of equal treatment.

- Determining fares: Uber argues that the legislation is in fact contrary to the principle of equal treatment.

Judgements are expected to be reached in the latter half of 2015.

## Appendix E Spain

### Legislation and regulations

For Spain, no structured overview of rules and regulations was found. Based on various minor online sources, the following overview emerged:

- The rules governing entry into the taxi market apply to national regulations, although in practice a major share of this responsibility is delegated to local governments (ECMT, 2007).
- The number of hired cars with drivers was legislatively capped at 1 per 30 taxis. In practice however this applies only to a luxury limousine service (grand tours in major cities).
- Taxi operators must also be a driver.
- A competence test is given, including a local knowledge test. A declaration of good behaviour is also required.
- Cars are inspected annually and a taxi meter and taxi sign are required.
- Taxis are required to issue a printed receipt upon request (incl. information about the taxi).
- Local governments determine the fares and fare structure. The fares must be visibly displayed in the taxi.
- There are two fare systems: one for daytime Monday-Saturday, and one for the other time periods (including holidays). Local governments determine the exact times. In addition, supplementary requirements can be imposed (for example, pertaining to luggage, trips to the airport).

The local governments in Madrid and Barcelona have devised requirements for the exterior of the taxis. In Madrid, a taxi is required to be white or black with a red stripe and yellow blocks. In Barcelona, taxis must be a yellow-black colour.

### Uber

The UberPOP service is offered in Madrid, Valencia and Barcelona. The other services are not offered in Spain. A judge banned UberPOP in Spain. According to the court decision, such (shared) rides must not have a profit motive: Spanish law explicitly states that private individuals may not receive a fare for a ride that is higher than the transport costs (and possibly a small tip). Given that the fares are higher, Uber was deemed to be a commercial service for which a license is required. The drivers do not have licenses, hence the service is prohibited (*Business Insider*, 9 October 2014; nu.nl, 6 October 2014).

In Madrid, Uber drivers face fines from 4 to 6,000 euro, and fines can run as high as 18,000 euro. In Barcelona, a separate regulation was introduced in April that permitted the confiscation of UberPOP taxis. In late 2014, Uber announced that it was temporarily withdrawing from Spain pending the ongoing appeal (nu.nl, 31 December 2014).

If Uber wants to offer another service, such as UberBlack, it can apply for the requisite license. Given that the cars are in fact privately owned (thus, not from a company), the number of available licenses is limited to one-thirtieth of the number of regular taxi licenses (see above). Consequently, there are few or no licences

available. This, according to *Business Insider*, is the reason that the company did not consider introducing other Uber services.



## Appendix F United Kingdom

### Legislation and regulations

Local governments in the UK have a high degree of autonomy in regulating the market. The national government only provides a general framework, to which the regulations must adhere. Moreover, a distinction is made in the UK between taxis and hired cars with drivers. Taxis can be ordered by telephone and can pick up customers in the street and at taxi stands. Hired cars with drivers may only be reserved by telephone or in another manner.

#### *General framework*

The national government has formulated general principles that apply to both taxis and hired cars with drivers (gov.uk; OECD, 2007):

- Every taxi and hired car must have three licenses:
  - The company license is valid for a maximum of 5 years
  - the driver's license for a maximum of 3 years
  - the car license a maximum of 1 year
- The driver must have a work permit, and a driver's license for a minimum of one year.
- Hired cars are required to have different exteriors than taxis.
- A car may have a maximum of 8 seats for passengers.
- A local authority may inspect a car a maximum of 3x per year.
- A car insurance policy is required.
- The fares for rides outside of the designated transport zone are unregulated.

In practice the degree of regulation differs sharply per city/region. Consequently, some areas have a quota for the number of licenses issued, while others do not. Moreover, the requirements for the cars, drivers and so forth differ sharply per area. Here below are the specific regulations for London.

#### *London*

The local regulations for taxis and hired cars with drivers have many similarities (tfl.gov.uk; OECD, 2007). Both issue driver licenses for the entire area ('green badge') and for suburban areas ('yellow badge'). Which badge one receives is largely dependent on the results of the knowledge test (see below).

The guidelines apply for both taxis and hired cars with drivers. The regulation that pertains to licenses for drivers in London is as follows:

- Minimum age is 21 years old.
- Minimum of 3 years in possession of a driver's license.
- No criminal record (this is rechecked when the license is renewed).
- Medical evaluation (also by renewal).
- Local knowledge test. For taxi drivers the so-called 'London Knowledge' applies – this is often called the most difficult test in the world. It takes 2 to 4 years of study before the test can be passed for all of London, but it can also be taken for 9 separate suburban areas (for the 'yellow badge'). Drivers of hired cars must also pass a topography test, but this is a much easier test.

- Special driver approval test – this involves an eyesight test and special driving skills test.

What taxis must look like, what conditions apply and where they can go is strictly regulated in London. Hired cars with drivers must conform to the national regulation that states that they must not resemble a taxi.

Furthermore, the following applies:

- New car licenses are issued annually.
- A taxi may not be older than 15 years. A new license is only issued to hired cars if they are not older than 5 years, and upon renewal the limit is 10 years old.
- The car must adhere to emission standards. For a new taxi license, Euro 5 is the minimum standard; and Euro 4 for hired cars.
- The license is only issued to the owner of the car, not to another driver or a company.
- It is required to clearly display the license in the front and rear of the car (sometimes exceptions are made for hired cars with drivers).
- Advertisements for example placed on the car's exterior must adhere to strict guidelines.
- Taxis must have a taxi meter.

For a license as a taxi operator, the only specific requirement is that the applicant be at least 21 years old. The license is issued to the owner of the car – they can then hire drivers (with licenses). The cars are inspected. The driver's behaviour is assessed with regard to violations of taxi regulations in the past and so forth.

There are two types of business licenses available to hired car operators;

- a small business license for one or two cars
- A standard license for multiple cars.

The licenses are valid for five years. Drivers are required to operate from a fixed location, which is recorded in the license. The local authority must grant explicit permission. It is required to have a fixed telephone.

## **Uber**

### *Services offered*

Uber is active in three cities (London, Manchester and Leeds).

In contrast to the previously mentioned countries, the UberX service is offered here. This is a more inexpensive and less luxurious version of UberBlack, but operated in the same manner (thus, not via private cars). In addition, more luxurious services are offered in London and Manchester that operate in the same manner. UberPOP is not offered in the UK.

The UberTaxi service was introduced in London. This service operates according to the government regulated fares. The fare starts being charged as soon as the pick-up location is reached.

### *Current situation*

Uber is still permitted and has a license as a hired car company in the cities where drivers are active. The drivers are responsible for the driver and car licences. In London, however, the transport authority has asked the court to determine if the

service is in fact legal.

## Appendix G Uber in other countries

### **UberPOP in other EU countries**

Uber is active in 12 other EU countries. UberPOP is offered in Italy, Poland and the Czech Republic, but not in the other 9 countries.

#### *Italy*

Milan was in the headlines as the first city where UberPOP was introduced (alongside the previously launched UberBlack). According to the Uber website, UberPOP was subsequently also launched in Genoa, Padua and Turin. UberPOP is not offered in Rome however, although the other services are.

On 5 November an UberPOP car was confiscated in Milan on the grounds that it did not meet safety requirements. A legal case on the matter is proceeding (autotoday.it, 2014). To date, no decision has seemingly been reached.

UberPOP was only relatively recently introduced in other cities. Protests and debates ensued, but no information was found about ongoing legal proceedings.

#### *Poland*

UberPOP was launched in Warsaw in August 2014. A quick scan of the internet found no information about any associated large-scale protests, legal proceedings, court cases or specific requirements imposed on the drivers.

#### *Czech Republic*

Uber has been active in Prague with the UberBlack service since August 2014, and with UberPOP since December 2014.

No distinction is made in the Czech Republic between taxis and hired cars with drivers. Uber therefore falls under the taxi legislation. Uber is not regarded as a taxi company, but the Uber drivers are. The app and company are therefore legal; the Uber drivers must adhere to the legislation and regulations. The following applies:

- The market access is in principle free (no maximum number of licenses)
- General regulations apply to companies
- Drivers must be registered in the taxi register
- A driver's license is required
- The car must have a sign on the roof and a taxi meter
- Local governments can impose additional requirements, such as a local knowledge test, the (maximum) fares, and the designation of taxi stands.

UberBlack does not adhere to the requirements because the cars do not have taxi signs on the roof nor taxi meters. Legal proceedings launched in the past on these points resulted in fines. An appeals procedure is currently ongoing.

UberPOP's introduction was so recent that no inspection of the cars has occurred to date.

### Other Uber services in the EU

Uber is active in the following countries ([www.uber.com](http://www.uber.com) 9 March 2015<sup>3</sup>):

- Bulgaria – Sofia: UberX
- Denmark – Copenhagen: UberBlack
- Finland – Helsinki: UberBlack
- Greece – Athens: UberTaxi (20% lower fares than standard)
- Hungary – Budapest: UberX
- Ireland: Dublin - UberX and Black (for UberX, 10% lower fares than the official fares)
- Austria – Vienna: UberX and UberBlack.
- Portugal – Lisbon: UberX and UberBlack; Porto: UberX
- Romania – Bucharest: Uber X.
- Sweden: Goteborg – UberBlack. Stockholm: UberX, UberBlack and UberLux. In Stockholm the government dropped the requirement that cars must have a taxi meter.

### Uber: rest of the world

Uber is active in many countries throughout the world. The following is a brief overview of the current situation in various countries (based on a quick scan of the internet).

- New Zealand: UberPOP is offered in various cities. But no other services. No online reports were found of legal proceedings against Uber.
- China banned UberPOP and similar services. UberBlack is however permitted (nu.nl, January 9, 2015).
- United States of America: no national regulations exist, but rather only on the state and city levels. The following information was found via a quick scan:
  - Legislation in California and Washington DC was amended to permit UberPOP.
  - In Nevada (incl. Las Vegas) Uber is banned. Uber does to adhere to the requirements for the testing of drivers and cars, nor of the requirement for specific insurance coverage (reviewjournal, 26 Nov 2014).
  - In Portland a court case is proceeding aimed at prohibiting Uber until the company possesses the requisite licenses.
  - In Illinois, legislation is being prepared to impose stricter requirements (driver background checks, requirements to serve sparsely populated areas and offer wheelchair access).
  - In San Francisco and Los Angeles court cases are proceeding.
  - Uber is banned in Miami.
  - Uber is permitted in New York (not as a taxi, as you cannot hail one in the street). UberTaxi is banned however – the variable payment system is not in line with existing taxi legislation.

<sup>3</sup> The site does not appear to be up-to-date. Hence, The Hague and Utrecht are not listed as cities where the services are offered. However, the Spanish cities are listed, although Uber has withdrawn its services in these cities.

## Colophon

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