



# ***Study on passenger transport by taxi, hire car with driver and ridesharing in the EU***

## **Final Report**

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Università Commerciale  
Luigi Bocconi

**CERTeT**  
Center for Research  
on Regional Economics,  
Transport and Tourism

WAVESTONE

Prepared by: Simona Frazzani (Grimaldi), Gabriele Grea (CERTeT Università Luigi Bocconi),  
Alessandro Zamboni (Wavestone).

Supervision: Prof. Avv. Francesco Sciaudone (Grimaldi), Prof. Oliviero Baccelli (CERTeT Università  
Luigi Bocconi).

Project direction: Simona Frazzani (Grimaldi).

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Directorate-General for Mobility and Transport

Directorate C - Land Unit C.1 - Road Transport

Contact: Peter SZATMARI

E-mail: [peter.szatmari@ec.europa.eu](mailto:peter.szatmari@ec.europa.eu)

*European Commission*

*B-1049 Brussels*

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## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	7
I.    Legal analysis of the regulatory and administrative frameworks .....	7
II.   Market analysis.....	12
III.  In-depth case studies .....	16
IV.   Results of the consumer panel .....	20
V.   Conclusions and Recommendations .....	21
I.    OVERVIEW .....	25
II.   LEGAL ANALYSIS .....	26
II.1  Introduction .....	26
II.2  List of definitions .....	26
II.3  Current legislative reforms as of 20 September 2016 .....	28
II.3.1  Recently completed reforms .....	28
II.3.2  Ongoing reforms.....	29
II.4  Taxis .....	30
II.4.1  Licences .....	30
II.4.2  Organisational requirements .....	38
II.4.3  Technical requirements.....	40
II.4.4  Accessibility .....	40
II.4.5  Fares.....	41
II.4.6  Passenger rights .....	43
II.4.7  Labour rules and results for the taxi sector .....	43
II.4.8  Enforcement.....	46
II.4.9  Dispatch centres .....	46
II.4.10  Taxi web applications .....	48
II.4.11  Taxis as paratransit service/integrated mobility service .....	50
II.4.12  Public support and subsidies to the taxi sector.....	51
II.5  Hire cars with driver .....	52
II.5.1  General legal framework.....	52
II.5.2  Authorisations .....	53
II.5.3  Organisational requirements .....	54
II.5.4  Geographical restrictions .....	56
II.5.5  Intermediaries.....	56
II.5.6  Technical requirements.....	57
II.5.7  Labour rules .....	58
II.6  Ridesharing and car sharing .....	58
II.6.1  The definition of ridesharing.....	58
II.6.2  Car sharing .....	59
II.6.3  Ridesharing (Carpooling) intermediaries .....	59
II.6.4  Current national approach to ridesharing .....	61

III.	MARKET ANALYSIS .....	63
III.1	Introduction .....	63
III.2	Grimaldi data collection .....	64
III.3	Market Players.....	64
III.3.1	Taxis .....	64
III.3.2	Taxi apps.....	65
III.3.3	Hire cars with driver.....	65
III.3.4	Ridesharing.....	66
III.3.5	Observations .....	67
III.4	Licences/Authorisations .....	67
III.4.1	Taxis .....	67
III.4.2	Hire cars with driver.....	70
III.5	Costs of licences/authorisations .....	71
III.6	Number of companies, vehicles and drivers.....	75
III.7	Fares.....	78
III.8	Taxi drivers' gross average turnover.....	86
III.9	Incentives to hire transport sector .....	88
III.10	Market dynamics analysis .....	88
III.11	Methodological approach.....	89
III.12	Data sources, cross cutting figures.....	90
III.12.1	Market factors and indicators .....	91
III.13	Other market factors .....	96
III.13.1	Fares.....	99
III.14	Local units .....	102
III.14.1	Mapping overview .....	102
III.14.2	Capacity and growth .....	103
III.14.3	Impact elements.....	105
III.15	Turnover.....	107
III.15.2	Capacity and growth .....	108
III.15.3	Impact elements.....	110
III.16	Employment.....	112
III.16.1	Mapping overview .....	112
III.16.2	Capacity and growth .....	113
III.16.3	Impact elements.....	116
III.17	Wages and salaries .....	117
III.17.1	Mapping overview .....	117
III.17.2	Capacity and growth .....	119
III.17.3	Impact elements.....	120
III.18	Conclusions.....	122
IV.	IN-DEPTH CASE STUDIES .....	127

IV.1	Amsterdam .....	127
IV.2	Brussels Capital Region.....	128
IV.3	London .....	129
IV.4	Paris.....	130
IV.5	Rome .....	132
IV.6	Stockholm.....	133
IV.7	Warsaw .....	135
IV.8	Cross- border case – Vienna/Bratislava.....	136
V.	RESULTS OF THE CONSUMER PANEL .....	138
V.1	Respondents’ profile .....	139
V.2	Findings on taxi users.....	141
V.3	Findings on private car with driver users .....	144
V.4	Findings on users of both taxi and hire car with driver service .....	148
V.5	Conclusions.....	153
VI.	CONCLUSIONS AND RECOMMENDATIONS .....	155
VI.1	Conclusions.....	155
VI.2	Recommendations.....	158
	BIBLIOGRAPHY .....	162
	ANNEX I - RESULTS OF THE CONSULTATION .....	166
	Annex II – LIST OF INTERVIEWS.....	170

The Study is based on information available up to 26 September 2016. Market and legal developments which took place after the date are not reflected.

## **EXECUTIVE SUMMARY**

The purpose of this Study is to provide a comprehensive regulatory and market overview and analysis of the European taxi, hire car with driver and ridesharing markets across the EU. The Study intends to identify the main reasons behind the taxi markets upheaval and the impact of innovative services on the taxi markets. In various countries, taxi drivers and companies have vigorously protested against the efforts of innovative service providers to penetrate their respective markets, and challenged them before the courts on various grounds. Two preliminary rulings are also currently pending before the European Court of Justice.

The Study first analyses the relevant regulatory and administrative frameworks of all 28 EU Member States. It then provides a market analysis describing the dynamics of the taxi industry including employment, turnover, wages and other characteristics such as industrialisation and the presence of new transport innovations. Next, the Study provides in-depth case studies of the following cities: Amsterdam, Brussel Capital Region, London, Paris, Rome, Stockholm, Warsaw, and a cross border case of Vienna/Bratislava. The Study then displays the results of a consumer panel carried out in the above-mentioned selected cities, covering issues such as the user's purpose, preference and overall satisfaction with transport services. The Study wraps-up with our conclusions and recommendations, based on the results of our findings.

The annexes to this Study provide further details into the following: the results of the stakeholder consultation (Annex I), list of stakeholders interviewed (Annex II), a comparative table according to regulatory and market characteristics including all Member States and detailed country reports (Annex III), in-depth case studies of the selected cities (Annex IV).

### **I. Legal analysis of the regulatory and administrative frameworks**

The legal analysis of the regulatory and administrative frameworks primarily involved desk research and has been matched with information gathered through the replies to the stakeholder consultation. We reviewed the relevant legal framework of each EU Member State. The legal research also covered recent developments introduced by some Member States.

In the legislative review, the research team also analysed complementary legislation to the taxi, hire car with driver and ridesharing sectors, notably in the field of labour law and social security regulation. The legislative review identified the applicable fiscal regimes and the granting of subsidies to the sector to promote the development of certain activities, such as ridesharing and vehicle insurance rules.

The research team also identified the administrative and/or judicial decisions relevant for the Study, including the most recent case law regarding ridesharing, especially from an unfair competition viewpoint. Almost all EU Member States regulate the taxi sector at the

national level, except Belgium - a Federal State where each Region has adopted its own regional legislation - and the United Kingdom, which counts three different jurisdictions, each one with its own set of rules, and the city of London with a separate regulation. In other Member States, including semi-federal states such as Spain, the national legislation is supplemented by regional legislation and local regulation. The national/regional legislation usually regulates access to the profession, the granting of licences, conditions for the exercise of the profession, the vehicles' technical requirements as well as infringements and offences, including the applicable sanctions.

Some of the EU Member States have recently reviewed, or are in the process of reviewing, their legislative frameworks. This is the case, for example, of Estonia, Finland, France, Spain, England and Wales. This is also the case of London and the Brussels Capital Region. At the time of writing, reforms have been introduced in France, Finland, Luxembourg, Spain, Northern Ireland and London.

### **Taxis**

In all EU Member States, access to the taxi service activity is subject to the acquisition of a licence. The term "licence" also covers the terms "authorisations", "concessions" and "permits" which are used in different Member States. All these terms refer to the administrative authorisation to carry out the taxi service activity. The conditions for obtaining such licences differ significantly across countries. In most EU Member States, the licence requirements are set at the national level while the local authorities establish their own requirements and exercise access control to their local markets. The main privilege for a licence holder is to park and circulate on public roads. Thus, the main difference between taxis and hire cars with driver is that the taxi licence allows taxis to wait at pre-determined locations and/or display a visible marking (such as a taxi sign) for passengers to identify their service.

#### *Market entry restrictions and controls*

Market entry restrictions are typically motivated by the oversupply of relatively unskilled workers available to the taxi industry, especially in times of economic duress,<sup>1</sup> and by the need to maintain public order by limiting the number of vehicles circulating and/or parked in the streets. With the exception of Austria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Netherlands, Poland, Slovenia, Slovakia, and Sweden (and the cities of Berlin and London), all EU Member States have introduced quantitative restrictions based on socio-economic criteria, such as the number of inhabitants, the number of tourists and business travellers. The taxi market is also geographically fragmented since the licences are usually valid only for the territory of the issuing municipalities. Exceptions are the Netherlands and Sweden, where a valid licence covers all national territories.

#### *Fare regulation*

Fare regulation has been implemented to prevent price gouging in the street hail market, due to the asymmetry of information between the service providers and the passengers regarding the availability of supply and uncertainty regarding competitors' fares. Fare

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<sup>1</sup> OECD/ITF, Regulation for Hire Passenger Transport, Portugal in International Comparison, 2016, p.15.



regulations also provide more certainty to passengers about the price they will be charged, especially in the hailing market. New IT technologies and web applications, which provide potential passengers with real time information about estimated fares, are blurring the lines between the hailing and pre-booked markets. This triggers discussion at national and international level about the need for fares regulation which protects the passengers or if the free fares competition provides the optimal result for users. In Lithuania, Slovakia and Sweden, fares are freely set by the taxi operator. Other EU Member States impose maximum or minimum fares. Within Austria, fares are fixed in the cities of Vienna and Gratz. Fixed fares have also been introduced in Budapest. In Ireland, there is a single maximum fare area.

#### *Dispatch centres and intermediaries used by taxis*

The activities of dispatch centres (or radio taxis) are regulated differently across the EU Member States. In most Member States, the dispatch centre activity does not fall within the area of transportation by taxi or any other transport means. Exceptions are Hungary, where the dispatch centre must obtain authorisation and satisfy stringent requirements including financial capacity; the Netherlands, where dispatch centres are subject to a mandatory insurance; and Ireland, where dispatch centres must obtain a licence. A proposed reform in France will extend the provisions applicable to hire car with driver intermediaries to taxi dispatch centres and taxi web apps, including registration, insurance and performance requirements.

Dispatch centres are intermediaries between the driver and passengers. Their role is very important particularly in the pre-booked segment. As taxi drivers are mainly self-employed workers (sole entrepreneurs), or in many cases are considered as employees of small taxi companies, dispatch centres (which aggregate a large number of affiliates) are de facto the main players in the taxi market, where taxi operators compete at the local or national levels. In the Netherlands and in Romania, affiliation is mandatory for licensed taxis, but taxi operators can decide which dispatch centre they wish to be affiliated with.

Besides the web applications ("apps") developed by dispatch centres, independent software companies have developed apps which have entered the market as an alternative to dispatch centres. This is the case, for example, of Gett, Hailo, or Taxify which are apps exclusively dedicated to taxi services. At present, almost all dispatch centres have their own apps and competition between apps focuses on the quality of the service, discounts, and coverage. In France, a unique project is currently on-going *LeTaxi* is a free and open-source platform allowing any user to look for nearby taxis as well as to "e-hail" a driver.<sup>2</sup> However, following our desk research and stakeholder consultation, the differences between "traditional dispatch centres" and "new mobile applications" are less and less clear. The traditional dispatch centres have introduced their own apps to compete with other intermediaries or have signed agreements with software companies to exploit their apps. The importance of apps in these sectors is clearly evidenced by the recent mergers between the software companies and between dispatch centres and apps, such as London Radio Taxi and Gett.<sup>3</sup>

#### **Hire cars with driver**

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<sup>2</sup> <https://le.taxi/english.html>.

<sup>3</sup> Annex III, p. 877.

Most EU Member States, including Belgium, France, Germany, Italy, Poland, Spain and the United Kingdom have a two-tier system differentiating between taxi service and hire car with driver service (also referred to as private hire car service). In Luxembourg, Portugal, Slovenia and the Netherlands there is a one-tier system whereby the same legislative rules apply to both sectors. Some jurisdictions, such as in Bulgaria and Sweden, require that transport services are carried out through taxis only. Hire cars with driver, if allowed, require special authorisations. Generally, the requirements to obtain such authorisations are less stringent than the licence requirements to provide taxi services. Some Member States such as Spain have also introduced quotas, geographical restrictions and/or minimum service obligations.<sup>4</sup> The main objective of these restrictions appears to be reducing competitive pressure vis-à-vis the licensed taxis and/or to create two different segments of the market, focussing on different types of users.

The hire car with driver regime has grown significantly, especially in France and the United Kingdom, due to the development of digital platforms acting as intermediaries between passengers and drivers. These intermediaries directly compete with radio taxis in the pre-booked market. In few Member States, such as Hungary and the United Kingdom, all intermediaries, including digital platforms, must obtain a prior authorization. In France, intermediaries need to be registered on the registry held by the Ministry of the Ecology, Sustainable Development and Energy.<sup>5</sup>

The regulations for hire cars with driver present two common features across Member States: i) the driver obligation to perform the service based on a prior reservation (for a pre-arranged fixed fare), and ii) the driver obligation to return to the place of business after each ride, except if there is a prior reservation. The main purpose of these two obligations is to avoid hire cars with driver picking up passengers on the street.

#### *Ridesharing, intermediaries and car sharing*

The abovementioned digital platforms are commonly defined as ridesharing platform. Indeed, the definition of ridesharing can be very broad and may include brokerage services with licensed drivers and "share a ride" applications (that is apps that match people driving cars and people in need of transport). The definition included in the European agenda for the collaborative economy makes a distinction between: a) intermediation with remuneration, and b) intermediation without remuneration.<sup>6</sup>

In our opinion, even if the term ridesharing is used interchangeably to indicate various alternatives, the very activity of sharing a vehicle to reduce costs as well as the environmental impact while getting from point A to point B **must be distinguished** from the activity of matching demand and supply of professional and non-professional hire transport. This latter activity is similar to a brokerage service, where the application matches demand and supply and retains a fee in case of a successful transaction.

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<sup>4</sup> In the Brussels Capital Region, hire cars with driver must be booked for a minimum of three hours and EUR 90. In Greece, they must be booked for a minimum of two hours. In Spain, the hire cars with driver authorisation have a quota of 1 for each 30 licensed taxis and must provide 80% of the service within the regional area of authorisation. In Hungary, hire car with driver service is authorised only as an ancillary activity to other activities such as hotels and travel agencies.

<sup>5</sup> Annex III, p. 298.

<sup>6</sup> COMMISSION STAFF WORKING DOCUMENT Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - A European agenda for the collaborative economy European agenda for the collaborative economy - supporting analysis {COM(2016) 356 final}, p. 27.

## Intermediaries

The recent development of web applications has significantly contributed to the large growth of hire passenger transport services, especially hire cars with driver and other forms of passenger transport in exchange of payment. However, a distinction must be made between the various services offered by these intermediaries.

While intermediaries essentially match passengers with fully licensed professional drivers (e.g. UberX, Addison Lee), the largest players also facilitate the provision of various transport services, ranging from taxis to top tier limousine services and minivans, to non-professional drivers. Similarly to taxi drivers affiliated to dispatch centres, the affiliated drivers are independent workers, and may also work for different intermediaries. The affiliation contract, in general, does not include an exclusivity clause. Intermediaries are the principal working source for independent hired car drivers and operators since they can only accept pre-booked rides. In very few cases, such as in Estonia, Finland, and Poland, intermediaries can facilitate the hire transport offered by non-licensed or authorised drivers, such as UberPop and Heetch.

## Genuine ridesharing

Other applications, such as Blablacar and Carpoolworld, enable pre-arranged ridesharing between people going to the same direction or communities sharing the same trip to work for no other consideration than the costs of the ride. Differently from previous examples, in this case the journey is pre-determined and the driver offers seats in his vehicle to share the costs of the ride.

For the purpose of this study, ridesharing (or carpooling) is defined as an activity which consists in sharing a private car between people who wish to cover a route chosen by the driver at a price that exclusively covers the costs of the trip.

Car sharing is to be as yet another segment. Car sharing generally involves accessing a car owned by another person or company in exchange for an agreed monetary payment. During the time when a person has access to a car, that person is responsible for it and for its exclusive use and benefit.<sup>7</sup> Car sharing is part of the integrated mobility landscape of major European cities. The most common model is based on a partnership between a municipality and private companies (usually chosen through a competitive procedure) providing and maintaining the car service in the area. The agreement with the public authority is necessary for parking the cars on the public street and, in the case of electric vehicles, for having the recharging stations arranged.

Recent business models have emerged in peer to peer ridesharing, where intermediaries match people renting their own vehicles and people wishing to rent them.

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<sup>7</sup> Dr Scott Le Vine, Dr Alireza Zolfaghari, Professor John Polak, Carsharing: Evolution, Challenges and Opportunities, Centre for Transport Studies, Imperial College London.

## II. Market analysis

The market analysis followed two different approaches: the first approach was based on the data collected in the desk research and stakeholder consultation; the second approach was mainly based on Eurostat data (available up to 2013) for the taxi and hire car with driver sectors.

The two sets of data collection cover different aspects:

- In the first data collection, in parallel with the legal analysis, we collected data on the number of taxis and hire car with driver licences/authorisations, the administrative costs, the largest market players, the structure of the fares, and the turnover of the taxi drivers and hire car drivers. The economic literature considers these elements as the key input to identify the level of competition in the hire transport market and the associated market failures. Where available, data concerning intermediaries and innovative service providers have been collected.
- In the second data collection, we analysed statistical figures collected from different sources, primarily Eurostat, framed in the context of the findings on relevant market elements identified within the Country Reports in Annex III. The core of the market analysis is represented by two market indicators:
  - a) the level of “industrialization” of the taxi sector, which can be assessed through the size of companies, relevance of big players and dispatching services/platforms; and
  - b) the regulatory attitude towards operators of hire cars with driver and innovative transport providers, where different approaches can be identified according to the objectives of the specific regulation, and by allowance/presence of innovative providers within different segments.

In order to collect data which were not available from public sources, Grimaldi has carried out an extensive consultation across all the EU Member States. National and local public authorities, national taxi and hire car with driver associations, operators, users’ associations and trade unions received the questionnaire. In total, 515 stakeholders were contacted and we received 93 replies. The data collection performed by Grimaldi is somehow limited due to the low rate of reply, the quality of the replies (some of which were more detailed, while other replies had a more general character), and the fact that the data collection is performed differently at the national level. The categorization of the data is based on the national legal environment; this may render the comparison challenging. The largest Member States provided the most valuable amount of updated data, while the smallest Member States have few data, mainly due to the small size of the market. Importantly, almost all the national competent authorities and national competition authorities participated in the stakeholder consultation. All these authorities provided useful insights into the national relevant markets and, where available, updated official data.

### *Employment characteristics*

Within the data collection, we identified the main players at national level in the three sectors covered. Except for a few cases, the markets resulted characterized by a large number of local players. This was also due to the geographical dimension of the market, which corresponds to the area of authorisation. Both the taxis and hire cars with driver are carried out as self-employed workers or as employees. The results of the consultation showed that most drivers are self-employed with few exceptions (Belgium

and Sweden). These results are inconsistent with the Eurostat data which show three employment clusters:

- The first cluster of countries where the share of employees compared to the self-employed is higher than 75% include: Estonia, Denmark, Germany, Latvia, Netherlands, Austria, Romania, Sweden, and the United Kingdom.
- The second cluster of countries with a market structure largely based on self-employment include: Greece, Spain, France, Italy, Hungary, Slovakia, Poland and Cyprus.
- The third intermediate cluster, which shows an increase in self-employment include: Finland, Slovenia, Bulgaria and Lithuania.

The national authorities explained that the differences were because the collected data was more recent than Eurostat data (which are up to 2013), and that some recent legislative changes, such as the minimum wage introduced in Germany in 2015, has driven labour forces towards self-employment.

In addition, in Member States with a majority of employed drivers, such as Belgium and Sweden, it was confirmed that the capital cities are characterized by a majority of self-employed drivers. Finally, all the respondents to the consultation confirmed that a large number of companies are self-employed persons without employees or self-employed persons with two or three employees. These data are confirmed by the elaboration of the Eurostat data which showed a high number of enterprises in most countries, with shares over 60% (and up to more than 90% in some cases). An exception is Estonia (32%), while a few others Member States stand at around 50% (Croatia, Slovenia, Slovakia). These results, combined with the lower ratios (share of taxi operations in "other passenger land transport"), suggest a relatively small average size of enterprises in taxi operations.

Like taxi operators, hire car with driver service is carried out by drivers employed by companies which own the vehicles and the technology, or by self-employed drivers. In certain jurisdictions, such as Spain, where a minimum fleet of vehicles with certain technical specifications is required, only legal entities may operate hire car with driver services. In Spain, there was a large increase in the number of hire drivers during the short liberalization of the hire transport sector (between 2012 and 2015).

#### *Average gross turnover*

In terms of turnover, the data were not collected for all Member States. For the Member States where the data were available,<sup>8</sup> it resulted in an average figure for taxi drivers of around EUR 53.000 gross, with the highest peak in Denmark, Finland and Sweden. It must be noted that the figures provided include self-employed and employed drivers as well as part-time and full time workers. The replies to the stakeholder consultation did not make any distinctions among the different categories.

With regard to hire car drivers, few data are available concerning the turnover. Some respondents to the stakeholder consultation have indicated a turnover close to that of the taxi drivers, while other have indicated a slightly lower turnover (which was justified by the fact that various drivers work-part-time). Figures collected via the national

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<sup>8</sup> Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Slovakia, Spain, Sweden, United Kingdom.

market data collection show some inconsistencies when compared to the Eurostat figures regarding the turnover per employed person.

The Eurostat data showed the following aggregated turnover dynamics:

- Five countries showing relevantly negative turnover growth rates over the 2010-2013 period (Belgium, Bulgaria, Croatia, Poland, Portugal).
- Six countries showing alternate positive and negative turnover trends in the period 2010-2013 (Greece, Cyprus, Hungary, Netherlands, partially Slovakia, United Kingdom).
- Countries showing positive turnover trends (Denmark, Germany, Spain, France, Italy, Lithuania Austria, Romania, Finland and Sweden).

The largest dispatch centres and hire transport intermediaries have confirmed that the largest part of their turnover is generated from business and account customers. On the contrary, independent taxi drivers are generating the largest part of the turnover from the street market, at least in the largest cities, while in the countryside areas a relevant size of the turnover is generated from "paratransit".

#### *Barriers to entry and licences/operators numbers*

Concerning the access to the taxi activity, across the Member States, we have created two clusters: i) Member States with quantitative restrictions; and ii) Member States without quantitative restrictions. In the first cluster, the number of taxi licenses, over the last five years, remained steady or had decreased, with the exception of Germany, where the number of concessions between 2008 and 2012 has decreased but the number of taxi vehicles has increased. In Belgium, the total number of licences decreased between 2014 and 2016, as well as in Spain over the period 2010-2015 while in Cyprus, Italy, Luxembourg, and Malta, the total number remained steady.

A small increase was registered in France between 2003 and 2015, where the number of taxi licences increased by 2065 units.<sup>9</sup> In these Member States, due to the quantitative restrictions, the demand has low influence on the number of taxi licences, but it influenced, at least in France, Germany, Spain and England, the increase in the number of hire car with driver operators as an alternative to taxi service. In these Member States, up to the recent legislative reforms adopted between 2014 and 2015, there has been a rapid surge in the number of hire cars with driver. In other Member States, the restrictions to the hire car with driver sector did not allow a development consistent with the demand.

In England, the number of taxi vehicle licences increased by 1.5% between 2013 and 2015 but the number of taxi-only licensed drivers decreased by 0,9%. In France, between 2010 and 2014, the aggregate increase of taxis and hire cars was 4%. In Germany, the hire cars with driver have increased by 8,6% over the period 2008-2012.

In the second cluster, Austria and Poland have reported a constant annual increase. In Sweden, indirect barriers (i.e. a particularly high level of financial standing) may have

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<sup>9</sup> Overall, in France, the registered increase of the taxi licence for the period 1992-2015 for taxis shows a 41% growth at national level, slower within the Ile-de France (30%), while much faster in departments of other metropolitan cities (64%).

contributed in keeping the supply at a certain level without too much change. According to the information obtained, the number of licences increased in the aftermath of the liberalisation but over the years it has remained constant. In the Netherlands, the number of taxi companies (business licences) dropped in 2015, whereas the number of drivers (individual licences) increased from 2014 to 2015. In Ireland, both vehicles and drivers decreased in number, as a trend following the overcapacity consequent to the liberalization in 2000. Ireland remains second only to Sweden in the ratio between taxi drivers and population (75 drivers per 10,000 inhabitants in Sweden, 59 drivers per 10,000 inhabitants in Ireland), whereas this ratio is quite low in Italy (4.7 drivers per 10,000 inhabitants), France (2.3 drivers per 10,000 inhabitants) and Hungary (2.0 drivers per 10,000 inhabitants).

Hire car with driver is a separate category in some Member States only. The most relevant increase in numbers is in France, where there were only 120 licences operated in 2011 (two years after the 2009 reform) and more than 10,000 in 2015, an increase that was fuelled by the growth of intermediary platforms. Similarly, in England, the number of PHV driver's licences increased 15% from 2013 to 2015.

### *Administrative costs*

The administrative costs do not seem to represent, with a few exceptions (the Netherlands and Sweden), a significant barrier to entry. According to the respondents to the stakeholder consultation, the major barriers are: the requirements for financial standing, which in some cases are particularly high (Sweden); the purchase of the licence or the authorization (for hire cars); the training costs; and the technical requirements for vehicles, especially for hired cars.

### *Fares*

With regard to the amount of fares, the data collection done by Grimaldi showed only the maximum/minimum/fixed fares imposed at the national or local levels (only Lithuania, Slovakia and Sweden have free fares). At the local level, we compared major offers for typical urban rides from various operators, which, in the majority of cases, showed similar fares on the shortest rides but differing fares in longer rides, such as the airports.

According to public statistics, the range of fare variation over the period 2009-2015 is from -4% to +60%. Some outlying cases can be found both in positive variations (e.g. +150% in Warsaw, +83% variation in Athens, +78% in Milan) and in negative variations (31% in London, -20% in Ljubljana, -17% in Prague).

### *Price competition*

Price competition between different hiring services is mainly focused on the pre-booked service, since in the hailing market, taxis still maintain the monopoly. As clarified by the respondents to the stakeholder consultation, in the pre-booked segment, there is strong competition of hire transport intermediaries and dispatch centres/taxi apps. In this context, also short-distance ridesharing intermediaries are trying to enter the segment, focusing on lower prices and geographic coverage where the taxi offering is low (in particular, suburbs with high taxi pre-booking prices). We found that, at least in the

largest cities where both services are allowed, the basic offer of hire car with driver is becoming a valuable alternative to taxis. Even if these services have to be pre-booked, the use of technologies has reduced waiting times to a few minutes. In order to incentivize the drivers to work during peak hours, or during late nights, when there is a shortage of both public and hire transport, intermediaries and dispatch centres are increasing the price of the ride (often using the “surge price system”, where the fares are increased in an area of high demand during the peak of the demand), or applying higher fares for rides at night or during peak hours. Also, taxi fares (including maximum fares) include a surcharge for night rides.

Intermediaries for hire cars with driver have been able to offer lower fares compared to taxis, which were also confirmed by the results of the consumer panel, even if related to a small sample of cities. The users who have switched to hire cars with driver have confirmed that they would be interested in using taxis if the quality and price of the service were aligned to those of hire cars with driver (Section V.2 figures 7 and 11).

### *Ridesharing*

The genuine ridesharing sector is characterized by the presence of few large worldwide players and various local players that target national users, and provide a website only in the national language. In general, as confirmed by various respondents, the main users are aged between 25-35 years old and the average journey is between 70 and 200 km. It is used for long distance journeys because, on short distance rides, the financial incentive is not high enough to share costs. Ridesharing intermediaries have high costs related to the development and maintenance of the software but the other costs are low. Various intermediaries are managed with 2-3 people and the largest employ 200-400 people worldwide. Their turnover is generated by the percentage on the booking fees but in some cases the service is for free.

According to the respondents to the stakeholder consultation, there is a continuous increase in the demand for long-distance ridesharing, and the intermediaries have experienced large and rapid growth, especially with regard to connections which are not easy to reach by public transport or for connections particularly expensive by train. Various projects have been promoted by the public authorities in order to stimulate small communities (co-workers, university students, rural areas’ inhabitants) to share a vehicle to reach certain destinations, in order to reduce environmental impact and to cover the shortage of public transport.

### **III. In-depth case studies**

The in-depth case studies concern the following cities: Amsterdam, Brussels-Capital Region, London, Paris, Rome, Stockholm, Warsaw, and in a cross border case Vienna/Bratislava. The selected cities were based on geographical distribution and they represent samples of very different markets, ranging from fully liberalised (Stockholm), to liberalised but with some control from the public authorities (Amsterdam, London and Warsaw), to different ranges of restrictions (Brussels-Capital Region, Paris and Rome). The cross-border case explored the use of hire transport between two cities which are not too distant and both have airports, and where the hire transport may be in competition with other public transport modes.

#### *Amsterdam*



Following the removal of the quantitative restrictions to the number of taxi licences in 2001,<sup>10</sup> in October 2011, a new Taxi Act came into force setting out requirements for taxi companies and drivers.<sup>11</sup> The Taxi Act gave local municipalities the power to develop their own quality policy for street taxis in addition to national rules. Based on this Act, for example, the City of Amsterdam established new Municipal Taxi Regulations which came into force in November 2012. The Municipal Taxi Regulations require taxi drivers to form a group to be able to access the local market. Therefore, every taxi driver who wants to pick up customers at the street or at a stand must join a so-called 'Toegelaten Taxi Organisatie' (TTO) which is also a dispatch centre. As of 1 June 2013, only TTOs and drivers with an Amsterdam taxi dispensation are allowed to pick up customers at the city taxi stands. Amsterdam has additional rules for specific areas like Schiphol and Central Station. Only licensed taxis affiliated to a specific TTO, authorized by the manager of the airport or station, are allowed to offer their services at these locations. The TTO-licence demands to respect additional quality standards from the drivers and their vehicles, including a very good street knowledge, vehicles no older than six years, and the prohibition to refuse short rides. The compliance with these higher standards is shown by a TX blue sticker. A premium taxi licence is yellow and the drivers can use the tram and bus lanes.

### *Brussels Capital Region*

The Brussels Capital Region has recently launched a modernisation plan (Plan Smet) and commissioned a study to evaluate the impact of the innovative services on the existing market. The need for modernisation was due to the combination of quantitative and qualitative barriers to entry the taxi market, as well as the constraints imposed over hire cars with driver (minimum booking hours and minimum booking fee) in order to prevent competition with taxis. Despite the restrictions and the attempts to stop new market entrants before the courts, innovative service providers are entering the market. The modernisation plan is also directed at introducing stricter controls on taxis, to improve the quality of the service and the innovation (e.g. new taximeter, regulations and controls on dispatch centres) and on ridesharing.

In July 2015, an order of the Brussels-Capital Region introduced a new training program for drivers to increase the number of taxi drivers available to taxi companies. The plan also requires the service to be more client-oriented, with flat fares for certain journeys such as rides to/from the airport, a booking service and the launch of a new application for taxis.

### *London*

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<sup>10</sup> Following the liberalisation, the market became tumultuous and during the period of the so-called Taxi war, the number of taxis in the Netherlands rose from 16,000 to 23,000 in two years. In 2009, that number increased to 45,000. "However, the cab fare is not getting any lower; on the contrary: taxi's become 25 per cent more expensive. The unpleasant atmosphere at the taxi stands also scares away the customers, and the quality of service is decreasing. For a long time the taxi market stays tumultuous". <https://www.tcataxi.nl/en/organisation/history.html>. For an additional analysis, please see ECORYS/TILEC, *Ten Years of Taxi Deregulation in The Netherlands – The case For Re-Regulation and Decentralisation*, 2010.

<sup>11</sup> Among other obligations, the Taxi Act 2011 introduced the mandatory installation of the on-board taxi computer; improvement of complaints procedures; transport obligations, including for short trips; innovation; improvement of driver qualification requirements; and a new fare structure.

London has one of the most developed taxi and hire car system in the EU. Transport for London (TfL) is the authority in charge of granting taxi licences both to drivers and vehicles under the London Cab Order 1934. Vehicles must have a licence to operate as black cabs and these are also issued by TfL provided that certain criteria are met. Among other requirements for a cab licence, London cab drivers are required to pass the well-known (and notoriously difficult)<sup>12</sup> "Knowledge" test of London roads and landmarks. Stringent requirements are also imposed for vehicles used as taxis and London is the only city in the EU which imposes wheelchair accessibility for all the vehicles used as taxis. Hire cars with driver are also licensed by TfL: licences are required for the driver, the vehicle and the operator of private hire vehicles (PHV, intermediary). PHV driver exams are not as difficult as the London Knowledge test, which may explain the reason that in 2015, the number of PHV-only licensed drivers increased considerably, from 65,000 in 2013 to over 90,000 at the beginning of 2016. At the same time, the number of taxi licences remained unchanged. It was reported that, in June 2016, the average number of taxis entering central London on a weekday in June fell by 8 per cent to 11,259 compared to November 2015. By contrast, the average number of private hire cars rose by 11 per cent over the same period to 18,453.<sup>13</sup>

TfL adopted new regulations on PHVs, which entered into force on 27 June 2016, including new insurance obligations for vehicles, English knowledge test for non-UK licence applicants, and new obligations for PHV operators including the obligation to provide passenger booking confirmation before the journey starts.

### Paris

The Parisian point-to-point transport has experienced rapid development in recent years. Following the liberalisation of the *Voiture de Tourisme avec Chauffeur* (VTC) in 2009, the number of these providers, which constituted an alternative to taxis especially for tourists and business, has surged of 110% from 2011 to 2014. Large companies providing a reliable alternative to taxi services have entered the market creating strong competition, especially in the pre-booked segment and in airport journeys. Professional drivers, as well as potential drivers, seemed attracted to the VTC sector since they can exercise a profession similar to taxis but with lower qualitative entry requirements and without having to buy a taxi licence, whose price is around EUR 170,000.

### Rome

Hire transport in Rome is perhaps one of the most regulated in the EU. There are complex layers of national, regional and local regulation, strong barriers to entry and regulated tariffs. In the past, various abuses on the fares by the taxi drivers, especially at the airports, were lamented and consequently fixed fares between the airports and the city centre were introduced. The Municipality has imposed quantitative restrictions, and in the past 20 years, very few licences were issued. This has led to a surge of the licences' prices in the secondary market (around EUR 140,000). In Rome, limitations also apply to the hire cars with driver and authorisations are issued following the same public tender procedure as for taxis. Similarly, they are transferable (the average price is around EUR 100,000). The results of the quantitative restrictions are that the hire transport market remains undersupplied and the municipality allows the hire cars with driver authorised by another municipality to provide their services in Rome, but only when the hire car with driver has been registered with the municipality. Despite the

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<sup>12</sup> On the difficulty of such a test, and some political opposition to maintaining such a test, see - *inter alia* - <http://www.bbc.co.uk/news/uk-england-london-35065681>.

<sup>13</sup> Sadiq Khan launches plan to help London's black cabs tackle Uber, Financial Times, 13 September 2016. <https://www.ft.com/content/3cfe4e16-7963-11e6-97ae-647294649b28>.

limitation and the surge in fares, users in Rome were more satisfied with taxi service compared to city public transport.<sup>14</sup>

### *Stockholm*

In Sweden, quantitative restrictions and fare regulations were removed in 1990. The issuance of licences is regulated at the national level, and licences are issued by the Ministry of Transport based on qualitative requirements and financial standing, established through a financial guarantee. The licensing system is a one-tier model with no distinction between taxis and hire cars with driver. The licensing system is tailored towards an independent operator or fleet owner, since the company (or the sole entrepreneur) owns the licenses. In 2005, a government investigation was conducted by the Swedish Regulatory Reform Commission, summarising the effects of the deregulation in network industries as well as in the taxi sector.<sup>15</sup> The Commission's study found that the deregulation had a positive effect on employment in the taxi sector. Concerning prices, the study found that prices increased following the consumer price index. The price increase in the service for taxis was confirmed in a subsequent study carried out by the Swedish National Road and Transport Research Institute (VTI) in 2013 called Regulatory Changes in Sweden's Taxi Sector.<sup>16</sup>

### *Warsaw*

The market of taxis and hire cars with driver in Warsaw continues to grow, especially following the liberalisation in 2011. At the end of 2013, there were 9,954 licensed taxis in Warsaw, a year later there were 10,475, and finally at the end of 2015 the number of licenced taxis in Warsaw reached 11,079. Entrepreneurs carrying out occasional transport do not need to comply with resolutions of the city council that determine the maximum allowed prices (they can set their own prices) and are not required to mark their vehicles.

The regulatory environment seems to be flexible enough to accommodate various services. Intermediaries providing non-professional ridesharing (for-profit), such as UberPop, Heetch and Wundercar, are allowed to operate and the Ministry of Finance has issued an opinion on the fiscal treatment of the revenues from these activities.

### *Cross-border case Vienna/Bratislava*

Concerning the cross-border case (Vienna/Bratislava), there are no particular obstacles to the movement of passengers via taxis or hire transport, except the costs of the service. A taxi or limousine ride from one city to the other is extremely expensive compared to the various public transport options (train, bus, ferry). The taxi companies in Vienna and Bratislava offer trips across the borders at fixed fares and there are top tier limousine services for business tourists in both cities. Most of the offers for taxis and hire cars with driver are for trips from one city airport to the other city centre, or between the two airports, for which fixed fares are offered. However, all the market operators and interviewed authorities have confirmed that cross-border services are

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<sup>14</sup> Indagine sulla qualità della vita e dei servizi pubblici locali nella città di Roma - VIII edizione - anno 2015.

<sup>15</sup> <http://www.reforminstitutet.se/wp/wp-content/uploads/2014/03/Twentyfiveyearsofreform140301.pdf>, p.18.

<sup>16</sup> VTI (Swedish National Road and Transport Research Institute): <https://www.vti.se/en/publications/pdf/regulatory-changes-in-swedens-transport-sector.pdf>.

available but they represent a smaller segment, compared to other cross-border means of transport, mainly used by people arriving at one airport who need to reach the other city. One stakeholder has estimated an average of 100-200 cross-border rides per month. Long distance pre-arranged ridesharing, such as Carpoolworld and BlaBlacar, offer competitive prices compared to public transport (bus, train).

### *Considerations*

The analysed cities provide different regulatory landscape and a different level of acceptance of innovative services. Where there are low entry barriers, at least for hire cars with driver, operators and intermediaries are more developed and can provide an alternative to taxis. In Amsterdam, Stockholm and Warsaw there are no restrictions to the hire cars with driver, and in Amsterdam and Warsaw, "UberPop-like" services, provided by non-professional drivers, are allowed.

In Brussels Capital Region and Rome, strictly regulated taxi and hire car with driver sectors have rendered difficult to developed services which may provide a valuable alternative to taxis. In Paris, the large development of the hire car with driver sector compared to taxis has led the regulators to impose restrictions on the sector. The cross-border case Vienna/Bratislava shows two completely different regulatory landscapes, with low entry barriers (and free fares) in Bratislava while Vienna is more regulated with licences divided between pricing areas. In both cities, taxis and hire cars with driver are providing services also cross-borders. However, the development of the public transport between the two cities (and the airports) at low fares, reduces the need to use taxis and hire cars with driver.

## **IV. Results of the consumer panel**

In the framework of this study, the team has collected opinions from 510 eligible respondents living in one of the following eight cities: Amsterdam, Bratislava, Brussels-Capital Region, Paris, Roma, Stockholm, Vienna and Warsaw. Based on the answers from these respondents, one can draw the following conclusions.

Respondents use, to a large extent, taxi and hire car with driver services for leisure purposes, and to a lower extent, for both leisure and business purposes. Among the respondents, hire car with driver services are used more often than taxi services. It is worth noting that the choice of using a taxi or a hire car with driver service is mostly driven by preference and not by the circumstances.

The main reasons for preferring a taxi service over a hire car with driver service were: (i) booking user-friendliness, (ii) safety and reliability of the service, (iii) driver route knowledge, and (iv) the price of the journey.

When it comes to preferring hire car with driver service over a taxi, the main arguments advocated by the respondents were: (i) the price of the journey; (ii) booking user-friendliness; (iii) the payment method; and (iv) the waiting time between the completion of the booking and the vehicle arrival. While booking user-friendliness is considered as very important for both types of services, users of hire cars with driver services are more sensitive to the price of a journey.

When looking at the overall satisfaction related to each service, there was a significant difference: on a scale from 1 (not satisfied at all) to 10 (very satisfied), hire cars with driver service scored 8.23 whereas taxi services scored 6.72 (approx. 1.5 points lower).

Respondents were also more likely to recommend using a hire car with driver service in their city to their colleagues or friends, compared to taxi services. On a scale from 1 (not likely at all to recommend) to 10 (very likely to recommend), hire car with driver services scored 8.40 whereas taxi services scored more than two points lower at 6.20. This is further demonstrated by the Net Promoter Score (NPS) results. The percentage of net promoters of taxi service resulted in 14% while the net promoters of hire car with driver service stood at 68%.

## **V. Conclusions and Recommendations**

### **V.1 Conclusions**

The legislative and regulatory framework varies across Member States and is the result of different legal traditions and constitutional frameworks, as well as different economic and infrastructural developments. Taxis are considered, in various Member States, as providing a service of public interest, and thus are a part of integrated urban mobility. Therefore, regulation has been considered necessary to grant the service and ensure the safety of the passenger, public security and quality of the service. Moreover, governments have traditionally regulated taxi services so that they are provided in a safe, predictable, and straightforward manner. In general, regulators introduce rules that govern taxi price levels, vehicle safety and insurance requirements, minimum quality standards for service, and market restrictions in the form of limitations on the number of taxi licences.

The legislative review has revealed that in various Member States, there is not a regular review of the regulatory framework, which, in the light of the arrival of new and innovative service providers, it appears to be outdated. However, at the same time, some Member States show a more proactive attitude and are discussing legislative reforms to consider the new innovative service providers and the new market developments. The majorities of these reforms are too recent and have not fully showed their results. While some of them, such as the Lithuanian reform, have gone in the direction of simplifying the access to the hire transport market and ridesharing services, others, such as the France, have tried to regulate the hire cars with driver, which experienced an impressive growth in the recent years, with the purpose to create a level playing field with taxis but in the end, new/innovative services find it difficult to enter the market and to develop.

The term "ridesharing" is used to refer to various activities, from sharing a journey with other passengers to reduce the costs, to the intermediation of a professional activity. For the purposes of this Study, when the intermediary matches the demand and offer of hired professional transport, it has been considered as the intermediary for hire transport (taxis or hire cars with driver). Intermediaries which match the demand and the offer of genuine ridesharing, for the purpose of the Study, have been considered ridesharing intermediaries.

Member States may be classified based on the different types of legislation applicable to taxi and hire car with driver services. Most Member States rely on a two-tier system, some have a single-tier system, i.e. the same rules apply to taxis and hire car with driver, while in few Member States, only taxis are allowed.

The degree of liberalisation varies greatly. On the one hand, few Member States fully liberalised their markets by having no quantitative restrictions or fare regulations such as Slovakia and Sweden. On the other hand, markets such as Italy, Spain and the Brussels Capital Region, are heavily regulated with significant market barriers for new entrants, and a legislative and regulatory division between taxis and hire car with drivers aims to ensure that the two types of services do not compete against each other. Other Member States, such as France, Germany and the United Kingdom, despite the high level of regulation, allow for a certain level of competition between taxis and hire cars with driver on a pre-booked market, even if resistances of the taxi sector against the hire car with drivers remain, mainly linked to the use of the new technologies that reduce the waiting times (e-hailing) and the application of the labour rules to the drivers.

The market analysis and the data collected showed the existence of local markets, both for taxis and hire cars with driver, with a large number of small operators (mainly self-employed and micro-sized enterprises). Results in terms of employment diverges between the data collection and (majority of self-employed) and public statistic data (majority of employees). In case of the largest cities, all the competent authorities agreed that the rate of self-employment is higher than the rate of employees. In terms of growth concerning licences/operators/drivers, data collected from the stakeholder consultation provided insight useful information additional to the Eurostat statistics. Certain Member States show an increase in the number of taxis licences despite the existence of quantitative barriers or stringent regulation (France, Germany and England), while others have remained steady despite the absence of quantitative barriers. The growth of the hire transport is a trend in most Member States, and is also confirmed by the strong competition between hire transport intermediaries and dispatch centres/taxi apps. In this context, also short-distance ridesharing intermediaries are trying to enter the market, focusing on lower price and geographic coverage where the taxi offer is low (in particularly suburbs with high taxi pre-booking price).

Based on the results of the Study, we found that, at least in the largest cities where both type of services are allowed, the basic offers of hire car with driver is becoming a valuable alternative to taxis which seems to indicate that, if conditions are favourable, the two can become a single market. This was also confirmed by the results of the consumers' panel. In the context of the consumers' panel, even if related to a small sample of cities, in terms of prices, the results were in favour of the hire car with driver service which provide lower fares compared to taxis. The users who have switched to hire cars with driver have confirmed that they would be interested in using taxis if the quality and price of the service were aligned to those of hire cars with driver. As to overall satisfaction, hire cars with driver scored higher results than taxis. At the same time, it has emerged that for users preferring taxis over hire cars with driver, the safety and reliability of the service was a major point of concern.

Overall, it appears that, in most (even if not all) cases, rules restricting competition between taxis and hire cars have a negative impact on the price and quality of services and should be subject to scrutiny by competition authorities and transport authorities to ensure that the public interest of urban mobility is fostered in the best possible manner.

## V.2 Recommendations

*Clear distinction between intermediaries and transport service providers:* the emergence of new technologies, in the pre-booked segment, has blurred the lines between the dispatch centres and the new intermediaries. Rules adopted by Member States, both at national and/or local level should make a distinction between the provider of the service (self-employed taxi drivers, companies employing taxi drivers directly, self-employed hire car drivers and operators employing hire car drivers) and intermediaries matching supply and demand (e.g. companies owning cars using self-employed drivers, companies not owning any cars using self-employed drivers, or providing platforms/apps for self-employed drivers) and in the rules applicable to each of them.

*Intermediaries for hire transport:* intermediaries help matching demand and supply but, in general, they do not provide any transport service. While they may be required to ensure that the drivers offering the service through their platforms are professional drivers who comply with the obligations imposed by the regulations on taxis and hire car drivers, the intermediaries should only be obliged to obtain business authorisations or licenses to provide intermediary services. Additional obligations imposed on intermediaries should be proportionate, non-discriminatory and not prevent the competition with the taxi intermediaries.

*Non-professional ridesharing (carpooling):* carpooling understood as the activity to share the costs of the journey that the driver would perform in any case is not considered to be hire transport. However, the situation where the non-professional driver performs occasional hire transport upon request should be considered separately, and some guidance or threshold should be introduced to separate the non-professional and occasional activity from the professional activity that should be subject to regulation.

*Consumer protection:* based on the results of the consumer survey (Section V.3 Figure 12) perceived safety and reliability of taxi service is a factor of major importance. There is a clear demand for the professionals in the hire transport market to provide safe and knowledgeable service. Regulations providing for checks of the vehicles, compliance with technical requirements and safety standards should apply to all the operators providing professional hire transport. Requirements for taxi and hire car drivers should be more aligned, in order to allow them to work in both sectors according to their preferences and to the possibility offered by the intermediaries.

The use of technologies which can correct the asymmetry of information between passengers and service providers should be promoted and not restricted. The user-friendliness of booking systems and the possibility to know the price of a ride in advance are among the most relevant elements driving the consumers' choice. Imposing limits on the use of the technologies by hire transport services, in particular geo-localisation, and reserving it to taxis, would reduce competition also in the pre-booked segment and would limit the efficiency of the new services, while also hampering innovation.

*Access to market:* while there may be reasons of public order to place a cap on the number of taxis in the hailing/rank segment, the cap should be proportionate to the demand and to the specific local conditions. However, placing an absolute limit on the number of taxis that can operate in an area is the most restrictive approach that regulators have taken, with a consequential negative impact on competition and its

benefits. A cap on the number of licences combined with transferability has created scarcity value and it requires high investments from the holders. In cities where hire cars with driver compete with taxis in the pre-booked segment, a switch of professional drivers has been noted from the taxis to hire cars, where there are no caps and no need to buy the licence (such as in case of London and Paris, but also Madrid). All the applicants who meet the requirements provided by the legislation should be granted a licence. All the requirements imposed to obtain the licence or authorisation, including the financial standings and the fitness of the vehicle, should be proportionate and not constitute a direct or indirect obstacle to access the market.

*Employment and tax issues:* Additional working opportunities may arise from flexible working models. Many hire transport drivers are self-employed and their number could increase with the possibility to work part-time or in a flexible way. Various respondents to the stakeholder consultation have agreed that flexible hours and part-time occupation could be useful to provide more demand-responsive services, with more drivers and vehicles at peak days/hours. The respondents to the stakeholder consultation have indicated that taxation and fixed costs erode the net revenues for self-employed drivers, especially in the taxi sector, where the fixed costs are higher. Simplification of taxation rules could be envisaged. Member States could also consider relaxing some requirements, especially those related to the qualitative requirements to obtain a licence or authorisation, in order to incentivize the creation of new employment, while ensuring a minimum protection of drivers in terms of working conditions and social security.

The use of electronic technology makes the service (and the payments) provided traceable, therefore electronically stored data may facilitate the declaration of revenues and be used by the tax authorities in identifying the tax base, avoiding tax evasion and decreasing administrative burden.



## **I. OVERVIEW**

The purpose of the Study is to provide a thorough analysis and comprehensive overview of the taxi, hire car with driver and ridesharing markets in the EU Member States (see definitions in Section II.2 below).

The Study covers three main areas of research. The main body of the report contains an overview of the results of the legal research (Section II), market analysis (Section III), in-depth case studies (Section IV), as well as the results of a complementary consumers' survey (Section V), and conclusions and recommendations (Section VI).

The Annexes contain the detailed findings. Annex I includes the results of the stakeholder consultations performed and Annex II covers the list of the interviewed stakeholders. In order to gather useful data for the Study, and especially for the market analysis, a consultation was launched in December 2015 among all the relevant stakeholders, covering the first nine examined Member States. In March 2016, the second part of the consultation was launched to cover the remaining Member States which closed on 30 June 2016.

Annex III contains the Country Reports. The legislation, the case law and the market data, where available, have been reported in detail for each Member State. For each Member State, and according to an agreed structure, a summary of the relevant regulatory and administrative framework for all the different kinds of services and of the market analysis is provided. A comparative table is included.

The methodology is explained in detail in Annex III. The legal (regulatory and administrative) framework was mainly based on desk research at the national level, looking at laws, regulations, and decrees, and also case-law which was comprised of decisions of the main relevant authorities and literature. Some information was also gathered through the press. The information collected by means of desk research was verified and assessed with respect to the replies obtained from the relevant stakeholders.

Annex IV contains the detailed reports of the in-depth case studies of the following cities: Amsterdam, Brussels-Capital Region, London, Paris, Rome, Stockholm, Warsaw and a cross border case Vienna/Bratislava.

## II. LEGAL ANALYSIS

### II.1 Introduction

Almost all the Member States regulate the taxi sector at the national level. The exceptions are Belgium, a federal State, where each region adopted its own regional legislation, and the United Kingdom with three jurisdictions, each having its own set of rules, plus the city of London which is separately regulated. In other Member States, including semi-federal states such as Spain, the national legislation is supplemented by regional legislation and local regulation. The national/regional legislation usually regulates the access to the profession, licensing issues, conditions of exercise, technical requirements for vehicles including taximeters, and infringements and offences and their applicable sanctions.

Some of the Member States recently reviewed, or are in the process of reviewing, their legislative framework, such as Estonia, Finland, France, Lithuania, Spain, Hungary, England and Wales, as well as London, and the Brussels-Capital Region. In Luxembourg and Poland, new legislation was proposed in 2013 and 2014; however, it has not been adopted yet.

### II.2 List of definitions

**Taxis** [NACE H 49.3.2] are licensed to operate in public spaces and to take passengers either who hail them on the street or who walk to predetermined taxi stands or ranks. Taxis may also be pre-booked at radio dispatch reservation centre. The activities included are also those of the contracted taxis, i.e. taxis that have a contract with the public authorities in order to carry out specific transport on demand to complement public urban transport.<sup>17</sup>

**Hire car with driver** [NACE H 49.3.2] is a separate class of “for hire service” that covers services that operates based on pre-negotiated fares and pre-arranged reservations. In some Member States, they are limited in the type of service they can operate (e.g. minimum length of trip in distance or duration) and in others not. Depending on the way they are regulated, they can compete directly, partially or not with taxis. In some Member States, the hire car with driver service overlaps with the limousine service, which is, in general, considered a small high-end luxury segment of chauffeured vehicles for special occasions, such as ceremonies. This type of service can have different denomination depending on the country, such as **private hire vehicle** (PHV in the UK), **véhicule de transport avec chauffeur** (VTC in France) or **service de location de voitures avec chauffeur** (SLC in Belgium).

**Paratransit** is an alternative transport service to buses operated on fixed routes with small vans or taxis for elderly or people with reduced mobility or with physical disabilities. The service is provided door-to-door with some personal assistance from the driver. In general, public funds subsidise the costs of the service.

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<sup>17</sup> Taxi operation [NACE H 49.3.2]; note that this includes other renting of private cars with driver.

**Self-employed with employees** are defined as persons who work in their own business, professional practice or farm for the purpose of earning a profit, and who employ at least one other person.

**Self-employed without employees** are defined as persons who work in their own business, professional practice or farm for the purpose of earning a profit, and who do not employ any other person.<sup>18</sup>

**Licensing** “refers to granting legal permission to do something, such as produce a product. The licence confers a right which the person or firm did not previously possess. Some licenses are granted free of charge, but most require payment. Licenses are legal agreements which may contain restrictions as to how the licence is employed”.<sup>19</sup>

**Intermediaries** are operators matching demand and offer of transport services, either on professional and license-based market or on a peer-to-peer basis,<sup>20</sup> in exchange for a fee. Intermediaries include traditional dispatch centres, radio taxis, and new app-based ride services.

**Ridesharing (referred also as Carpooling)** refers to the common use of a motor vehicle by a driver and one or several passengers, in order to share the costs. The terms not only refer to the common use of a motor vehicle for cost compensation in the context of a ride that the driver performs for its own account, but also to common use of a professional hired vehicle among various passengers which have the same (or different) destination in order to share the costs of the ride (such as for airport transfers). **Pre-arranged ridesharing** facilitates the demand and the offers of journeys in advance before the date of the travel, via websites or applications. In the Study **peer to peer ridesharing** refers to nonprofit ridesharing matched through the use of a digital platform where the ride is pre-arranged/pre-booked within a very short time and it is mainly used for local rides.

**Car sharing** is intended as short-time car access. Car sharing generally involves accessing a car owned by another person or entity in exchange for an agreed monetary payment. During the time when a person has access to a car, they are responsible for it and its use is for their exclusive benefit. The car is personally driven. Usage is billed in time increments of minutes or hours, and sometimes also based on distance travelled. Usage is *round-trip* as the customer must (with few exceptions) return the car to the same place that it was accessed, and pay for the entire time between when they gain access to the car and when they return it at the end of their reservation. *Point-to-point free-floating* car sharing (often referred to as flexible car sharing) enables one-way journeys within a specified geographic zone, in contrast to round-trip car sharing. In the *peer-to-peer model*, the car sharing fleet is de-centralised – owned by private individuals – not owned by a central operator. People choosing to make their private car available for use by others receive payments when it is rented out.<sup>21</sup>

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<sup>18</sup> Eurostat's Concepts and Definitions Database.

<sup>19</sup> Glossary of Industrial Organisation Economics and Competition Law, compiled by R. S. Khemani and D. M. Shapiro, commissioned by the Directorate for Financial, Fiscal and Enterprise Affairs, OECD, 1993. Updated 2002 <http://www.oecd.org/regreform/sectors/2376087.pdf>.

<sup>20</sup> European agenda for the collaborative economy - supporting analysis {COM(2016) 356 final}, p. 27.

<sup>21</sup> Dr Scott Le Vine, Dr Alireza Zolfaghari, Professor John Polak Centre for Transport Studies, Imperial College London, September 2014, [https://www.acea.be/uploads/publications/SAG\\_Report\\_-\\_Car\\_Sharing.pdf](https://www.acea.be/uploads/publications/SAG_Report_-_Car_Sharing.pdf).

## **II.3 Current legislative reforms as of 20 September 2016**

### **II.3.1 Recently completed reforms**

In 2014, **France** completed a comprehensive reform of taxi and hire car with driver legislation (the 2014 Bill)<sup>22</sup> with the intent to modernize the taxi sector and introduce some regulation for the VTC. The 2014 Bill was the object of various actions lodged before the courts, including the Constitutional Court, to evaluate its compliance with the French constitution. Thus, some of the Bill's new provisions were repealed.

In **Northern Ireland**, on 31 May 2016, the new taxis reform<sup>23</sup> legislation entered into force. The new legislation removes the distinction between taxis and hire cars with driver, leaving a single category for hire transport (taxis) with four different kinds of authorisations to ply for hire in various areas of Belfast.

In **Hungary**, new legislation was passed in June 2016 (Act LXXV of 2016<sup>24</sup>) and provides for the powers of the National Media and Infocommunications Authority to block the internet access to illegal dispatchers' services, blocking their apps and websites as well as impose sanctions on individual drivers. The measure may be taken if the authority has imposed a fine on the provider of unlicensed intermediary/organiser service, but it still continues the unlicensed activity.<sup>25</sup> Bans last up to a year and include fines for non-compliance, which also applies to media that advertise and promote the services.

In **Lithuania**, a reform of the Road Transport Code has been introduced in June 2016 which has introduced the hire transport intermediation activity providing for a new definition of passenger transport intermediary, and introducing an accelerated procedure for obtaining the licence as private hire transport operator. The licence is considered issued within 24 hours from the application but the municipal authority may subsequently withdraw it if the conditions for the licence are not met.

**Luxembourg** reformed the taxis legislation in July 2016.<sup>26</sup> The new legislation introduced more stringent qualitative requirements to obtain the taxi licences, and it has returned the competence to issuing the taxi licences to the Ministry of Transport, re-centralising the competence. It has also introduced more severe sanctions for infringements of the taxi legislations.

In 2015, **Spain** reformed the hire car with driver sector by introducing more stringent requirements for the service, alongside an obligation of territorial service, minimum requirements and an obligation of reservation with a contract. On 7 April 2016, the Spanish Competition Authority filed an action to the Administrative court to ask for the repeal of such restrictions.

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<sup>22</sup> LOI n° 2014-1104 du 1er octobre 2014 relative aux taxis et aux voitures de transport avec chauffeur, JORF n°0228 du 2 octobre 2014.

<sup>23</sup> Taxi Licensing (Amendment) Regulations (Northern Ireland) 2016.

<sup>24</sup> Act LXXV of 2016 on the Legal Consequences of the provision of Unlicensed Passenger Transport Service by car.

<sup>25</sup> Government Decree 176/2015 (VII.7.) on road passenger transport services carried out by car for a fee.

<sup>26</sup> *Loi du 5 juillet 2016 portant organisation des services de taxis.*

**London** adopted a reform of private hire cars effective 27 June 2016, with some provisions applicable 11 July 2016. These changes were introduced to raise the standards of the sector, including the improvement of both safety and consumer convenience. Among the main changes, the reform created the obligation to have a “hire and reward” insurance in place for the entire duration of the activity, and when the vehicle is not in use. Private hire operators must also provide booking confirmation to passengers before the journey starts.<sup>27</sup>

### II.3.2 Ongoing reforms

In **Estonia**, a draft law is currently making its way through Parliament to regulate some of the existing legal vacuum. The draft law intends to create a completely new legal term – “prearranged service”. With this new regulation, both companies and individuals would be able to offer road passenger transport by car through special electronic applications. The proposed term of “prearranged service” does not include either of the two options (taxi service, occasional service) regulated today. Thus, the draft law would legalise the activities of companies and individuals who already offer peer-to-peer transportation services via electronic systems in Estonia.

In **England and Wales**, after the Report of the Law Commission<sup>28</sup> in 2014 (proposing a reform of the sector) was published, discussions about reforms have been ongoing. According to the Report, although there are over 340 licensing areas across England and Wales, and many taxi and private hire journeys crossing their borders, licensing officers have no cross-border enforcement powers and no common national standards exist for the sectors.

In **Finland**, the Government has completed its proposal for the reform of the Transport Code, which was submitted to the Parliament on 22 September 2016. The new legislation, once approved, will enter into force on July 2018, in order to give time to the operators to adapt to the new rules. The Transport Code facilitates entering the taxi sector and increases the freedom of taxi operators to develop their operations. The quota on taxis will be removed, but there will be still the need for a licence. Any operator that fulfils the conditions for a licence provided in the Code could offer taxi services in future. A taxi licence would be operator-specific, and drivers would also need a taxi driver’s licence. Taxis would continue to have a defined principal zone of operation but after the reform they will be able to provide services outside their zone of operation. The regulation of the taxi price will be discontinued.

In **France**, another legislative proposal<sup>29</sup> was submitted in July 2016 to ban the practices of certain intermediaries by imposing an exclusivity clause to drivers, or a minimum number of rides to be affiliated with the service. The Draft Bill proposes to extend the regime of the hire car with driver rules for intermediaries, introduced in 2014, to taxi intermediaries and dispatch centres as well as to professional ridesharing intermediaries. The Draft Bill also includes the obligation of the intermediary for the good execution of the service by the driver and the obligation of the intermediary to have insurance for

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<sup>27</sup> <https://tfl.gov.uk/info-for/taxis-and-private-hire/new-private-hire-regulations>.

Private Hire cars (London PHV Licences) (Amendments) Regulations 2016 in force from 27 June 2016.

<sup>28</sup>The Law Commission, Taxis and Private Hire Services, May 2014, Cm 8864

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/314106/9781474104531\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/314106/9781474104531_web.pdf).

<sup>29</sup> Proposition de Loi, après engagement de la procédure accélérée, relative à la régulation, à la responsabilisation et à la simplification dans le secteur du transport public particulier de personnes (n° 3855), présenté par Laurent Grandguillaume. <http://www.assemblee-nationale.fr/14/rapports/r3921.asp>.

third party civil responsibility. The legislative proposal also intends to reform the "LOTI status"<sup>30</sup> of hire car drivers affiliated with the intermediaries by providing that the LOTI authorisation shall be used for vehicles with a minimum of 10 seats. The Draft Bill has been approved by the National Assembly in July 2016 and is currently under examination by the Senate.

In **Slovenia**, the amendments to the Road Transport Act, which are expected to regulate ridesharing and car sharing, are due by the end of 2016. At the local level, **Brussels-Capital Region** is also currently discussing a new legal framework for taxis and hire cars, however, at present, no legislative proposal has been submitted to the Brussels' Parliament.

## **II.4 Taxis**

### **II.4.1 Licences**

In all the Member States, access to taxi activity is subject to obtaining a licence. The term "licence", also entails the terms "authorisation", "concession", and "permit", which are used across Member States in order to indicate the administrative permission to carry out taxi services.

The conditions for obtaining such licence differ greatly across countries. In the majority of Member States, the requirements for the licence are set at the national level while the local authorities are authorised to add their own requirements and are allowed to control the access to market. The main right bestowed by the licence is that to park and circulate on public roads. It allows the taxi to wait for passengers and this aspect represents the main difference between taxis and hire cars with driver.

Local regulation complements national regulation and, with regard to the needs of the municipality, the restrictions to access the market are justified by reasons of "public convenience and necessity", as well as of "public order". The municipality may set the maximum applicable fares and also the additional technical specifications for the vehicles (such as the colour and the advertising). Local authorities are expected to define the mobility needs of the population and to assign, by means of public call, the portion of point-to-point public transportation, such as student transfers and the transport of people with reduced mobility. It is estimated that in the French rural areas, this is the most important source of revenues for taxis.

The licences are issued based on qualitative and quantitative requirements. Both have justifications in public security, public order, safety, and minimum service obligations. In most of the Member States, licences are subject to geographical restrictions, i.e. the licence is valid only in the territory of the issuing municipality. Both the quantitative and qualitative requirements directly influence access to the market.

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<sup>30</sup> Loi n° 82-1153 du 30 décembre 1982 d'orientation des transports intérieurs. The LOTI status was created to provide collective transport of at least two people in addition to the driver, especially in rural areas where there was a shortage of public transportation services. The access to the profession of LOTI driver is less stringent than for VTC drivers.

## A. Quantitative requirements

In the vast majority of the Member States, the legislation gives local authorities the power to regulate the number of licences issued.

The only relevant exceptions to this approach are **Luxembourg** (after July 2016), **Slovakia and Sweden**, where the Ministry of Transport issues taxi licences at the national level. In Slovakia and Sweden there are no quantitative and geographic restrictions. The licences are issued to the applicants who meet the requirements by the Ministry and they are valid for the national territory. In Luxembourg, the licences are valid for the entire territory but the Ministry decides the number of the licence to be issued.

Local authorities restrict the number of licences by means of various formulas according to the effective needs of the municipality. In general, various criteria are taken into account, such as the number of inhabitants, the existence of an airport and the number of commuters from/to train stations. In some Member States, a person may have multiple licences. In **Belgium**, each of the three autonomous regions sets the maximum number of taxis at the regional level.

In **Bulgaria**, each City Council sets the number of taxi vehicles on its municipal territory, as well as the conditions and orders of their distribution among the carriers. For Sofia, the Sofia City Council has not set a maximum number of taxi cars that can operate in the city.

In **Cyprus**, the Licensing Authority carries out a viability study to calculate the needs for taxis and also sets the requirements for the applicants. The licence system is aimed to protect some general interest matters, such as the viability of the profession and the general upholding of standards. In **Denmark**, according to the Taxi Act, the local council decides the number of permits in its municipality, with the purpose of reaching a satisfactory service to the public. A person can have multiple permits, but every taxi that the permit holder operates must have its own permit.

In **Finland**, where the maximum number of licences that may be issued is set by the Centre for Economic Development, Transport and the Environment, the Taxi Transport Act contains specific provisions on who can actually receive a licence per quota. Currently, one of the most relevant criteria is the remoteness of the base station. To ensure the availability of taxi services in sparsely populated areas, new licenses are primarily issued to base stations that are located further than 20 km from the municipality centre where no valid taxi licenses are currently issued. However, the current legislative proposal provides for a plan to drop the cap on the licence.<sup>31</sup>

In **Berlin and Hamburg**, which are city-states (*Stadtstaaten*), no quantitative restrictions were imposed, while in the rest of **Germany**, the major municipalities such as Munich, Cologne, Erfurt, introduced quantitative restrictions. In **Greece**, the licences are issued by means of a public tender published every two years. If the number of applicants is higher than the number of licences, the legislation gives priority to applicants from families with many children, or three children of minor age, or with a disabled family member, and subsequently a drawing is carried out among the remaining

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<sup>31</sup> Annex III, p. 258.

applicants. In **Ireland**, where the licences were liberalised in 2000, a moratorium was imposed in 2010, and only licences for wheelchair accessible taxis are issued. While the number of taxis increased following the liberalisation,<sup>32</sup> the number of wheelchair accessible taxis remained unchanged.

In **Malta**, the number of taxi licences is currently limited to 250 in Malta and 50 in Gozo. The number was established following a study conducted by the Authority and Ministry for Transport, in consultation with the sector and is subject to review depending on the market's demand. The last review took place at the end of 2015 following further discussions with the sector. Following this exercise, it was decided to not increase the number of licences and to set a new checkpoint for the end of 2020 for the Authority to review the situation and decide whether to issue new licences.

In **Croatia**, in December 2015, the City of Zagreb Assembly decided, *inter alia*, to restrict the issuance of new licenses to once every four years starting June 2017. Similarly, In **Italy**, the local authority via a public tender procedure assigns the licences whenever the authority deems it is necessary to increase the level of supply based on socio-economic criteria. However, as confirmed during the consultation, the number of licences has remained steady over several years, with the sole exception of Florence.<sup>33</sup>

In **Spain**, the number of the licences to be issued is set by the municipalities based on the criteria set out by the national legislation with regard to the number of inhabitants.

In **England and Wales**, the legislation allows for the reduction of the number of taxi licences by the local authorities, with the notable exception of London. As mentioned above, the **London** taxi service is subject to its own legislation and there are no direct quantitative restrictions to access the activity.

In **Romania**, the number of licenses is set according to the number of inhabitants. The Law 38/2003 states that there should be four licences for each 1000 inhabitants. An operator may obtain more than one licence.

Among the Member States that limit the number of licences, some capitals or the largest cities (**Sofia, Berlin, London**), do not impose a maximum cap. **Bucharest** is currently entered into administrative litigation against the Ministry of Transport in order to have its quota removed.

No quantitative restrictions exist in **Austria, Hungary, Ireland, Lithuania, the Netherlands, Poland, Slovenia, Slovakia and Sweden**.

## B. Qualitative requirements

In all the examined Member States, the applicant for a taxi licence must comply with requirements of professional competence, age, medical fitness, and financial capacity. Professional competence is mainly established by the possession of a professional card.

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<sup>32</sup> The liberalisation, in fact, resulted in an unsustainable oversupply of taxi services, also due to the low churning rate of the sector, therefore the government imposed a moratorium to reduce the oversupply, as clarified by the 2011 Memorandum annexed to the reply to the stakeholder consultation by the National Transport Authorities.

<sup>33</sup> Annex III, p. 530.



**Austria, Czech Republic, Estonia, France and Hungary, Ireland** requires applicants, at the national level, to pass an exam in order to obtain the professional card. In **Austria**, every aspiring taxi driver (either employed by a company or self-employed) is required to pass the taxi drivers' examination. In the **Czech Republic**, the compulsory certificate of professional competence to operate road transportation is obtained after successfully passing a written exam at the Transport Office.

In **Estonia**, vocational training is compulsory as well as a final exam. The **French** exam for the professional certificate is regulated both at the national and local levels. In **Hungary**, vocational training is required in order to take the exam and, after a period of five-years, drivers undergo both new vocational training and an oral exam to renew their certificate.

In **Croatia**, the applicant must hold primary or secondary educations in transport, which correspond to vocational training. In **Denmark**, in order to obtain the licence, the applicant must also have completed a course (approved by the Danish Traffic Authority) and have passed a written exam (set by the Danish Traffic Authority). In **Finland**, where the number of yearly issued licences is capped, the applicants must successfully complete the training for taxi transport operators.

In **Ireland**, the applicant for a taxi licence must pass an SPSV<sup>34</sup> Entry Test and obtain the SPSV Skills Development Certificate. The SPSV Entry Test should be one relevant to the chosen area of operation, thus including the appropriate Area Knowledge Test. Whether a taxi driver wishes to stand or ply for hire in any county other than the one in which he/she was originally licensed, such person would need to pass the Area Knowledge Test for each additional county.

In the **United Kingdom**, professional competence is assessed by means of a knowledge test which is especially focused on the geographical knowledge and on the ability to navigate the city areas without GPS and maps. In **France**, the test assesses various competences, including the knowledge of the legislation applicable, local regulations, and accounting and business management principles. In **Sweden**, an applicant must pass three competence tests and a driving test.

In **Italy**, national legislation delegates to local authorities the decisive power on how to regulate access to the profession. **Belgium, Germany, Poland, Portugal**, do not require a compulsory exam. In **Poland**, since 1 December 2014, taxi drivers are no longer required to complete any state course in the field of road transport or to pass a final exam. Nevertheless, according to the Road Transport Act, the councils of the municipalities with populations exceeding 100,000 inhabitants are authorised to impose on prospective taxi drivers within their jurisdiction, a requirement to complete a course confirming knowledge of city topography and local regulations. In such case, the applicant is also required to pass the final exam after completing the course. In Warsaw, such a course was recently introduced.

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<sup>34</sup> Small Public Service Vehicle.

In **Malta**, drivers can only obtain the Taxi Driver Permit after a 46-hour training program and 2 tests (1 theoretical and 1 practical). Moreover, taxi drivers must be of good standing and conduct to access the profession. This requirement must be maintained throughout the validity of the permit.

In **the Netherlands**, as of 1 January 2016, there is no longer a mandatory exam for professional competence as part of the business permit for business operators. However, taxi drivers must hold a taxi drivers diploma from the Central Office for Motor Vehicle Driver Testing (*Centraal Bureau Rijvaardigheidsbewijzen* or *CBR*). There are different examination procedures (theoretical test and practical test). These depend on the taxi drivers card the driver wishes to apply for:

- A. Full taxi drivers card: for all types of taxi transport;
- B. Limited taxi drivers card: for driving regular passengers, on set routes and at regular times;
- C. Target group transport: for contract transport of elderly people, children and people with impairments.

In **Slovakia**, applicants need to undertake an examination before an examining board and be certified by the issue of a driver's licence. This is a pre-requisite for the issuance of the concession. By means of the examination, the taxi driver shall demonstrate, *inter alia*: i) ability to ensure the comfort of passengers; ii) knowledge of passenger as well as the driver rights and obligations; iii) knowledge of documents relating to the vehicle; iv) knowledge of the communication network; v) ability to operate the taximeter, etc.

In **Spain**, taxi drivers must obtain a local driver's permit which is issued if the driver passes an exam and complies with certain requirements including: holding a high school diploma, obtaining a B driver's licence, absence of criminal convictions, and being physically fit.

Another important qualitative requirement is the financial soundness of applicants, which is demonstrated in various ways. As a general rule, the applicant must prove to be tax compliant, debt free and not undergoing personal bankruptcy. In some Member States, such as **Slovakia**, a financial guarantee is required to prove financial soundness. The level of the guarantee varies among Member States. In **Sweden**, there is a compulsory financial guarantee of EUR 10,000 for the first vehicle and EUR 5,000 for each following vehicle used as a taxi.

A clean criminal record is another qualitative requirement introduced by all Member States. All drivers must hold a B type driver's licence and be, in the majority of the cases, 21 years old or having at least three years of driving experience after obtaining a valid driver's licence. In the **Czech Republic, Poland and Portugal**, the driver has to be 18 years old and have a B type driving licence.

**Belgium and Germany** require both a health check and a psychological test, at an agreed centre, in order to assess the physical and mental capability of the candidates. In **Ireland**, the applicant for a taxi licence must provide a self-declaration of good health.

In general, Member States require the driver to be proficient in the national language of the country where he/she applies for the licence. In the capitals, a basic knowledge of English may be required.

### C. Validity of the licence

Once the licence is issued, it has limited validity; therefore, it needs to be renewed periodically: in **France, Ireland** and **Portugal** the validity is 5 years, in the **United Kingdom** it is between 1 and 3 years, in **Poland** the validity may range between 2 and 50 years before it needs to be renewed. In **Romania**, the licences have the validity of 5 years with the exception of the airport licences, which have unlimited duration. In **Spain**, licences are granted without any time limitation provided that the licence holder complies regularly with all the requirements set by the appropriate legislation. Local authorities establish procedures for the regular control of those requirements. In **Slovakia**, the licence (concession) has a validity of 10 years except if the applicant requests a shorter duration. Similarly, in **Sweden**, the licence is valid for 10 years before it must be renewed.

### D. Vehicle licence

In the majority of the Member States, the competent authority issues a single licence, which is personal and non-transferable. Certain Member States, however, require a separate licence for the vehicle attesting to its conformity to the technical requirements specified by the legislation.

In **Bulgaria**, in addition to the licence, the taxi vehicle used by the carriers to perform taxi services should be granted a permit by the local municipality.

In **Ireland**, Taxi Regulations state that only one Small Public Service Vehicle licence shall be in force with respect to the vehicle at any time.

In **Latvia**, in addition to the driver's licence, the carrier must also obtain a licence card for each vehicle that will operate as a taxi. According to the regulation, one carrier may obtain only one taxi driver's licence, but operators can apply for more than one licence plate, which means that every carrier may use an unlimited number of vehicles providing taxi services upon the condition that each vehicle receives its own licence plate.

In **Malta**, the regulation distinguishes between the Taxi Driver Permit, a permit issued by the Authority for Transport to drivers, and the Taxi Licence, which is a licence proving that the vehicle complies with the requirements set forth under the Regulation for taxis. The Taxi Licence is valid for one year and its renewal is subject to a technical inspection.

In **Poland**, the vehicle's licence includes the vehicle's registration number. Similarly, in **Spain**, each licence corresponds to one specific vehicle which is identified in the licence. In **Romania**, a licence is issued for each car, and in the case of a commercial company, a licence must be obtained for each car used.

In the three **United Kingdom** jurisdictions, the taxi vehicle licence is an additional requirement to the taxi driver's licence (and to the taxi operator licence where requested) and is issued after a successful vehicle technical inspection for the

relevant authority. The taxi vehicle's licence can be renewed every year by means of a technical inspection.

### E. Transferability of the licence

Licences are issued for free but in certain Member States, such as **Belgium, France, Greece, Italy, Spain** and the **United Kingdom**, the licences are transferable for consideration, i.e. they may be sold. In France and Italy, the quantitative restrictions and the transferability have created a "scarcity value".<sup>35</sup> In the largest French metropolitan areas, the price of the licences ranges between EUR 100,000 and EUR 350,000. The same situation stands in Italy, in cities such as Rome and Milan. In France, other non-metropolitan cities show prices similar to those of the United Kingdom and Belgium, with an average price of EUR 30,000. In **Spain**, licenses are sold for high prices on the secondary market: e.g. around EUR 140,000 in Madrid.

In the **Brussels-Capital Region**, the licensing authority must approve the transfer of the licence; however, the holder may circumvent this obligation by selling the ownership of the company that holds the licence.

In **Sweden**, licences may not officially be transferred, however, according to replies from the consultation, if a taxi licence holder of one of the most profitable dispatch centres is retiring, he/she can sell his/her "connection" to the centre in an unofficial "stock exchange". Such deal is only possible if the dispatch centre accepts the buyer, with prices set around EUR 50,000.

In **Germany**, the trading of licences is prohibited and only the transfer of the whole business is allowed. Similarly, in **Malta**, the vehicle licence may only be transferred together with the vehicle.

In **Slovakia**, as well as in other Member States, the licence is not transferable except in the case of death of the holder (when a natural person) and the licence may be transferred to their heir. In **France**, as a general rule, the licence is considered part of the inheritance. In **Ireland**, licences are not transferable, except *mortis causa*, but only if the holder had previously nominated a representative who may apply for the transfer.

### F. Geographical area of operation or catchment area

Taxi licences are mainly issued at the local level. Therefore, they are subject to geographical restrictions and often come with a service obligation for the area. This means that taxis from one area cannot pick up passengers in other areas (returning to the municipality) unless the taxi has been pre-booked, which is very rare. In case of an agreement between municipalities, the taxis may be authorised to pick up passengers in different locations. Alternatively, in **Finland**, one of the current criteria for the issue of the licence is the remoteness of the base station (which corresponds to the place of business) of the applicant from the municipality centre.

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<sup>35</sup> Defined as the value due to a monopolistic rent, *ECMT Round Tables (De)Regulation of the Taxi Industry* by OECD, European Conference of Ministers of Transport, 2001.

Despite the geographical limitation of the licence, in certain Member States, such as **Bulgaria**, taxi operators offer long distance rides at fixed fares, which also cross national borders, or towards touristic destinations or to airports. In **Cyprus**, the larger villages have their own rural taxis, which can only be hired in their respective villages. As a rule, rural taxis are not entitled to carry passengers from/to airports or seaports, unless they have express, written instructions to meet and collect specific customers upon arrival. In **Romania**, taxi activity may be carried out only on the territorial administrative area of the authorizing municipality and under the control, management or coordination of local public administrative authority.

In **the Netherlands**, taxis associated in a TTO are not subject to geographical restrictions except for Amsterdam Schiphol Airport. In **Poland**, there are three types of licences according to the geographical areas: 1) a particular municipality; 2) the area of neighbouring municipalities – after prior conclusion of an agreement between them; and 3) the capital city of Warsaw.

### G. Airports

Most of the examined Member States do not require a separate licence for airport service. The exceptions are: the airport of the **Brussels Capital Region**, Zaventem, for which a separate licence is necessary,<sup>36</sup> and **Luxembourg** airport, for which licences are regulated by the Ministry of Transport. In **Paris**, in order to avoid major taxi concentrations at Charles de Gaulle airport, only two shifts per licence are allowed on a daily basis. The taxis that want to serve the airport must request a badge which opens the entrance gate. The badge registers the passage at the gate and grants only two passages a day per licence.

At **Arlanda (Stockholm)** there are no limitations but a rotation system is in place, managed by an independent company, which signs contracts with taxi dispatch centres and taxi companies who meet the airport required quality parameters. The vehicles are charged via a toll system (all taxis have to pay the fee) and 2000-3000 taxis rotate on a daily basis. The system requires every taxi to be equipped with a transponder in order to keep track of the drop-offs/pick-ups for each vehicle. The computer system gives a specific taxi vehicle a queue number when the car is going in to the system. There is a scoring system where different vehicles get different points depending on the "environmental friendliness" of the vehicle which influences on the waiting time. In **Budapest**, the company that manages the airport selects the taxi operators for five-year terms via tender procedure, but the contract can be renewed.

In **the Netherlands**, to service Amsterdam Schiphol Airport, a taxi company must be awarded a European tender or has to register at Stichting Taxi Controle to get access to the airport. These taxis must hold, as an additional requirement to the normal regulation, a TX-Keur badge issued by the authorities. Schiphol Nederland B.V. established Stichting Taxi Controle (the taxi control organisation).<sup>37</sup>

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<sup>36</sup> Please note that we are waiting for information from the municipality of Zaventem. According to the Flemish region, the licences for airports are issued by the Zaventem municipality.

<sup>37</sup> <http://www.stichtingtaxiconrole.nl/>. STC is an independent organisation. It coordinates, controls and – where necessary – regulates the street taxi process in and around Schiphol area. In order to apply for taxi service in this area the taxi driver needs to enter into an agreement with STC. At this moment AMStaxi, BBF Schipholtaxi, My Taxi Centrale, StadsTaxiAmsterdam (STA), STAXI, Taxistad, Taxidirect, TCA en TCM are taxi organisations approved by STC.

In **Rome**, ports and airport are a separate market. A regional legislation only allows taxis and hire cars with driver licensed in the capital to access the ports and airports of the Region, in addition to those hire transport operators licensed in the municipality where the infrastructure is located.

The Italian Competition Authority has considered that a legislation which territorially restrict the provisions of hire transport in airports and ports only to the holders of a licence issued by the capital city, adversely affect the level of competition that is typical of connections to ports and airports because it limits the number of persons who are allowed to provide a taxi service and a hire with driver service *"on the basis of a yardstick that is of a territorial nature and discriminatory and that is unjustified from a perspective of general public interest. The existence of restrictions of a territorial nature, inasmuch as they are not functional and do not correspond to the needs of the Regions, moreover, is in contrast with the European principles of freedom of establishment and freedom to provide service enshrined in the EU Treaty, unjustifiably obstructing the exercise of these freedoms."*<sup>38</sup>

#### II.4.2 Organisational requirements

To perform the taxi activity, an operator must prove its financial capacity and comply with certain organisational requirements, such as financial standing, an affiliation with a dispatch centre or minimum service.

##### - Dispatch centres

In the majority of the Member States, there is no obligation to be affiliated to a dispatch centre, and many taxis, both in the main cities and in rural areas, only perform the ranking and hailing activity. According to a respondent to the stakeholder consultation, certain Italian municipalities require an affiliation with a dispatch centre. In **Bulgaria**, the municipal authorities may limit the number of taxi vehicles operating in the territory of each respective municipality, as well as their distribution between the registered carriers in the same municipality. In **Denmark**, if the authority has issued more than 10 permits, the holders are obliged to form or join a dispatch centre. In **Hungary**, any taxi operator must be organised as a company (including sole entrepreneurs) in order to be allowed to apply for a licence.

In **Romania**, affiliation with a dispatch centre is mandatory for all authorised taxis that operate in a locality, except for the localities where the number of authorisations is less than 100. In that case, the taxis have mobile phones to take orders from clients. The phone number must be displayed on the taxis. The authorised taxis are obliged to use the services of the dispatch services based on a contract concluded under non-discriminatory conditions.

##### - Minimum service

The obligation to perform minimum services (i.e. to be operational during certain hours of the day) has been imposed in **France** for licences issued after 2015. In **Germany**, the

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<sup>38</sup> AS 2047 - *Non-scheduled public transport to ports and airports: permits to be granted also for taxis and car rentals with driver with licenses issued by Municipalities of other Regions. A request by the Antitrust Authority to the Lazio Region.* 15 September 2014.

minimum service obligation is included in the obligation of business continuity. In **Spain**, minimum working hours and working shifts are imposed, as well as mandatory resting periods. The taxi drivers must rest on a precise day of the week according to the last number of the licence. The driver has an obligation to start the service within a specific period of time from the issue of the licence with no suspension without due cause. Similarly, in **Italy**, certain local municipalities impose fixed work shifts to the holder of a licence for a determined period (in some cases, 5 years). Such work shifts are different from minimum service hours, and according to the Italian National Competition Authority, may lead to an artificial segmentation of the market.<sup>39</sup> According to the Italian National Competition Authority, fixed shifts are not compliant with the competition rules and are not necessary for the market functioning properly, representing an allocation of market share.<sup>40</sup>

A peculiar situation is the **Dutch Toegelaten Taxi Organisatie** (TTO, also known as the Approved Taxi Organisation, or ATO),<sup>41</sup> which was introduced in the last reform of the taxi market adopted in 2014. The municipality may oblige the taxi drivers to form a group (TTO) in order to access the market. The Municipalities of **Amsterdam, The Hague** and **Rotterdam** have introduced such groups.

- *Legal form of the taxi operator*

With regard to the legal form that the holder of the licence must take, the two main categories are sole entrepreneurship or a taxi company. In **Italy**, the legislation provides for two types of legal entities for taxi operators, craftsmanship for the sole entrepreneur or cooperative company.<sup>42</sup> In **Romania**, a person who wishes to develop a transportation business first needs to be recognized as an Authorized Natural Person (ANP) or a Company SRL (operator). The law requires the interested person (either ANP or Company) to be registered in the Trade Register with CAEN code no. 4932 (taxi transport) as its main business. In **Hungary**, the applicant for a taxi licence may only be a legal entity (including self-employed). In **Slovakia**, the concession can be issued for a company, while each individual driver, who drives under "the umbrella of this company", must be an employee of such company and is required to hold a taxi driver's licence. In order to be able to manage a taxi company, it is required that the candidate hold some business management knowledge. In **Spain**, with few exceptions (such as Madrid), the holder of a taxi licence must be a legal entity.

- *Additional obligations*

In **Austria**, from 1 January 2016, a new regulation obliges taxi drivers to keep record of the cash payments by means of a cash register. It must be either integrated in the taximeter or else be a separate device able to hand out invoices for cash payments. The cash register must allow traceability of cash revenues to prevent tax fraud. Similarly, in **the Netherlands**, from 1 July 2016, an on-board computer (BTC) will be mandatory in every taxi and PHV. The board computer is designed to record trips, fares and send data to tax authorities and the ILT. This device is part of a 120 million EUR project started in 2000 to make the taxi sector more transparent and reduce administrative burdens.

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<sup>39</sup> AS505 del 25 febbraio 2009, Comune di Rovigo – Gestione del servizio di taxi.

<sup>40</sup> Autorità Garante della Concorrenza e del Mercato, Segnalazione Prot 0033155 of 08/05/2015, Comune di Verona.

<sup>41</sup> L. Whittaker, "How to design the Dutch taxi market anno 2015", Erasmus University 2015, p. 4-10.

<sup>42</sup> According to Article 2513, n.2, of the Italian Civil Code, the cooperative or mutualistic companies are those that mainly rely in carrying out their activities, on the work performance of its members.

Among the established criteria to issue the licence in **Austria**, drivers are required to have a private parking spot where they can keep the vehicle when not "on duty".

In **Sweden**, for tax reasons, taxi operators are obliged to manually insert contracted fares in the taximeter, as well as the fares paid with an application used to book a ride.

### II.4.3 Technical requirements

Each Member State regulates at the national level the vehicle's technical specifications, periodic vehicle control and safety equipment. All Member States provide specifications as to the minimum length of the vehicle, number of doors, number of seats, and place for luggage.

Technical specifications concerning taximeters are regulated at the national level in conformity with Directive 2004/22/EC.<sup>43</sup> Local regulation regulates other aspects, such as the taxi colour, the medallion and advertising.

In **England and Wales**, all standard settings for taxi and private hire services are delegated to local licensing authorities. This has resulted in over 300 different standards. As a result, one of the current legislative proposals of the Law Commission reform is to establish common national safety standards for taxis and private hire cars. The city of **London** imposes one of the most stringent local regulations for a vehicle's technical specifications, namely the use of a specific vehicle model (TX or FX models), in order to preserve the specific trademark of the London taxi cab.

### II.4.4 Accessibility

As clarified by the IRU/ECMT in their Studies on taxi accessibility, taxis have a key role to play in the provision of door-to-door services for disabled and older people. *"The combination of the personal service offered by taxis, their wide availability in terms of both time of day or night and area and their door-to-door operations mean that they are of particular value to people with disabilities."*<sup>44</sup> Accessibility refers to the ability of people with reduced mobility to embark or disembark a vehicle alone or with minimal aid. However, with the sole exception of London, where all the taxis must be fully accessible, there are no mandatory rules across the Member States on full accessibility. However, one of the reasons for the 2010 Irish moratorium was the need to reduce the oversupply and increase the number of wheelchair accessible taxis. The moratorium, in fact, does not target licences for wheelchair accessible taxis (WAT) which may still be issued. In general, large dispatch centres may provide fully accessible taxis upon request and some authorities (such as the Brussels Capital Region) issue special licences for accessible taxis, however, their number is low compared to the number of regular and non-accessible taxis.

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<sup>43</sup> Directive 2004/22/EC of the European Parliament and of the Council of 31 March 2004 on measuring instruments, OJ L 135, 30.4.2004.

<sup>44</sup> IMPROVING ACCESS TO TAXIS – ISBN 978-92-821-0103-2 - ECMT 2007, p 11; ECMT-IRU Joint Report on the "Economic Aspects of Taxi Accessibility", ECMT, Paris (2001).



As confirmed by one Dutch respondent to the stakeholder consultation, “*There is no regulation about the minimum amount of taxis which have to be fully accessible to people with reduced mobility*”. However, the largest dispatch centres provide taxis accessible to wheelchairs and people with reduced mobility.

In Ireland, in April 2016, a Grant Scheme has been launched by the National Transport Agency for those operators that want to buy or adapt their vehicle in order to be wheelchair accessible.

Taxi drivers are, in general, obliged to help people with reduced mobility, or the elderly, to board and disembark from taxis, and they are required to accept guide dogs. However, according to the consultations’ replies,<sup>45</sup> a person with an assistance dog often has trouble finding a taxi. The UK Association for Taxi Users confirmed that, with the exception of London, certain United Kingdom areas have virtually no accessible taxi service. During the consultation, the European Disability Forum confirmed that passengers with guide dogs are often refused for the sake of the cleanliness of the vehicle, which limits the mobility and choice for persons with disabilities.

#### II.4.5 Fares

Maximum and minimum fares are regulated at the local level in all examined Member States, with the exception of **Hungary, Lithuania, Slovakia and Sweden**, where there are no regulated fares. In **Luxembourg**, a peculiar situation exists: maximum taxi fares were regulated by a 2004 Decree,<sup>46</sup> but in 2008<sup>47</sup> a new legislative act on the freedom of prices was passed and it was deemed to supersede the 2004 Decree. Therefore, taxi operators are free to set their prices.

**Ireland** has a unique situation since the whole country is a single taximeter area. A National Maximum Taxi Fare was introduced in 2006 which has substituted the local adopted maximum fares. In general, the taxi fares include the pick-up of the client, mileage allowance, waiting time or slow down journey, special fares for night trips or suburban areas, and fares for Sundays or holidays. In the pre-booked segment, dispatch centres are allowed to offer special fixed or reduced fares (for example, for journey to airports or stations) for weekends or particular times, or for groups of passengers. In the hailing market, discounts are discretionary and otherwise the passengers must pay the fare indicated by the taximeter.

In **Hungary**, the legislation does not impose any obligation for the local authority concerning fares. As clarified by the Ministry of Transport, fixed fares have been introduced only in Budapest. In **Lithuania**, the general rule set by the Road Transport Code is that companies are responsible to determine taxi fares and such fares shall be communicated to the relevant municipal authorities and published in the prescribed order. Any change in the fares must be communicated five days in advance.

In **Sweden**, fares are free but maximum fares (675 SK) are imposed for trips from Arlanda airport to/from Stockholm city centre, to avoid fare scams to tourists and visitors. As assessed by the 2007 OECD Study,<sup>48</sup> the impact of deregulation on taxi fares

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<sup>45</sup> Replies to the stakeholder consultation from two members of the European Guide Dog Federation.

<sup>46</sup> Règlement grand-ducal du 9 juillet 2004 fixant des prix maxima pour courses en taxi.

<sup>47</sup> Loi 11 mars 2008 portant modification de la Loi 17 mai 2004 relative à la concurrence (Mém. n°35 du 25 mars 2008, p.552).

<sup>48</sup> OECD, Taxi Services: Competition and Regulation 2007. Available at:

<https://www.google.be/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=OECD+taxi+report>.

in Sweden has been difficult to quantify, but it seems to have remained quite high. In **Slovakia**, fares are not regulated either at the national or municipal level. Taxi companies therefore have full discretion with regard to fare setting.

In **Austria**, the fares are fixed; therefore, taxi operators cannot set higher or lower prices. Even in the pre-booked segment, dispatch centres are not authorised to offer discounts. Similarly, in **Germany**, fares are fixed. However, recently, various dispatch centres have started to offer discount promotions. These promotions were challenged before the courts claiming violations of the tariff obligation and unfair competition. However, the claims were dismissed by the courts.<sup>49</sup>

In **France**, on 1 March 2016, fixed fares to and from Paris airports were established. In addition, maximum fares were established by national decree<sup>50</sup> and local regulation must comply. In practice, all French local tariffs are regulated according to four categories:

- Tariff A – Day tariff with trip back to the station with passenger from 7 to 19;
- Tariff B – Night tariff with trip back to the station with passenger from 19 to 7;
- Tariff C – Day tariff with empty trip back to the station from 7 to 19;
- Tariff D – Night tariff with empty trip back to the station from 19 to 7.

Similarly, in Athens, fixed fares have been introduced for journeys to and from the city airport. In **Greece**, minimum fares are set by the national legislation. In **Italy**, the fares are set by the City Councils and in Rome and Milan; fixed fares have been introduced for the airports' rides and for certain other connections, such as between the airports and the ports.

In **the Netherlands**, when the driver and passenger agreed on a fixed fee,<sup>51</sup> the duty to use the taximeter is forgone.<sup>52</sup> However, the taxi driver is responsible for demonstrating that the fare was pre-arranged and agreed to with the passenger since the legislation does not require any contractual form, such as a written contract. Otherwise, the taxi driver may decide their applicable fares within the maximum imposed by the legislation.

In **Portugal**, maximum fares are regulated by the Ministry of the Economy and Work which periodically publishes the fares applicable to the taxi sector. The current fares are regulated by a convention<sup>53</sup> between the Ministry of Economy and Employment, ANTRAL (*Associação nacional dos transportadores rodoviários em automóveis ligeiros*) and the Portuguese Taxi Federation (F.P.T). The convention came into force on 1 January 2013.

In **Spain**, the local authorities set the maximum fares after a consultation with the taxi associations, based on national legislation. There are essentially two main fares according to the hours of service. In Madrid, since January 2015, the new fares are Tariff 1 (Monday to Friday, from 7am to 9pm): start EUR 2,4 + 1,05 per km (waiting hour = EUR 20,5), and Tariff 2 (all days from 9pm to 7am and Saturdays, Sundays and holidays from 7am to 9pm): start EUR 2,90 (waiting hour = EUR 23,5). In Barcelona and Madrid, fixed fares were introduced for the journeys to and from airports and from other points within the cities.

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<sup>49</sup> Annex III, p.340.

<sup>50</sup> Décret n° 2015-1252 du 7 octobre 2015 relatif aux tarifs des courses de taxi, JORF n°0234 du 9 octobre 2015.

<sup>51</sup> It is allowed to agree on a fixed fee that is higher than the maximum tariff.

<sup>52</sup> [https://www.ilent.nl/onderwerpen/transport/taxi/ondernemers/wet\\_en\\_regelgeving/taximeter/](https://www.ilent.nl/onderwerpen/transport/taxi/ondernemers/wet_en_regelgeving/taximeter/).

<sup>53</sup> [http://www.antral.pt/resources/494586e0963bd345908f7680672376af/geral/tabela\\_de\\_precos\\_2013.pdf](http://www.antral.pt/resources/494586e0963bd345908f7680672376af/geral/tabela_de_precos_2013.pdf).

An exceptional fare system exists in the **United Kingdom** which is referred to as the “*immediate hiring of taxis at separate fares*” which is provided for taxi ridesharing and it may be used, for example, by different people sharing the same taxi e.g. from the train station to different nearby places in the city centre. Each passenger may reach his or her own destination in the city centre by paying a separate fare, which would amount to less than the taximeter fare. In England and Wales, this option is available for pre-booking as well.<sup>54</sup>

In **England and Wales**, changes to the maximum fares are introduced by means of a complex procedure involving all stakeholders, i.e. public authorities and taxi operators and drivers; moreover, notice of the change requires public consultation. In **Northern Ireland**, the only category of licensed taxis subject to regulated fares is that of yellow-plated taxis which are wheelchair accessible, which can ply for hire in all the Belfast areas. The Department for Infrastructure regulates the fares.<sup>55</sup>

#### II.4.6 Passenger rights

The regulation of passenger rights differs across the examined Member States. All Member States, with the exception of the **United Kingdom**, require the obligation to pick up/accept the passenger, except for cases in which the passenger exhibits dangerous behaviour, e.g. he/she is manifestly intoxicated. The passenger has the right to be informed with regard to applicable fares and the fare must be disclosed both inside and outside the taxi. The drivers must issue an invoice (often upon request of the passenger) and are required to take the shortest route. In **France**, the largest taxi operators introduced quality charts in order to ensure a high quality of service to their passengers. According to the 2014 Bill, French taxis are obliged to accept credit cards as of 1 June 2015. In the **Brussels Capital Region**, the same obligation was required by 1 January 2016. In **Poland**, the Transport Law Act imposes on each carrier (including taxi drivers) the requirement to provide passengers with appropriate safety and hygiene conditions, comfort, and proper service. Under German law, the basis of each taxi ride is a transport contract between the taxi operator and the passenger; therefore, the contractual provisions of the civil code apply. National legislation regulates only the obligation to accept passengers. In **Italy**, passenger rights are not regulated by legislation but, like in **Germany**, they stem from the mandatory nature of the service. Regional or local authorities adopt Service Charters and Codes of Conducts.

In **Portugal**, the national legislation outlines the obligations targeting the taxi drivers with regard to the service they provide to passengers. This includes, for instance the acceptance of passengers, the provision of the requested transportation services, and the provision to help people with reduced mobility.<sup>56</sup> In the **United Kingdom**, passenger rights are not regulated by legislation, except for accessibility. The Department for Transport, in 2010, published a revised version of the Best Practice Guidance in October 2006 to assist those local authorities in **England and Wales** responsible for the regulation of the taxi and private hire car (PHV) trades.

#### II.4.7 Labour rules and results for the taxi sector

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<sup>54</sup> Section 10 Transport Act 1985: provides for immediate hiring of taxis at separate fares (The Licensed Taxis (Hiring At Separate Fares) Order 1986.

<sup>55</sup> <http://www.nidirect.gov.uk/taxis-and-private-hire-services>.

<sup>56</sup> Passenger rights are listed in article 2 of Law no. 6/2013 of 22 January.

The majority of taxi drivers are self-employed individuals; therefore, general rules for self-employed persons (income taxation, social security and VAT) apply.

Special provisions have been introduced for employees. **Austria** and **Belgium** apply the rules on minimum wage as well as strict requirements concerning working hours. In addition, in **Austria**, the category of self-employed drivers does not seem to exist, as drivers should be employees of taxi companies. Since January 2015, the **German** Minimum Wage Law (Mindestlohngesetz, "MiLoG") regulates a nationwide general statutory minimum wage of 8,50 EUR per hour for employees including taxi drivers.<sup>57</sup> However, in order to maintain the minimum wage, taxi fares have been increased. Consequently, the sector shows a reduction in its turnover, which is extremely burdensome when combined with the obligation of the continuity of service, even in times of lower turnover.

The labour rules applicable to the taxi sector in **France** are particularly complex. In general, taxi drivers may be self-employed or employees working for an employer. Self-employed drivers are registered as "artisans" and they benefit from tax reductions limited to a maximum turnover of EUR 32,900 per year. Above this amount, they must be registered as "sole entrepreneurs" and are subject to corporate tax.

The leasing of a licence represents a hybrid situation: the owner leases the fully equipped vehicle and associated licence. The licensee does not receive a salary and must retain the receipts. In return, the licensee makes lease payments to the licensor, the licensor's social security contribution and taxes, as well as the maintenance costs of the vehicle. A 2014 reform introduced the *location-gérance*, which favours the licensee by granting him/her management autonomy. The reform was intended to remove the misuse of leasing to dissimulate an employment contract. In **Luxembourg**, a minimum monthly gross salary exists: this is proportional to the legal minimum wage due per hour of effective work.<sup>58</sup> The effective wage (actual monthly salary) is 36% of total revenues excluding VAT of the driver. It does not include total revenues generated during the night and for Sunday supplements, supplements for luggage, or rides abroad and gratuities.

In **Lithuania**, taxi drivers are considered mobile workers and are, therefore, subject to special labour rules. The summary working time regime is a special method of managing the working time in shifts based on a record period, but not on the basis of a single week. The summary working time allows having a single working week of a maximum 48 hours (with possible extension up to 60 hours) and a single working shift (day) of a maximum 12 hours, whereas the minimum rest periods have to be respected. Therefore, taxi companies can set 12-hour shifts for their employees. If drivers are self-employed, they may conduct their commercial activity at their own discretion since the Labour Code does not apply.

In **Spain**, 90% of the taxi drivers are self-employed. In **Madrid**, independently from the taxi operator being employed or self-employed, there is a mandatory resting day per

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<sup>57</sup> Annex III, p.343.

<sup>58</sup> Article 15 Règlement Grand-Ducal du 3 octobre 2001.

week which depends from the number of the licence.<sup>59</sup> A similar system exists in Barcelona.

In 2015, the Government introduced a new act on self-employment which provides for reduced social contributions in the case of the new self-employed, especially under 30 years, and the compatibility between unemployment benefits and the income from self-employment in the case of workers who launch an autonomous activity (up to 270 days). This measure can also apply to the incorporation of the unemployed person into a cooperative or a worker-owned company, which is often the case of taxi operators. Moreover, as already provided by a 2007 Law, there is the possibility of receiving all accrued unemployment benefits in a single payment if that amount is used to launching an autonomous activity. In **Slovakia** as well, the majority of taxi drivers are self-employed.

In **Sweden**, salaries and conditions of employment are regulated through collective agreements. When there is no collective agreement, labour legislation applies. The main labour legislation is the Employment Protection Act. The main trade union for taxi drivers is the Transport trade union. 54% of the employers in the taxi industry have signed the collective agreement for taxi services with the Transport trade union. One of the schemes is a commission-based scheme where the employer and the employee agree on the percentage. However, the salary may not be less than the guaranteed salary, which varies according to geographical area. The second scheme is based on a fixed weekly salary with a small commission percentage.

With regard to revenues of self-employed taxi drivers, a huge degree of variation has been detected across the EU. For instance, in **Italy** the gross annual turnover is around EUR 45,000, while in **Sweden**, according to the Transport Agency, the average gross annual turnover for a taxi driver is around EUR 83,000. In **Denmark**, the average gross turnover in Copenhagen in 2015 was around EUR 160,000. In **Finland**, the average turnover varied between EUR 120,000 in Helsinki and EUR 58,000 in the smallest towns. In **France**, according to the 2015 Report,<sup>60</sup> the gross turnover was around EUR 70,000. In **Germany**, the average gross turnover is around EUR 66,000 in smaller cities, such as Bremen. In **Hungary**, with regard to Budapest, the gross monthly turnover is reportedly around EUR 1.900-2.200, around EUR 850 after tax. In **Italy** and **France**, participants to the stakeholder consultation noted that the net revenues represent the 25% of the receipts in **France** and 45% in **Italy**. In **Spain**, the average gross monthly turnover for a taxi driver is around EUR 2,000 but in certain touristic areas and during touristic season, the gross revenues may increase up to EUR 6,000 per month.

In **Ireland**, the legislation requires that a SPSV driver shall not, in any period of three consecutive days, drive or use a SPSV for the carriage of passengers for reward for more than eleven hours in any one day. Drivers are also required to provide details of any other occupation in which they are engaged and, if that other occupation involves driving, evidence that they have informed their employer of their intended SPSV activities. In 2015, the National Transport Authority carried out a survey using the data downloaded by the taximeter of the taxi drivers that agreed to be included in the survey. It was found that the average hours worked per driver in the sample was 25 hours per week; the average fare recorded was EUR14.97 in Dublin, EUR 12.96 in Cork and EUR

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<sup>59</sup> The resting day is referred to the vehicle and not to driver; therefore, in a certain day the vehicle must remain parked and cannot be put in circulation, independently from the number of drivers exploiting the licence.

<sup>60</sup> Rapport sur l'application de la loi n 2014-1104 du 1er Octobre 2014 relative aux taxis et aux voitures de transport avec chauffeur, Novembre 2015.

10.72 in Athlone. For the drivers in the sample, the average metered revenue per week was EUR650 in Cork, EUR 635 in Dublin and EUR 382 in Athlone.<sup>61</sup>

#### II.4.8 Enforcement

Enforcement is carried out by different supervisory authorities and with different powers. The authority in charge of issuing licences usually holds the power to revoke them when the requirements are no longer met or due to disciplinary action. An interesting tool, even if not binding, was detected in **Portsmouth**, where the Licensing Committee approved the introduction of the "points system" in 1994, after specific consultation with the taxi and private hire trades. It is intended as a "fast track" disciplinary code whereby points are issued to licence holders for breaches of conditions, non-compliance of the law or because of unsatisfactory conduct. Once a certain threshold is reached, suspension of the licence is not automatic but the points create a presumption against the driver during a disciplinary hearing.

The police oversee the enforcement of road code offences. In the largest **French** cities, a specialized police department called "Boers", operates like a traditional investigation service and tracks down illegal taxis, especially in the most touristic areas, airports, stations, and nightclubs. Various administrative enforcement systems are in place, including municipal commissions in charge of imposing the disciplinary sanctions to taxis that infringe the regulatory provisions. In **Tallinn** and **London**, the municipal police have specialized departments in charge of taxi offences.

In **Ireland**, the National Transport Authority has the right to prosecute certain offences, including unlicensed drivers and unlicensed vehicles operating as SPSVs. Compliance officers may issue on-the-spot penalties for a number of specified fixed payment notices.

In **Hungary**, new enforcement tools have been introduced by the Act LXXV of 2016 which empowers the National Media and Infocommunications Authority to block apps and websites of intermediaries without a taxi dispatch licence as well as to impose sanctions on individual drivers, including fines and the seizure of the vehicle.

#### II.4.9 Dispatch centres

The activity of dispatch centres (or radio taxis) is regulated differently across Member States. In the majority of Member States, such an activity is not regulated as a taxi or hires transport activity. In **France** and **Italy**, some dispatch centres take the form of cooperative companies, where the taxi drivers are the owners of the dispatch centre.

The role of the dispatch centres is that of intermediaries between the drivers and passengers, therefore they are very important – especially in the pre-booked segment. Due to the fact that taxi drivers work as self-employed (sole entrepreneurs) or as employees of a taxi company, dispatch centres which aggregate a large number of affiliates, are *de facto* the main players in the taxi market competing at the local or national levels. However, it has to be reported that one respondent to the stakeholder

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<sup>61</sup> TAXIMETER SURVEY 2015, March 2016, [https://fe49d9ec8511d2dc0553-f8f415f79bf5d37d632aa2f721fb6d7c.ssl.cf3.rackcdn.com/wp-content/uploads/2011/12/Taximeter\\_Survey\\_2015.pdf](https://fe49d9ec8511d2dc0553-f8f415f79bf5d37d632aa2f721fb6d7c.ssl.cf3.rackcdn.com/wp-content/uploads/2011/12/Taximeter_Survey_2015.pdf).

consultation has clarified that almost 40% of the turnover of a dispatch centre in the largest city is made with business clients who have contracts with the dispatch centre.

As clarified by one participant to the stakeholder consultation, dispatch centres merely act as a business agent. There is no hierarchical relationship between the dispatch centre and the drivers. The dispatch centre cannot give orders (e.g. regarding working time, schedule or activity metrics) and cannot force a driver to accept rides. The purpose for taxi operators to be affiliated to a dispatch centre is to increase their turnover adding new opportunities to the hailing and ranks hailing. In the largest cities, a dispatch centre may send up to six rides per day to each affiliate.<sup>62</sup>

A new legislative proposal has been adopted by the French National Assembly on 19 July 2016<sup>63</sup> and, among others, will regulate the activity of the "*centrales de réservation*", including radiotaxis and other intermediaries. Among the envisaged provisions, the proposal includes the responsibility of the intermediary for the good execution of the service by the service provider. In case of dispatch centre, while the proposal does not address the compellability of taxi drivers, i.e. the possibility for the radio taxi to force the driver to accept the ride, according to the proposal the radio taxi will be responsible for the proper execution of the service, except if it can prove that the non-performance was due to the taxi drivers own fault.

The largest dispatch centres require to the affiliated drivers to respect certain qualitative standards and to participate in training sessions. In **France**, Parisian dispatch centres are progressively developing national networks, connecting with dispatch centres located in the provinces based on partnerships with local players: Parisian dispatch centres receive the demand from the customers and re-route it to the local dispatch centres (not directly to the drivers). After the 2014 Bill, taxi drivers that want to have access to Le Taxi national platform (the national geo-localisation platform for taxis) are required to register through an intermediary (dispatch centre or platform). Similarly, in **Sweden**, various dispatch centres have launched the Svea Taxi Alliance. When travelling with a taxi affiliated to a member of Svea Taxi Alliance, the passenger may use a voucher or credit card issued by one of the members to pay for a taxi ride in all Sweden. Moreover, it is possible to order a taxi via the usual dispatch centre also if the passenger is in another city, without the need to search for a local dispatch centre.<sup>64</sup>

In **France**, a dispatch centre like G7 Taxis affiliates up to 8,000 drivers.<sup>65</sup> Group G7 is one of the largest EU operators and it provides various taxi services, tailored on the clients' needs (wheelchair accessible taxis, green taxis, luxury vehicles for business clients, minivans). It has developed its own web application, **eCab**, which is used also by dispatch centres in other Member States, such as Taxi Vert in Belgium. The entity resulted from the merger between Gett and Radio Taxi London and counts around 11,000 affiliates.

Competition among the dispatch centres is at the centre of the taxi market, at least in the largest urban areas. In some cases, certain behaviours of the dispatch centres have

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<sup>62</sup> Reply to the stakeholder consultation.

<sup>63</sup> Proposition de loi de MM. Bruno LE ROUX et Laurent GRANDGUILLAUME et plusieurs de leurs collègues relative à la régulation, à la responsabilisation et à la simplification dans le secteur du transport public particulier de personne. [http://www.assemblee-nationale.fr/14/dossiers/regulation\\_transport\\_public\\_personnes.asp](http://www.assemblee-nationale.fr/14/dossiers/regulation_transport_public_personnes.asp).

<sup>64</sup> Annex IV, p. 141.

<sup>65</sup> <http://www.bloomberq.com/news/articles/2016-03-31/uber-rival-gett-bids-for-radio-taxis-to-own-half-london-market>

given rise to concern. The judgement of the **Austrian Supreme Court**<sup>66</sup> concerning a non-competition agreement between two of Vienna's largest dispatch centres has been cleared by the Supreme Court that ruled that, contrary to the assessment by the Federal Cartel Commission, it was not an abuse of dominant market position.

In **Finland**, pursuant to section 15 of the Taxi Traffic Act, commencing the activity of dispatch centre services requires a notification to the competent authority (EDTE-centre). The only regulatory requirement imposed on dispatch centres consists of the ability to provide 24H service and to take advance orders. Dispatch centres are typically companies owned and run by licence holders.

In **Greece**, the operation of one dispatch centre is provided for per seat-administrative unit (provided that 50% of the total number of registered taxis in the same administrative unit in which the radio taxi network wishes to operate has joined the network). A second network of radio taxis may operate at the same administrative unit provided that 30% of the total number of registered taxis in each seat-administrative unit has joined the network. For the administrative units of Athens and Thessaloniki, at least 150 taxis are required to join the network in order for a second network to operate.

In **Hungary**, the dispatch centres must be licensed. The Government Decree No. 176/2015<sup>67</sup> requires that dispatch affiliation centre also has to be licensed by the transportation authority. The licence may be obtained if the centre also meets the requirements regarding trustworthiness and competence set out for the professional manager of taxi companies (see above), as well as if it complies with the financial criteria introduced by the Decree.

In **Ireland**, according to the national legislation, dispatch centres must obtain a dispatch operator licence that is valid for 12 months and is renewable.

In **Lithuania**, the activity of a dispatch centre is not regulated and does not require separate authorisation, but the dispatch service is defined by the Rules on Carriage of Passengers by Taxi Cars as: "*a taxi order management centre of taxi carrier or other person contracted by him where orders of the passengers are received by the means of telecommunications*".

In **the Netherlands**, dispatch centres are subject to mandatory liability insurance for the driver affiliated in the case of a one-sided incident with a minimum insured amount of EUR 1 million per occurrence. In **Romania**, the dispatch centre is obligated to operate in the area of the authorizing municipality indicated on the licence.

#### **II.4.10 Taxi web applications**

As clarified by one respondent to the stakeholder consultation, the opposition between "traditional dispatch center" vs. "new mobile applications", "old economy" vs. "innovative digital players" is becoming outdated. It is true that many platforms have built their success from relying on smartphone apps; however, the largest dispatch centres have

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<sup>66</sup> Supreme Court 26.06.2013, 16Ok 7/12.

<sup>67</sup> Government Decree No. 176/2015 (VII.7.) on Road Transportation of Passengers for Compensation.



developed their own apps. The main advantage of the largest web applications is that they work in various cities and countries, without having to download a local application to request a taxi. Independent web applications have been developed and belong to software companies but some of them are part of an industrial group such as car manufacturers.

#### *The main EU players*

Among the digital only taxi applications at the EU level, the largest players are:

**Taxify** was established in 2013 in Estonia and is currently operating in various countries: the Czech Republic, Estonia, Finland, Georgia, Latvia, Lithuania, Serbia, and Mexico with plans to move to several other countries in Europe. Taxify has received EUR 1.5 million funding from international investors such as Skype, Pipedrive, Adcash, Rubylight and TMT Investments. Its mobile application is available for Android and iOS phones. Users can choose their car based on arrival time, prices and service level. Upon request, users can see their car arriving on the map in real-time and pay for the ride via the Taxify app.

**Gett** previously known as Get Taxi, is an Israel-based software company that connects customers with taxi drivers. Customers can book a cab either through the company's website, or by using the company's GPS-based smartphone app, which is compatible with the smartphones' main operative systems, in more than 50 cities, including New York City, London, Moscow and 13 cities in Israel. In March 2016, Gett acquired the Mountview Group, the owner of the London Radio Taxi, which had 11,500 affiliated taxis and now has become the largest black cab service in London.<sup>68</sup>

**Mytaxi** is a taxi application developed by the industrial group Daimler AG and available in various EU member States. In July 2016, it has announced the merger with the UK taxi application **Hailo**, with the purpose to create the largest EU taxi application with 100,000 registered drivers in more than 50 cities across nine countries. All the Hailo activities will be re-branded Mytaxi. Daimler, the maker of Mercedes-Benz cars, also owns the Car2Go car sharing service and purchased Mytaxi in September 2014. It bought U.S. ride-booking service RideScout LLC at the same time.<sup>69</sup>

**Taxi.eu**<sup>70</sup> declares to have more than 62,000 connected taxis and 160 000 taxi drivers. Taxis can be ordered in more than 100 European cities.

The International Road Transport Union (IRU) has launched the **Global Taxi Network**<sup>71</sup> which aims to bring together taxi industry federations and leading taxi app providers to ensure the creation of a truly global roaming network under the same quality label for the taxi industry. The three founding partners of this new network are Taxi.eu (Germany), Taxi 40100 (Austria), and eCab (Belgium). Between them, they cover cities in Austria, Belgium, the Czech Republic, Denmark, France, Germany, India, Lichtenstein, Luxembourg, the Netherlands, Switzerland, United Kingdom and the USA.

#### *- Legal treatment of taxi based applications*

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<sup>68</sup> Information about the deal were not disclosed, however Gett claims to have more than 60,000 affiliated taxis worldwide and more than 50 million of passengers worldwide. <http://gett.com/uk/about.html>.

<sup>69</sup> <http://www.bloomberg.com/news/articles/2016-07-26/uber-targeted-as-daimler-s-mytaxi-merges-with-u-k-s-hailo>.

It is worth to note that the car manufacturers have been investing heavily in hire transport apps. General Motors Co. has invested \$500 million in Lyft, Volkswagen AG put \$300 million into Gett Inc., and Toyota Motor Corp. backed Uber for an undisclosed amount.

<sup>70</sup> <http://www.taxi.eu/en/press/>-

<sup>71</sup> <https://www.iru.org/resources/newsroom/iru-launches-global-network-for-taxi-apps>.

In the majority of Member States, taxi applications are not subject to any specific regulations since they are software developed by radio taxis as a service complementing the traditional phone booking, or developed by software companies (such a Gett or Taxify).

In **London**, Transport for London has published Guidelines on taxi apps (including apps for minicabs).

In **Ireland**, the electronic platforms fall within the definition of dispatch operators and are therefore subject to the same requirements, namely a licence, as they offer a booking service, according to the Taxi Regulation (Small Public Service Vehicle) Regulations of 2015.

In **Hungary**, the Government Decree No. 176/2015 extends the rules and the obligations to obtain a dispatch centre licence "to personnel transportation services ordered through an IT device" (Section II.3.9). The provision was inserted into the decree to expressly clarify that the licensing requirement also applies to operators who provide "taxi" services through an IT platform. The licence may be obtained if the centre also meets the requirements regarding trustworthiness and competence set out for the professional manager of taxi companies.

#### **II.4.11 Taxis as paratransit service/integrated mobility service**

Licensed taxis and hire cars with driver also provide special transport services, in the context of special needs, such as a medical transport service (non-emergency) transport of elderly and children, especially in rural areas.

In **Austria**, various taxi services are integrated in the urban mobility, such as *City taxis*, which have fixed fares subsidised by the municipality in cities with 10-15,000 inhabitants, *Youthtaxis*, which targets adolescents who go out at night and need transportation when no public transport is available. In the Burgenland region, communities grant the beneficiaries "60plus vouchers" worth EUR 5 which may be used with any taxi company within the region. Specialist service is also available for transport for social purpose, for example, the use of taxis to perform a journey to work that would have not been otherwise possible. Services such as dial-to-ride, which provides a door-to-door transport service, were developed for local residents that cannot use, for various reasons, public transport.

In **France**, according to desk research and from the stakeholder consultation, these types of services are the major source of revenue for taxi drivers in rural areas. To provide this service, taxis must be registered with the public authority and operate in the context of the Domestic Transport Act (*Loi d'orientation des transports intérieurs* or LOTI). The LOTI requires the competent authorities, those responsible for the organisation of urban transport (*Autorité organisatrice de transport urbain* - AOTU), to define financing (chiefly through the transport allocation, which is a specific tax resource), and set up regular public passenger transport in the urban environment (PTU). The 232 AOTUs may decide to do this themselves (under State control) or have it done by a fully private, semi-public, or public-private company (*société d'économie mixte*). In **Germany**, according to respondents from the stakeholder consultation, the medical transport by taxi has experienced large growth, especially in rural areas, and it

represents a large part of the turnover for rural taxis. The transport of people with reduced mobility is also an important activity for taxis. However, according to the reply of the Federal state of **Berlin (Berlin Land)**, in the capital, very few taxis are suitable for the transport of disabled people and thus, Berlin Land, in partnership with a taxi operator, is managing a special service for people with disabilities. Other taxi operators may participate in this scheme.<sup>72</sup>

In **Belgium**, a similar service is provided in a form of ridesharing, in agreement with a municipality, for the transport of elderly people. People with a car (often retired people) offer free seats in their vehicles to transport other people, for a small fee to reimburse costs. However here, the driver does not have a pre-determined journey, but carries passengers where they need to be taken. In **the Netherlands and Sweden**, the contracted taxis (demand responsive transport) represent 60% of the taxi market.<sup>73</sup>

The use of taxis as a "paratransit service" is an important part of the municipal transport landscape. As clarified by the study of Nelson, Mundy and Cooper, a mature economy encourages various types of transport services: supported services, voluntary services, taxis, statutory transport services and voluntary car schemes. According to the study, the different models of transport should be integrated, which also requires the incorporation of information about the availability of drivers, vehicles, operators' prices, and institutional and regulatory conditions for each transport mode.<sup>74</sup>

#### **II.4.12 Public support and subsidies to the taxi sector**

Usually, no state aid or subsidies are granted to taxi operators. **Austria** and **Germany** provide public support to the taxi sector to encourage the switch to electric cars in the main cities, with contributions up to EUR 5,000 in Vienna. The state of Baden-Wuerttemberg awarded financial subsidies of up to EUR 15.000,00 for the acquisition of taxis with an electro- or hybrid engine for taxi companies registered in the state.<sup>75</sup> As reported at Section II.3.11 above, in Austria, large public subsidies are granted also for the taxis providing paratransit or integrated mobility services.

In **the Netherlands**, in 2012, the Dutch government set aside EUR 25 million from the National Air Quality Cooperation Program (*Nationaal Samenwerkingsprogramma Luchtkwaliteit*, NSL) to fund a program for clean taxis. In addition to the national subsidy for electric cars, **Amsterdam** introduced a provision for clean taxis, freight vehicles and vans during the first half of 2013. Similarly, in **Portugal**, in April 2016, the Ministry of the Environment proposed a EUR 6 million plan to decarbonise the taxi vehicles.

The possibility to use the bus lanes (**Belgium, Germany**) or bus stops to pick up and drop off passengers (**Germany**) are privileges that may be incorporated into a subsidy. However, the EU Court of Justice clarified that reserving the use of bus lanes only to taxis (with the exclusions of hire cars with driver) taxis does not constitute a State aid measure.<sup>76</sup>

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<sup>72</sup> Reply to the stakeholder consultation of the Berlin Senate.

<sup>73</sup> [http://www.cities-for-mobility.net/documents/wc08/cfm\\_world\\_congress\\_workshop\\_a\\_ivm.pdf](http://www.cities-for-mobility.net/documents/wc08/cfm_world_congress_workshop_a_ivm.pdf).

<sup>74</sup> John Nelson, Ray Mundy, Dr James Cooper, *Taxi! Urban Economies and the Social and Transport Impacts of the Taxicab*, Routledge 2010, p. 145.

<sup>75</sup> Annex III, p. 43 and p. 350.

<sup>76</sup> Judgment in Case C-518/13, 14 January 2015, *The Queen, on the application of Eventech Ltd v Parking Adjudicator*, ECLI:EU:C:2015:9.

In **Greece**, the LIASON Taxi on Demand project has been funded by the European Commission under the 6th Framework Program. It is a fully automated taxi booking and dispatching system, featuring an intelligent scheme for automating traditional taxi dispatch functions through the establishment of peer-to-peer location-based ad-hoc grouping (LBAG) of drivers.<sup>77</sup> In **Spain**, the Madrid Region provides for subsidies programs to help taxi entrepreneurs in the innovation regarding the use of more energy-efficient vehicles, as well as for wheelchair vehicles which may improve the quality of the service provided.

In **Ireland**, to support the wider availability of wheelchair accessible vehicles (WAVs) SPSV fleet (including also hire cars with driver), a Grant Scheme WAV16 was launched in April 2016 which offers financial grant and training assistance, nationwide, of up to EUR 10,000 for the purchase or conversion of a new WAV. Cars older than 6 years will not qualify for this Scheme.

## II.5 Hire cars with driver

### II.5.1 General legal framework

It should be clarified that not all the Member States know the distinction between taxis and hire cars with driver with two separate sets of rules applicable to the different segments of the hire transport. Moreover, in certain Member States, the hire car with driver service includes only the limousine segment, provided with luxury car and only for hotels, events and ceremonies.

The majority of the examined Member States, including **Belgium, Germany, Italy, France, Malta, Poland, Spain** and **the United Kingdom** follow a two-tier system that distinguishes between taxis and hire cars with drivers. In **Luxembourg, Portugal** and **Slovenia**, the same legislative rules apply to both sectors. In **Ireland**, the same driver's licence (SPSV) is required and the applicant must indicate which of the four types of vehicles the driver intends to drive.<sup>78</sup> The main distinctive feature is the absence of a taximeter for the hire cars with drivers. In **Sweden** after the 1990 reform, hire cars with drivers have been abolished because they were not equipped with taximeters and thus making tax evasion hard to detect. After deregulation, only taxis equipped with taximeters were allowed. In **Germany**, most of the rules applicable to taxi services also apply to the hire cars with drivers' segment; however, unlike licenced taxis, entrepreneurs with hire car with driver permits are not required to start their business or guarantee the continuation of their services.

A peculiar situation is found in **Latvia and Lithuania**, where hire cars with drivers activity is exclusively governed by private contractual law with no interventions of public law, save from enforcement and inspections. Due to the use of contract law to define the service, the national administrative courts formed notable precedents on illegal taxi services that established the criteria distinguishing taxi services from private hire cars services. The Lithuanian case law maintained the "*substance over form*" doctrine, meaning that the content of the service takes precedence over the contractual form. For example, when a short-term service is rendered, i.e. a single client is being driven from point A to point B, such activity pertains to taxi operations. Similarly, if the carriage of

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<sup>77</sup> <https://www.iit.demokritos.gr/el/isl/platforms/tod> (Ch. XI, II.9).

<sup>78</sup> Taxi Regulation Act 2013 (as amended by the Public Transport Act 2016).

passengers is performed by a vehicle that is needed immediately and for remuneration, the service is that of a taxi. The recent Lithuanian legislative reform has introduced the definition of the passenger transport intermediary and has introduced a fast-track procedure for the licence of the hire transport operator.

**In Portugal**, the hire car with driver service may be performed by taxis with licence T and A as well as car rental companies. The use of rental cars' provisions for hire car with driver service is still controversial. Taxis T and A are equipped with taximeters and meet all the technical requirements set forth for taxis. In **Hungary**, similarly than for **Greece**, the hire car with driver activity should be performed only as an ancillary activity to a primary activity like tourism, hotels, and event organising, and there must be a contractual relationship between the two activities and the clients use the PHV exclusively in relation to that primary activity. However, in Hungary, the hire car with driver activity has expanded especially within the capital especially for airport transfers, in a way circumventing the rigid legislative provisions.<sup>79</sup>

In **Northern Ireland**, since 31 May 2016, hire cars with driver are allowed to ply for hire in certain areas of Belfast.

## II.5.2 Authorisations

Hire cars with driver, when allowed, need an authorisation to perform their services. In general, the requirements to obtain such authorisation are lower than those for taxi services. In the **Brussels-Capital Region**, the applicant must comply with conditions of morality, professional qualification and creditworthiness. In addition, the suitability of the vehicle must be proven. In **France**, following the 2014 Bill and its implementing regulation,<sup>80</sup> applicants are subject to mandatory training and an exam to obtain their professional card. However, those drivers who obtained the professional capacity under the LOTI<sup>81</sup> regime are allowed to perform as VTCs upon the condition that they carry at least two passengers on board. LOTI regime is more accessible than the VTC (access is granted after a shorter training; there are no requirements as to which vehicle may be used as VTC vehicle; and the drivers are granted the right to use bus lanes while operating). Therefore, there have been various abuses with drivers carrying only one passenger. A recent legislative proposal<sup>82</sup> intends to reserve the LOTI regime only to drivers of vehicles of more than 10 seats from urban areas of more than 100,000 inhabitants.

In **Poland**, since 15 August 2013, there are two types of licences for hire car with driver operators: 1) a licence for national road transport concerning passenger cars, and 2) a licence for national road transport concerning cars with the capacity to carry at least 7 but no more than 9 persons including the driver. The licences are released based on fitness capacity, which must be attested by a certificate of professional competence and a financial capacity criterion which is particularly high (a financial capacity of EUR 9,000 for the first vehicle and EUR 5,000 for each subsequent vehicle). The applicant must also prove that they have the necessary knowledge to perform a business activity.

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<sup>79</sup> Reply from Hungarian National Competition Authority (GHV) to the stakeholder consultation.

<sup>80</sup> Arrêté du 2 février 2016 relatif à la formation et à l'examen de conducteur de voiture de transport avec chauffeur

<sup>81</sup> Loi n° 82-1153 du 30 décembre 1982 d'orientation des transports intérieurs.

<sup>82</sup> Proposition de loi de MM. Bruno LE ROUX et Laurent GRANDGUILLAUME et plusieurs de leurs collègues relative à la régulation, à la responsabilisation et à la simplification dans le secteur du transport public particulier de personnes, [http://www.assemblee-nationale.fr/14/dossiers/regulation\\_transport\\_public\\_personnes.asp](http://www.assemblee-nationale.fr/14/dossiers/regulation_transport_public_personnes.asp).

In the **United Kingdom**, the applicant for a private hire car (PHV) licence must be a “fit and proper person”. The applicant for the authorisation can be subject to the same criminal record checks as taxi drivers, and a few councils insist on the same topographical knowledge tests as those required for taxi drivers. Most licensing authorities also require a medical certificate.

In **France** and in the **United Kingdom**, the activities of taxi and hire car with driver are not mutually exclusive; however, the driver is supposed to change vehicles for the two different activities. In **Italy** and **Spain**, the authorisation may be transferred for consideration.

### II.5.3 Organisational requirements

There are two common features in the regulations for hire cars with driver across the examined Member States: 1) the obligation to perform the service based on a prior reservation (for a pre-arranged fixed fare), and 2) the obligation to return to the place of business/deposit after each service. The main purpose of the two obligations is to avoid hire cars with driver picking up passengers on the street.

The only exception, as mentioned before, is in **Northern Ireland** where since 31 May 2016, the hire car drivers will also be able to ply for hire in certain areas of Belfast.

In **Greece** and **Hungary**, the hire car with driver activity must be ancillary to another activity such as terrestrial transports, touristic activities, and to hotels. In many cases, as noted by one stakeholder, operators registered as providing transport services effectively perform the hire car with driver as the main activity. In **Germany**, the main feature of the hire car with driver vehicle is that the operator who obtained the permit has no obligation to start the business or continue the service.

In **Malta**, the operator must own or rent a garage to park the cars. The garage must comply with characteristics which must be indicated by the floor plan of the garage that is certified and stamped by an architect showing the measurement in square meters and the annual commercial rental value.

#### A. The return to garage rule

A common feature of the hire car with driver service across Member States is the obligation for the drivers to return to the garage after the ride, in order to avoid competition between hire cars with driver and taxis in the hailing market. An exception to the return to garage rule is the possibility to carry out another journey, but only if there is proof of a previously stipulated contract. In **France**, the 2014 Bill allowed the hire car with drivers to perform consequential shifts only upon prior reservation. The prior reservation must be on paper or through electronic means. In **Italy**, the legislation provides that each individual hire car with drivers' journey must begin and end at the garage located in the municipality which has issued the authorisation, even if the pick-up of the passenger may occur in another municipality.<sup>83</sup> In **Spain**, the return to garage

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<sup>83</sup> Article 11(4) Law No 21/1992.

rule has been repealed in November 2015, however the legislation prohibits the hire cars with driver to park or circulate in quest for clients in the proximity most crowded areas of the cities, in particular airports, train stations, hotels, shopping malls.

## B. Contract between the parties

In **France, Greece, Italy, Spain**, the hire car with driver service is available only upon reservation and when a contract for a specific transport has been entered into between the parties. In **France**, the final client should be identified in the contract. Such a provision poses some issues with the framework contracts between the VTC companies and hotels or businesses, where the VTC company provides the car that is at the disposal of the contracting party but does not know who is the final client. In **Latvia** and **Lithuania**, the Civil Code regulates the contracts for hire cars. The new Lithuanian provisions impose to enter a contract, also via electronic means, between the hire transport operator and the passenger, which must satisfy the provisions of the Civil Code. In **Romania**, one of the most important rules for hire transport services is the obligation imposed upon the driver to prove, by means of a written contract, the advance payment of the fare. A "fiscal note" must also be issued at the end of each trip via a cash machine that is preregistered with tax authorities. In **Denmark**, the hire transport must be related to a pre-arranged group of people and it must be agreed upon in advance with the company providing the service. The agreement must show the name of the customer, the pickup place and the final destination of the journey. If these criteria are not met, the definition hire transport does not apply, and thus the service will fall under the taxi service default category.

A specific provision is included in the **German** PBefG, s. 49, which requires that the car must be hired "on the whole" which exclude the possibility to hire a single seat and then to share the vehicle.

In the **Brussels Capital Region**, hire cars with driver may perform the service only if they are booked for a minimum of three hours and for a minimum amount of EUR 90, which has the purpose to exclude competition with taxis in certain segments, such as airport rides. In **Germany** and **Italy**, reservations take place at the place of business of the service provider; therefore, reservations made via a mobile application are not considered. In **Germany**, the legislative provisions concerning hire cars with driver do not apply to passenger transports operated by hotel shuttles since they are often free of charge or because the fare does not exceed operational costs. In **Greece**, the legislation requires reservations to be written or generated through a call centre, thus excluding web applications. Moreover, the vehicle must be reserved for at least 6 hours. The OECD considered that this requirement (previously introduced for 12 hours) "*may represent a barrier to entry into the market of renting a car with a driver for suppliers who may find it profitable to offer the service to customers for fewer than 12 hours. In addition, it restricts the services that can be provided by suppliers who are already in the market, thus preventing them from meeting consumers' needs effectively. Consumers should be given the option to rent a car with a driver without a minimum duration, based on their preferences and budget. Since the market is segmented, the incentives of suppliers to compete effectively are also reduced*".<sup>84</sup>

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<sup>84</sup> OECD Competition Assessment Reviews Greece 2014, p. 193. <http://www.oecd.org/daf/competition/Greece-Competition-Assessment-2013.pdf>.

In **London**, the new PHV regulations<sup>85</sup> provides that before the start of each journey, the operator shall provide to the passengers the vehicle registration mark, the first name of the driver, the driver' PHV number, the driver phone number and the detailed of the operating centre which may be contacted during the journey.

#### **II.5.4 Geographical restrictions**

In the majority of the Member States, the hire car with driver's service is not subject to geographical restrictions, with the exception of the *return to garage* rule.

In **Belgium**, the authorisations are issued by each Region and are valid in the respective region only. Also in **Spain and Italy**, hire car with driver services are regionally restricted. In Spain, 80% of the activity of a licensed hire car must be carried out in the area of authorisation. In **Italy**, the journey should start and end within the area of authorisation.

#### **II.5.5 Intermediaries**

Intermediaries are matching the offer and the demand of hire cars with drivers. **France** is the only jurisdiction that, following the 2014 Bill, distinguishes between companies which make vehicles with driver available to their clients upon prior reservation, i.e. VTC operators, and intermediaries linking or matching operators with clients.

The Code of Transport<sup>86</sup> provides that intermediaries must verify that the subjects offering their service through the intermediary are in possession of a professional certificate, the professional insurance for civil liability and that they are registered in the registry of hire cars with driver.

The legislation requires the VTC operator to prove their financial capacity with the providing a financial guarantee for each vehicle. Moreover, the VTC driver/operator and the VTC intermediary should be registered in the electronic registry which, since January 2016, is managed by the Ministry of the Environment.

The new legislative proposal will regulate all the activity of the intermediaries, including those providing VTC intermediary services.

In **Hungary**, the Government Decree No. 176/2015<sup>87</sup> has imposed that all the intermediaries must be registered as dispatch centres and comply with all the requirements, including the financial standing, for taxi dispatch centre. However, since the hire car with driver's activity is ancillary to another activity, the intermediaries should not be able to facilitate hire car with driver service.

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<sup>85</sup> Regulations 9(10) to 9(12) Private Hire Vehicle (London)(Operators' Licences)(Amendment)Regulations of 2016.

<sup>86</sup> Article L 3122-6 of the Transport Code.

<sup>87</sup> Government Decree No. 176/2015 (VII. 7) on Road Transportation of Passengers for Compensation.



In the three regions of **Belgium**, the authorisation is based upon an enquiry of the morality, professional qualifications and creditworthiness of the applicant. In the Region of **Wallonia**, the vehicle is also subject to checks. In the **Flemish Region** and **Wallonia**, it is possible for drivers to pick up customers between communes; however, while not in service, drivers must remain within the municipality specified in the authorisation.

In **England and Wales**, the person that accepts the bookings and with whom the customer makes a contract for carriage (which may be different from the driver) must be licensed as PHV operator. A specific geographical restriction is applicable to PHV operators known as the “*triple lock*”: PHV operators are only allowed to work with drivers and vehicles licensed in the same area.<sup>88</sup> This was considered as preventing the possibility to offer services in other licensing areas (cross-border service). The Deregulation Act 2015<sup>89</sup> has introduced the possibility to subcontracting to PHV operators in other licensing areas.

### II.5.6 Technical requirements

In general, Member States require that the hire cars with driver have technical features that distinguish them from taxis in order to avoid confusion among users. Certain Member States require minimum length, size and engine powers.<sup>90</sup> An extremely detailed example of the technical requirements is that of the Brussels-Capital Region.<sup>91</sup> The vehicles are divided into 3 main categories:

- Luxury vehicles (with three distinct and isolated compartments: an engine compartment, a passenger compartment and a luggage compartment; a wheelbase of at least. 2.8 meters; a selling minimum price of EUR 26,500; not older than 7 years);
- High-luxury vehicles (with three distinct and isolated compartments: an engine compartment, a passenger compartment and a luggage compartment; a wheelbase of at least. 2.9 meters; a minimum selling price of EUR 40,500; not older than 10 years);
- Ceremony vehicles.

In **France**, the Arrêté du 26 March 2015<sup>92</sup> provides that vehicles should not be more than six years old, unless they are antique vehicles. Transport vehicles with drivers must have at least four doors, an overall minimum length of 4.50 meters and an overall width of a minimum 1.70 meters. Their engine must have a net power higher than, or equal to, 84 kilowatts. However, these provisions do not apply in the case of hybrid vehicles.

**Luxembourg** requires the vehicle to have at least a width of 150 mm and a height of 100 mm as a minimum, and must clearly indicate that it is a rental vehicle.<sup>93</sup> In **Spain**, technical specification requirements of vehicles (minimum length and engine power) only apply to luxury vehicles.

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<sup>88</sup> Local Government (Miscellaneous Provisions) Act 1976, s. 46, s.55.

<sup>89</sup> Deregulation Act 2015.

<sup>90</sup> Cyprus, France, Ireland, Luxembourg, Spain,

<sup>91</sup> Ordonnance du 27 avril 1995 relatif aux taxis et aux voitures de transport avec chauffeur.

<sup>92</sup> Arrêté du 26 mars 2015 relatif aux caractéristiques des véhicules utilisés par les exploitants de voitures de transport avec chauffeur, JORF n°0079 du 3 avril 2015.

<sup>93</sup> Art. 56a Code de la Route – Arrête grand-ducal du 23 novembre 1955.

In the **United Kingdom**, vehicles must comply with fitness requirements and be suitable in type, size and design for use as a PHV (Section 48 of the 1976 Act). Currently, standards for taxis and private hire cars, drivers and private hire operators are set by local authorities, which are responsible for the administration of the licensing system.<sup>94</sup>

### **II.5.7 Labour rules**

Labour rules for hire cars with driver are very similar to those for the taxi sector: in both cases, the driver may be employed by the hire car operator or self-employed. The regime is currently the same.

In **France**, a person who starts working as a driver under the self-employed regime has access to the system called "*Aide au chômeur créateur ou repreneur d'entreprise*" (*ACCRE*). This system is also available for the taxi sector but requires a low amount of income per driver, but taxi drivers seem to reach the threshold faster than the VTC drivers do. A similar regime exists in **Spain**, as indicated at s. II.3.7, where the Improvement of Self-Employment Act provides for benefits for unemployed who decide to start a new activity.

In **Ireland**, all SPSV drivers are required to provide details of any other occupation in which they are engaged and, if that other occupation involves driving, evidence that they have informed their employer of their intended SPSV activities.

## **II.6 Ridesharing and car sharing**

### **II.6.1 The definition of ridesharing**

Ridesharing (or carpooling) is the concept of "offer a ride" on vehicle where seats are available. It covers various options, the most common is when the owner of a vehicle has a predetermined journey and offers a seat to passengers going in the same direction in exchange for sharing the costs of the journey. The model has evolved to also include sharing of transport for employees of the same company or workers of the same area as well professional transport, such as sharing a taxi for the airport. Software companies have developed applications to match the offer and the demand some of them tailored for specific categories, such as co-workers, young people going out in the evening, sharing a taxi for the airport, or pre-arranged long distance ridesharing which provides a shared transport solution for long-distance, city-to-city journeys.

However, ridesharing has become a common term to describe software applications that facilitate/match the offer and the demand of professional hire transport, mainly hire cars with driver. The idea behind these apps and platforms was more to "*share a private driver*" (instead of having to hire one for a whole day or more) rather than share a ride with someone else. The idea was that "limousine-like" service could be made available, in the same day, to a large number of users thanks to the efficiencies of scale provided by the electronic platforms and GPS system. In order to satisfy all the requests, the platform has to aggregate the largest number of possible drivers in order to be effectively able to provide a driver upon request. As was correctly pointed out, while these apps call themselves as a ride or car sharing service, "*the ride or the car is not*

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<sup>94</sup> Briefing paper, SN02005, 5 August 2015 Taxi and private hire car licensing.

*truly shared*". What characterizes them compared to regular taxi services is that they are "a marketplace where independent drivers are connected to passengers through an online platform."<sup>95</sup>

For the purpose of the Study, we use the term ridesharing only in its genuine meaning, that of the sharing of a vehicle in order to share the costs of the ride.

### II.6.2 Car sharing

As defined by Le Vine, Zolfaghari, and Polak,<sup>96</sup> car sharing sits within the emerging class of 'mobility services' that draw on modern technology to enable access to car-based mobility without the consumer owning the physical asset (a car). Rather than cars being shared between consumers, "the behaviour is more accurately described as sequential short-term car access", where the vehicle is driven by the end user as in traditional car hire and not chauffeured.

During the period of time when a person has access to a shared car, that person is responsible for it and for its exclusive use and benefit. It is part of the integrated mobility landscape of the major European cities. It is usually based on a partnership between a municipality and private companies (usually chosen through a competitive procedure) which provides for and maintains the car service in town. The partnership may also include the provision of electric vehicles. Among the largest operators there are Autolib' in Paris, and Car2go in Berlin which also operates an electric car sharing service in Stockholm.

Some regions or cities, such as the **Île-de-France** and **Paris**, grant public support to develop car sharing, especially with electric cars. In **Germany**, support is provided for the implementation of electric vehicle car sharing. Other local authorities may grant to the users of the car sharing service, the right to park on the public streets without having to pay for the parking fees or by creating preferential parking spots in crowded city areas with recharge columns.<sup>97</sup>

The *peer-to-peer car sharing* is also characterised by round-trip usage episodes. The key distinction with the round-trip model described above is that the car sharing fleet is decentralised – owned by private individuals – not owned by a central operator. People choosing to make their private car available for use by others receive payments when it is rented out. The principal role of the peer-to-peer car sharing operator is to provide an online marketplace to connect vehicle owners with prospective vehicle-renters. As part of the business model, the operator typically provides a bespoke insurance product that protects the vehicle owner, and collects a percentage of each rental transacted through their online marketplace. **CarAmigo** and **Drivy** are among the largest operators of peer-to-peer car sharing.

### II.6.3 Ridesharing (Carpooling) intermediaries

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<sup>95</sup> D. Geradin, Should Uber be allowed to Compete in Europe? And if so How? *Competition Policy International* (2015).

<sup>96</sup> S. Le Vine, A. Zolfaghari, J. Polak, Carsharing: Evolution, Challenges and Opportunities, Centre for Transport Studies, Imperial College London, September 2014, p. 4.

<sup>97</sup> Annex III, p. 359.

With reference to the intermediaries matching drivers with empty seats with passengers going in the same direction in order to share the costs of the journey, various players are emerging. It should be recalled that while the journey is “not for a profit”, the intermediary is a “for profit” platform, which obtains a fee on each concluded matching. The two largest platforms are **Blablacar** and **Carpoolworld**. BlaBlacar is a French platform, owned by Comuto S.A., with more than 20 million members in 19 countries and it is the market leader. In 2015, it acquired its German competitor Carpooling.com, as well as the Hungary-based competitor AutoHop. In each of the countries where it operates, BlaBlaCar uses the guidelines issued by the public authorities on driving costs to set a cap on the fare. These calculations account for fuel costs, insurance and tax. Recently, they have started to add a fee to remunerate the booking service.

**Carpoolworld** is a US social media website that uses members’ trip origin (home) and destination (place of work/study) to identify potential rideshare partners. The website is also active in Europe, especially in Germany. It is addressed primarily to individuals looking for rideshare partners for their daily commutes, but also works for one-time trips. It is focused on group travelling.

With regard to sharing professional driven vehicles, there are new platforms and initiatives to match passengers in the need of a taxi and, in many cases, going in the same direction, such as airports and stations. **Wecab** is an application to share a taxi with other people to and from Paris airports and train stations in order to share the costs. **Splyt** is another application which allows sharing taxis. **Collecto** is a Brussels’ shared taxi service available at night and during the weekends for fixed fares and it is part of the integrated mobility option offered by the municipality of Brussels. In the Flemish Region, there is a specific not-for profit ridesharing service, **Taxistop**, which provides on demand transport for elderly people with very low fares to cover the costs of the service. The service receives funds from the Flemish Region to maintain the software and to promote the service.

In **France** and **Germany**, small short distance pre-arranged ridesharing companies are emerging, focusing especially in trips to/from the suburbs in the largest metropolitan areas. However, it is that they are struggling to survive, due to the difficulty of having profitable margins under the restrictions of the legislation, which imposes that only the costs of the journey may be shared without earnings for the driver. The French **Sharette**, a short distance ridesharing company that was integrated into the RATP website as a form of integrated urban mobility, was shut down in March 2016 due to financial difficulties.

Finally, a hybrid category is represented by the applications connecting passengers with private drivers which do not have a predetermined journey but which accept to drive a passenger to a chosen destination in return for consideration.

This model has been brought to the attention by **UberPop**, but it is used also by **Heetch**. Heetch allows its drivers to perform rides for a maximum earning of EUR 6,000 a year, which is considered the average annual costs of cars. This level of earning does not allow the performance of a professional activity and the respondents to the stakeholder consultation confirmed that the majority of the drivers are only using the apps part-time.

## II.6.4 Current national approach to ridesharing

In the **United Kingdom**, there is a regulation of “professional” ridesharing under the “*immediate (or pre-booked) hiring at separate fares.*”<sup>98</sup> It provides for both the immediate hiring of taxis at separate fares under local schemes, and the advance booking of taxis or PHVs at separate fares. In London, there is a local statutory scheme in place for taxis, the London Taxi Sharing Scheme Order 1987. In the case of PHVs or taxis, the operator takes the initiative to match up passengers who book in advance and agree to share the vehicle at separate fares (lower than for a single hiring). An example could be passengers being picked up at home to go to a shopping centre, or returning from the shops to their homes. Licensed taxis can be hired at separate fares by up to eight people from ranks or other places that have been designated by the authority.<sup>99</sup> The passengers pay only part of the metered fare, for example in going home after a trip to the local town, and without pre-booking, but the driver receives more than the metered fare.

In **France**, Law 2015/992<sup>100</sup> defines ridesharing (*covoiturage*) as the joint use of a motor vehicle with a driver and one or more passengers as part of a journey that the driver performs for his/her own account, for no consideration except the cost-sharing. The activity of linking the driver with the passenger may be performed, but does not fall within the scope of the professions under Article L. 1411-1, which defines the auxiliary in the transport sector.

In **Spain**, the private individual transport is not subject to authorisations if it is intended to satisfy the personal or domestic transport needs of the car owner and his/her relatives. Private transport must not result in direct or indirect monetary remuneration.<sup>101</sup> Similarly, in **Germany**, transport of a person for free or to cover only the running costs of operating the vehicle is not covered by the Passenger Transport Act.<sup>102</sup> However, the German Passenger Act provides that competent authorities may issue a permit for occasional passenger transport services that include different forms of occasional transport such as mini bus, limousine, when it is not contrary to the public interest. These kinds of permits could be useful to develop new hire transport activity, but so far, no authorities have used them.<sup>103</sup>

In almost all the Member States, the activity of carrying passengers for compensation without a licence is illegal; therefore, the apps are banned from offering this service. In **Poland**, these applications seem tolerated and **UberPop**, **Heetch** and **Wundercar** are all active on the market. Moreover, the Polish Ministry of Finance has issued an Opinion concerning the taxation and VAT of the ridesharing activity.<sup>104</sup> In the Opinion, the Ministry stated that the carriage of persons performed by natural persons involving websites and mobile applications to match drivers and passengers, shall be deemed as an economic activity for the purposes of taxation if further prerequisites specified in the PIT Act are met.

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<sup>98</sup> The Licensed Taxis (Hiring At Separate Fares) Order 1986.

<sup>99</sup> Section 10, Transport Act 1985.

<sup>100</sup> LOI n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte, JORF n°0189 du 18 août 2015.

<sup>101</sup> Article 101 of Law 16/1987 (ROTT).

<sup>102</sup> Passenger Transportation Act (Personenbeförderungsgesetz „PBefG“)

<sup>103</sup> Annex III, p. 354.

<sup>104</sup> Opinion of the 1<sup>st</sup> June 2015 of the Polish Minister of Finance, No. 221850.654195.427483, DD2.054.20.2015, to the interpellation of a deputy in the Lower Chamber of Polish Parliament Mr. Zbiogniew Chmielowec concerning the Ministry’s standpoint on taxation issues connected with the “sharing economy”.

In **Estonia**, draft legislation intends to introduce the prearranged service, defined as the carriage of passengers for a fare by a car with up to nine seats, which is not a taxi service or occasional service, which has been ordered through a platform for pre-arranged service.

In **Lithuania**, the recently adopted reform introduce the definition of passenger transport organiser as the natural or legal person who arrange for the carriage of passengers himself or through a technological system and allowing the operator and the passenger to agree on the transport upon the payment of a fee.

### **III. MARKET ANALYSIS**

#### **III.1 Introduction**

The market analysis has been carried out in two different ways: one analysis based on the data collected in the context of the desk research and stakeholder consultation; the second one is based mainly on Eurostat data available up to 2013 for the taxis and hire car with driver sectors.

The two data collections cover separate aspects:

- In the first data collection, in parallel with the legal analysis, we have collected data concerning the number of the licenses for taxis and hire cars with driver, the administrative costs, the largest market players, the structure of the fares, the turnover of the taxi drivers and VTC drivers. These elements are considered by the economic literature as the key input to identify the level of competition in the taxi market and the associate market failures. Where available, data have been collected concerning intermediaries and innovative service providers.
- In the second data collection, we have analysed statistical figures collected from different sources, primarily Eurostat, framed in the context of the findings on market relevant elements identified within the Country Reports in Annex III.

With regard to the data collection performed by Grimaldi and by the national experts, its main added value is the fact that the data provided are the most updated ones (some of them are updated to 2016) and also cover the new market entrants (both intermediaries and ridesharing). We have tried to keep the various service providers separate while collecting/providing data for each sector.

During this data collection, some limitations have been encountered:

- The rate of participation to the consultation was low, around 27,2%;
- The quality of the replies varies at lot; some are very detailed while others were more general;
- At national level, the data collection is performed differently, and the categorization of the data is based on the different legal environment. The definition of licence varies consistently across Member States, as showed by Section II.4.1, which give rise to different data categorization. Similarly, various Member States do not know the dichotomy taxis/hire cars with driver; therefore, only the taxi activity is allowed and regulated;
- With few exceptions, the national competent authorities have participated to the consultation; however, some of them have clarified that they were not in possession of the aggregated data at national level since they do not have a centralized database. In these cases, some data were only available at local level, with reference to the main cities;
- Largest Member States have provided the most valuable bulk of updated data, while the smallest have few data collected due to the small size of the market;
- Private stakeholders have provided data under the conditions that they were treated confidentially. The largest stakeholders have provided valuable data concerning the markets where they operate.

In order to mitigate these limitations, we have carried out various phone interviews with national competent authorities (not only those for the in-depth case studies) in order to search for additional information/clarifications. Moreover, we have recurred to the desk

researches and to the market analysis and studies carried out by the National Competition Authorities. In the majority of the Member States, as reported at Section VI.1 and in the Country Reports (Annex III), the National Competition Authorities have carried out in-depth reviews of the taxi markets (or of certain aspects) which, in some cases, also contained quantitative data at national level.

All these information, also if with limitations, have helped us to draw the market situation at national level.

### **III.2 Grimaldi data collection**

The data collection via desk research, the interviews and the stakeholder consultation have followed the template of the questionnaire focused on:

- Market players;
- Number of licences/authorizations for each sector at national level;
- Transferability of the licences/authorisations and average transfer value;
- Conditions for obtaining the licences/authorisations;
- Structure of the fares;
- Number of licences/authorisations and variations over the last 5 years;
- Number of companies;
- Number of vehicles;
- Number of drivers;
- Average turnover of drivers;
- Subsidies/incentives allocated to certain hire transport activities.

### **III.3 Market Players**

#### **III.3.1 Taxis**

The taxi market is characterised by a large number of small operators. The activity is mainly carried out as self-employment (sole entrepreneurs) or as employee. The respondents to the stakeholder consultation have indicated that the market is mainly characterized by self-employed drivers, with the exception of Austria and Germany (mainly employed drivers) and Spain (50% employees and 50% employed). Small operators are mainly affiliated to a dispatch centre. This provides to the taxi operators an "umbrella", under a clause of exclusivity, including a logo, a radio to be connected, a point of sale, while the operators accept to meet certain quality standards. However, in general, affiliation is not mandatory and in the largest cities the taxi drivers' turnover is mainly generated by the street market.

The main taxi market competitors are considered the dispatch centres for which the turnover, as confirmed by one respondent to the stakeholder consultation, is mainly generated by account customers and business customers. While the majority of the dispatch centres are active at local level, some of them have reached a national/regional dimension.

## **G7 Group**



G7 Group through its controlled subsidiaries G7 and Les Taxis Bleus, has more than 11,000 affiliated taxis. In 2014, it realized a turnover of EUR 298,1 million (-4% less than 2013) for a net income of EUR 25 million (4% less than 2014). The largest part of the turnover is generated by the taxi booking centre (EUR 145,7 million).<sup>105</sup>

### **Radio Taxi London (Gett)**

Mountview House Group Limited provides ground transport services through taxis primarily in the United Kingdom. It offers taxi hire and corporate trustee, as well as online transport management platform and consultancy services. The company was formerly known as Radio Taxis Group Limited and changed its name to Mountview House Group Limited in 2014.<sup>106</sup> The company has been acquired, in April 2016, by Gett.

### **Caboline Group<sup>107</sup>**

Caboline Group, formerly Fågelviks Group, is a holding company in the transport sector and the Scandinavian largest taxi organization with 6,000 affiliated vehicles. The company owns TaxiKurir, available in Sweden as well as Norway and Denmark, also includes the following brands:

- Sweden Taxi (available in Stockholm, Gothenburg, Uppsala and Skåne region);
- Taxi Skane;
- TopCab;
- Botkyrka Taxi;
- Taxi Card.

## **III.3.2 Taxi apps**

For a detailed description of the largest taxi apps, please see Section II.4.10.

## **III.3.3 Hire cars with driver**

Similarly to taxi operators, hire car with driver service is carried out by drivers employed by companies which own the vehicles and the technology, or by self-employed drivers. In certain jurisdictions, such as Spain, where a minimum fleet with certain technical specification is required, only legal entities may be hire car with driver operators. Similarly, as for taxis, hire car with driver operators affiliate to intermediaries that provide an umbrella for the operations, which is necessary due to the obligation of being pre-booked. However, differently than for taxis, the majority of the intermediaries do not require an exclusivity clause. The sector has recently known a large and rapid development due to the arrival of web apps that match the offer and the demand and which allow the hire transport operator to work flexibly. These apps are mainly directed to "occasional customers", which use them as an alternative to pre-booked taxis. A

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<sup>105</sup> Group G7 2014 Activity Report.

<sup>106</sup> <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=20961175>.

<sup>107</sup> See webpage: <http://press.cabonline.se/pressreleases/ledande-taxiteknikfoeretag-integreras-faagelviksbolaget-cabonline-foervaervar-taxisystem-ab-1153106>.

respondent to the stakeholder consultation, operating in the hire transport both via apps and with a traditional booking centre, has confirmed that the largest part of its turnover is generated by business and account customers.

The largest intermediaries aggregating hire car with driver operators are:

### **Uber B.V.**

Uber B.V. is a technology company that provides a smartphone application to connect independent drivers with consumers. Founded in 2009, Uber now serves more than 365 cities in over 68 countries, including more than 50 cities across 24 of the 28 EU Member States. In Europe, Uber licenses its software application services through Uber BV, established in the Netherlands. Via this software application, Uber connects people looking to provide a service with consumers looking for such a service. Most well-known are services like UberX and UberBLACK, which connect the driver of a vehicle and someone who needs a ride. Other services include UberEATS, a service connecting restaurants with people wishing to have food delivered, and UberRUSH, which connects users with a courier to make a delivery. Passengers looking for a ride open the Uber application on their smartphone and request a ride at their current location. Passengers may choose from a variety of options, from the low cost UberPOOL carpooling option to the higher cost UberBLACK limousine service. Passengers are matched with a nearby independent Uber PartnerDriver who proceeds to pick them up and drop them off at their desired destination. Passengers are able to see the PartnerDriver's name, photo and license plate number. The entire trip is tracked by GPS, and payment and receipts are electronic (no cash, cards or tipping required). Both riders and PartnerDrivers provide feedback on the experience after every trip via a rating system included in the application. In Europe, Uber mainly offers UberBLACK, UberX and UberPOP options.<sup>108</sup>

### **Addison Lee**

Addison Lee PLC, a private hire services company, provides services through its vehicles for passengers and couriership needs worldwide. It offers same day delivery, next day delivery, international delivery, mobile, and customer focused technology services. The company provides its services through minicabs, taxi-bikes, coaches, and private jets; VIP, international, events, airport transfers, and travel desk services; and phone and online booking services.<sup>109</sup> Addison Lee PLC was formerly known as Addison-Lee South Limited and changed its name to Addison Lee PLC in September 1986. The company was founded in 1975 and is based in London, United Kingdom. In 2014, the turnover was around £ 240 million. The company was acquired in 2013 by the private equity fund Carlyle Group L.P. and, in June 2016, has bought the US private hire rival company Tristar for an undisclosed sum. According to Addison Lee, the merged entities would create Europe's largest car-service operator with more than 5,000 drivers and cars and more than 800 staff. Tristar, which was founded in 1978 for use by Virgin Atlantic's business-class passengers, has global annual revenue of £50 million and employs more than 200 staff and over 450 drivers.<sup>110</sup>

## **III.3.4 Ridesharing**

The genuine ridesharing sector is characterized by the presence of few large worldwide players and various local players targeting the national users, providing a website only in

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<sup>108</sup> Reply to the stakeholder consultation.

<sup>109</sup> <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=30463946>.

<sup>110</sup> <http://www.wsj.com/articles/addison-lee-buys-rival-tristar-1467124797>.

the national language. In general, as confirmed by various respondents, the main users are aged between 25-35 years old and the average journey is between 70 and 200 km. It is used for long distance journeys because the financial incentive is not high enough to share costs on short distances.

### **BlaBlaCar**

Comuto S.A., doing business as BlaBlaCar, operates a website for (carpooling) ridesharing in Europe. The company connects drivers with people looking for a ride. The company was incorporated in 2006 and is based in Paris, France.<sup>111</sup> According to the information provided by the company, BlaBlaCar is the world's largest long-distance ridesharing community, connecting people seeking to travel with drivers going the same way. They travel together and share the cost of the journey. The average journey is about 340 kilometers. BlaBlaCar provides its service on iPhone and Android mobile apps, mobile websites and desktop websites. BlaBlaCar drivers are only splitting the costs of a journey; they do not make a profit. The average cost-contribution suggested on BlaBlaCar is around EUR6 cents/km /passenger, which is at least 20 times less than the price paid for on-demand taxi-like service. Cost-sharing is strictly enforced by the BlaBlaCar platform through "terms & conditions", recommended fares, maximum fare capped, limited number of seats that can be offered, and an 80-people Member Relations Team monitoring member interactions and ensuring that cost-sharing is enforced.<sup>112</sup> Recently, the platform has introduced a small booking fee in order to be remunerated for the service. Currently, BlaBlaCar operates in Benelux, Croatia, France, Germany, Hungary, India, Italy, Mexico, Poland, Portugal, Romania, Russia, Serbia, Spain, Turkey, the Ukraine and the United Kingdom.

### **Carpoolworld**

Carpoolworld is a U.S based technology company which provides a free on-line global rideshare matching system for individuals, and it also offers free and premium carpool group management on-line systems for organizations (businesses, schools, hospitals, universities, other) who wish to provide private carpool matching services to their communities.<sup>113</sup> It operates in almost all the EU Member States as well as in the United States.

## **III.3.5 Observations**

As a matter of fact, it is worth noting that the largest players in the various segments (with the exception of the US companies which have penetrated the EU market) are mainly concentrated in France, United Kingdom and in the Scandinavian area, which may be considered the most dynamic and developed hire transport markets. The largest EU taxi app, Mytaxi, has been developed in Germany and it belongs to the industrial car manufacturing group Daimler AG, which is also the owner of Car2Go, the world largest car sharing company, providing services in various EU and North American cities.

## **III.4 Licences/Authorisations**

### **III.4.1 Taxis**

As illustrated in Section II.4.1, the access to taxi activity is subject to obtaining a licence but the conditions differ greatly across Member States. From the point of view of the

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<sup>111</sup> <http://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=83919235>.

<sup>112</sup> Reply to the stakeholder consultation.

<sup>113</sup> Information provided by the company replying to the stakeholder consultation.

market analysis, two elements are analysed: quantitative restrictions, which are direct barriers to entry the market, and qualitative requirements, which, in case of too stringent elements, constitute indirect barriers.

Quantitative restrictions are considered a “welfare-reducing regulatory intervention”. According to the economic literature, when the number of licences is regulated, “*there is high probability that controls will be managed in a way that reduce supply far below free entry levels, leading to the development of very high licence value (where they are tradable) reflecting the existence of large monopoly rents (...). By contrast, most experience with the removal of supply restrictions indicates that substantial consumer benefits follow. Taxi numbers increase substantially, waiting times fall and fare levels are likely to decline or, at least, be broadly stable. Where post-reform problems have been identified, these are usually traceable to the adoption of incomplete or poorly designed reforms.*”<sup>114</sup>

While the majority of the economic literature does not justify the quantitative restrictions, and has focused in the identification of the “*optimal level*” of supply, we also have to stress that the majority of the economic literature is outdated, and new service providers have found their way through the market providing alternative hire transport service. However, we have also observed that, with few exceptions, the taxi sector has remained unchanged during the last ten years.

Across the Member States, we have created two clusters:

- Quantitative restrictions: Belgium, Cyprus, Czech Republic, Estonia, Denmark, France, Germany, Italy, Latvia, Luxembourg, Malta, Portugal, Romania, Spain and United Kingdom;
- No quantitative restrictions: Austria, Hungary, Ireland, Lithuania, the Netherlands, Poland, Slovenia, Slovakia and Sweden.

In the Member States with quantitative restrictions the number of taxi licenses, over the last five years, has remained steady or has decreased.

**Table 1 – Number of taxi licences**

Member State	Quantitative restrictions	2013	2014	2015	2016	Transfer value (EUR)
Austria	NO	7362	7469			
Belgium (federal)	YES			2174	1984	40,000
Bulgaria	YES	3810 (new licences)	3815 (new licence)	22.073		
Croatia	YES					
Cyprus	YES	No new licences issued since 2010	No new licences issued since 2010	No new licences issued since 2010	No new licences issued since 2010	
Czech Republic	NO					

<sup>114</sup> OECD, *Taxi Services: Competition and Regulations*, 2007, p. 17.

Denmark	YES					
Estonia	No				2320	
Finland	YES				30.144*	
France	YES			59.666		200,000
Germany	YES	21.751 (2012)			53.554 <i>(including 3129 double licences)</i>	
Greece	YES					80,000
Hungary	NO					
Ireland**	NO	N.A	N.A	N.A	N.A	
Italy	YES	19.785	19.783	19.783		100,000
Latvia	NO					
Lithuania	NO					
Luxembourg	YES			530		
Malta	YES		300	300		75,000
The Netherlands***	NO					
Poland	NO	59.600	61.300	62.000		
Portugal	YES					
Romania	YES					
Slovenia	NO					
Slovakia	NO				5.592	
Spain	YES				66.499	140,000
Sweden	NO				74.369	
United Kingdom	YES			83.380****		£30,000

\*total issued including inactive (source ministry)

\*\*only drivers and vehicles are licensed, see table

\*\*\*only number of vehicles and business permits (see below table)

\*\*\*\* England and Scotland

In these Member States, where the licence is tradable, the average value is around EUR 100,000.

In the Member States with no quantitative restrictions, the number of licences has either increased (as in Poland, where the number of licences has increased every year from the 2011 liberalization), or has remained steady (as in Ireland, where a moratorium was imposed by the national competent authority, or in Hungary and the Netherlands where new qualitative requirements have imposed additional burdens on the operators).

In Sweden, indirect barriers (i.e. a particularly high level of financial standing) may contribute to keep the supply at certain level without too much change. According to the information obtained, the number of licences increased in the aftermath of the liberalization but over the years has remained constant.

### III.4.2 Hire cars with driver

Hire cars with driver are a separate sector in certain Member States, while others do not have the two-tier system but only allow the taxi service.

As indicated in Section II.5.1, only Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, Malta, Poland, Portugal, Spain and the United Kingdom make a distinction between the two activities. Therefore, data are available, with certain limitations concerning the quality and the quantity, only for the abovementioned Member States.

With regard to quantitative variations, the data collection shows interesting results. We report only the member States where the hire cars with driver are a separate sector.

**Table 2– Number of hire car with driver authorizations**

	2011	2012	2013	2014	2015	2016
Austria	3.645	3.631	3.654	3.591	3.609	
Belgium (federal)			1506	1603	1796	
Denmark						
France	120				10.351	
Germany*		35955				
Greece**						
Hungary***						
Ireland					3664	
Italy					25.200	
Luxembourg	Not provided					
Malta	833					
Poland****			80*****	1900	1900	
Portugal	Not provided					
Romania						
Spain						4132*****
United Kingdom						

\*only the number of hire car with driver vehicles is available, see table below

\*\* only as ancillary to another activity

\*\*\* only as ancillary to another activity

\*\*\*\* only the variations

\*\*\*\*\*licences for cars+copies of licence

\*\*\*\*\*951 licences were newly issued in 2015 after courts' decisions.

N.B. in UK licences are allocated to drivers, operators and vehicles and reported in Table 5

In Austria, there is no quantitative restriction to the number of hire car with driver permits; this has had slight variations around the 3600 units, whereas a steady increase of permits has been recorded in Belgium. The most relevant increase is recorded in France, where there were only 120 licences operated in 2011 (two years after the 2009 reform) and more than 10,000 in 2015 – an increase that was fueled by the growth of intermediary platforms.

We have defined intermediaries as those companies (dispatch centres, web applications, software companies) matching the offer and the demand in different sectors. While until recent years this sector was dominated by dispatch centres, the arrival on the market of web apps and software companies has accelerated the development of the sector. As explained in Section II, the legislative approach towards intermediaries varies a lot, and few data have been collected at national level.

### III.5 Costs of licences/authorisations

**Table 3 – Administrative costs**

Member State	Taxis	Hire cars with driver
Austria	EUR 300 (for professional certificate) EUR 200-1000 (cash register)	EUR 300 (professional certificate)
Belgium (federal)	<u>Brussels-Capital Region</u> EUR 19 (admission to the exam) EUR 38 (participation to training) EUR 20 (behavioural test) EUR 5 (delivering of certificate of capacity) EUR 30 (duplicate of the certificate) EUR (duplicate of ID driver card) EUR 35,7 (Identification plate) EUR 75,50 (authorization request) EUR 250 (request for autorisation transfer) Approx EUR 40.000 (Value of transfer of licence).	<u>Brussels-Capital Region</u> Same costs than for taxi licences plus the costs of the vehicle which must be between EUR 26.500 and EUR 40.500 (for ceremony vehicles the price is higher)
Bulgaria	EUR 7.5 (driver exam) BGN 4(EUR 2) issuance of the taxi permit BGN 4 (EUR 2) verification and validation of taximeter BGN 100 (EUR 50) registration certificate + BGN 10 (EUR 5) for the inclusion of the vehicle in the	Same that taxi (no separate legislation)

	<p>registration certificate</p> <p>BGN 100 (EUR 50) for the extension of the certificate</p> <p>Sofia</p> <p>Additional BGN 150 (EUR 75) a year for the permit and hologram</p>	
Croatia	HRK 700 for taxi exam	Not provided
Cyprus	Not provided	
Czech Republic	<p>CZK 500 (EUR 18.50) application for taxi permit</p> <p>CZK 1,000 (EUR 37) certificate of professional competence</p>	Not applicable
Denmark	Not provided	Not provided
Estonia	Not provided	Not provided
Finland	<p>EUR 350 (taxi licence)</p> <p>EUR 265 (modification of taxi licence, such as base station)</p> <p>EUR 100 (minor modification)</p> <p>EUE 33 (annual supervision and enforcement fee)</p>	Not applicable
France	<p>EUR 200,000 approx. (Transfer value of the licence)</p> <p>EUR 1,700 approx. a month (location gérance)</p> <p><i>Paris</i></p> <p>EUR 0.46/day (parking fee)</p>	<p><i>For the operator</i></p> <p>EUR 1,500 in equity</p> <p>Car registration documents which must have certain technical specification.</p> <p>EUR 1,200 approx. a month for leasing of the vehicle</p> <p><i>Paris</i></p> <p>EUR 0.30/day (parking fee)</p>
Germany	EUR 340 Car tax	Not provided
Greece	<p>EUR 50 (special driving licence)</p> <p>EUR 1,000 (registration certificate)</p> <p>EUR 80,000 approx (transfer value)</p>	<p>EUR 100 fee</p> <p>EUR 1,000 (registration certificate)</p>
Hungary	<p>HUF 5591 (EUR 18) issuing the licence</p> <p>HUF 3400 (EUR 11) sub-licence</p> <p>HUF 16,200 (EUR 52) dispatch centre licence.</p> <p>HUF 50,000 (ca EUR 309) per passenger seat in a separate bank account</p> <p>In Budapest</p> <p>HUF 50,800 (ca EUR 165) for the territorial extension of the licence</p> <p>HUF 65.000+VAT (ca EUR 270) for taxi stand.</p>	<i>Only ancillary to other transport activities</i>



Ireland	<p>EUR 170 (WAT taxi licence)                  EUR 150 (taxi renewal)                  EUR 75 (WAT renewal)                  EUR 500 (renewal after expiration)                  EUR 100 (dispatch operator licence)                  EUR 125 (transfer of licence <i>mortis causa</i>)</p>	<p>EUR 125 Wheelchair accessible hackneys                  EUR 1,000 (limousine licence)                  EUR 50 (new LAH licence)                  EUR 150 (renewal standard hackneys and limousine)                  EUR 75 (WAV and LAH)                  EUR 500 (renewal after expiration)                  EUR 150 renewal after 10 days from the expiration.</p>
Italy ( <i>data only available at municipal level</i> )	<p><i>Milan</i>                  EUR 50 (fee for licence issue)                  EUR 16 (stamp)                  EUR 150,000 (transfer value)</p>	
Latvia	Not provided	Not applicable
Lithuania	Not provided	Not provided
Luxembourg	max EUR 2.478,93 (annual tax).	Not provided
Malta	<p>EUR 100 (Application fee)                  EUR 55 (customer care training)                  EUR 20,000 (to be paid if the bid for the public tender is successful)                  EUR 75,000 transfer value</p>	<p>EUR 20 (application fee)                  EUR 55 (customer care training)                  Annual fee depending from the municipality                  Fee for the architects validating and certifying the garage plan.</p>
The Netherlands	<p>EUR 110 (taxi driver licence)                  EUR 1400 (taxi business permit)                  EUR 260 a month (TTO affiliation)</p>	Not applicable
Poland	<p>Licences for taxi on area of administrative district:                  from 2 to 15 years - 200 PLN (ca EUR 46)                  from 15 to 30 years - 250 PLN (ca EUR 58)</p> <p>Licences for taxi on area of neighboring administrative district:                  from 2 to 15 years- 280 PLN (ca EUR 65)                  from 15 to 30 - 300 PLN (ca EUR 70)                  from 30 to 50- 350 PLN (ca EUR 83)</p> <p>Licences for taxi on area of Warsaw:                  from 2 to 15 years - 320 PLN (ca EUR 75)                  from 15 to 30 - 380 PLN (ca EUR 88)                  from 30 to 50- 450 PLN (ca EUR 105).</p>	<p>Licences for car issued for:                  from 2 to 15 years - 700 PLN (ca EUR 164)                  from 15 to 30 years - 800 PLN (ca EUR 187)                  from 30 to 50 years - 900 PLN (ca EUR 210)</p> <p>Licences for motor vehicle structurally designed to carry more than 7 and no more than 9 persons including the driver:                  from 2 to 15 years - 800 PLN (ca EUR 187)                  from 15 to 30 years - 900 PLN (ca EUR 210)                  from 30 to 50 years - 1000 PLN (ca EUR 234).</p>

Portugal	<p>EUR 90 (operators' licence)</p> <p>EUR 30 (drivers certificate)</p> <p>EUR 20 (vehicle licence)</p> <p>EUR 15 (admission fee to the municipal tender procedure)</p> <p>EUR 371 (municipal operating licence)</p> <p>EUR 1,000 (equity per vehicle)</p> <p>EUR 800 (35 hours basic training ANTRAL)</p>	Not provided
Romania	Not provided	Not provided
Slovenia	Not provided	Not provided
Slovakia	<p>EUR 30 (issuance of concession)</p> <p>EUR 10 (certificate of professional competence)</p> <p>EUR 100 (professional qualification exam fee)</p> <p>EUR 50 (taxi driver exam fee)</p> <p>EUR 50 (issuance of taxi driver licence)</p> <p>EUR 1,000 (equity per vehicle)</p>	Same as taxis
Spain	Average Transfer value EUR 100,000	Average transfer value EUR 30.000
Sweden	<p>SEK 800 (ca EUR 83) (driving test)</p> <p>SEK 150 (ca EUR 15) (issuing of the taxi licence)</p> <p>Ca EUR 500-800 (Cost for education in order to pass a taxi license test).</p> <p>Ca EUR 585 (Cost for the application to the Swedish Transport Agency to get the license)</p> <p>SEK 100,000 (ca EUR 10,700) as financial standing</p>	Not applicable
United Kingdom	<p>£ 80 (initial application)</p> <p>£ 56.85 (DBS on line application)</p> <p>£ 58.85 (DBS paper application)</p> <p>£ 60-100 (medical examination).</p> <p>£ 200 (taxi driver licence written test)</p> <p>£ 400 (taxi driver licence practical test)</p> <p>£ 192 (issue of licence)</p> <p>£ 92.94-112.43 (DSA hackney Carriage test)</p> <p>£ 50 DSA (Wheelchair test only)</p>	<p>£298 Total License fees (money goes to Public Carriage Office)</p> <p>£30-£50 (Topographical Skills Assessment)</p> <p>£60- £100 (Medical examination)</p> <p>£127 (PHV vehicle license fees yearly) £50+£50 Two MOT checks (every half year).</p>

The data mentioned above only cover the administrative fee for the documents and the value of the licence's transfers. They do not include costs for setting up the taxis or hire car with driver company (notary or municipal deeds, registration costs); register as self-employed; perform the transfer (notary deed, taxes); cost of the transfer (mortgage, financing), which varies across the various Member States and also depends from the need to involve third parties.

The administrative costs do not seem to represent, with few exception (the Netherlands and Sweden), a significant barrier to entry. According to the respondents to the stakeholder consultation, the major burdens are: the requirements for financial standing, which in some cases are particularly high (Sweden); the purchase of the licence or of the authorization (for hire cars); the training costs; and the technical requirements for vehicles, especially for hired cars. For hire cars with driver, in some Member States, these costs are slightly higher than for taxis, due to the need to provide and higher financial standing and luxury vehicles. Spain imposes particularly stringent entry requirements for hire cars with driver (minimum fleet of 7 vehicles with certain characteristics), which may render difficult to switch from taxis to hire cars with driver.

Entry costs for intermediaries, especially for ridesharing operators, are not available. Since they have mainly developed as start-ups, they usually have collected initial funds from investors to develop their applications. Two intermediaries (active in two different segments) have confirmed, in responding to the stakeholder consultation, that the operational costs are low and the companies, which both operate in various Member States are managed with few people (in one case with two employees).

### III.6 Number of companies, vehicles and drivers

The taxi and hire car with driver activity may be carried out in different ways, by a legal entity (a company) exploiting one or more license with one or more vehicles and with a certain number of employees or by a self-employed person holding a license and a vehicle. In a few cases (such as Italy) the number of licenses is equivalent to the number of vehicles, as these may only be driven by the holder of the license; in other cases the information is more disperse.

**Table 4 - Taxis**

Member State	Nr of companies	Nr of vehicles	Nr of drivers
<b>Austria</b>		<b>10.984 (2014)</b>	<b>13.073 (2014)</b>
<b>Belgium (federal)</b>	<b>190 (2015)</b>	<b>4.091 (2015)</b>	<b>10.000 (2015)</b>
Bulgaria	N.A.	<b>136.086 (2015)</b> <i>Number included in the list of registered cars</i>	N.A.
Croatia	N.A.	N.A.	N.A.
Cyprus	N.A.	N.A.	N.A.
Czech Republic	N.A.	N.A.	N.A.
<b>Denmark</b>		<b>4383 (2016)</b> <b>4883 (2015)</b>	
<b>Estonia</b>		<b>4131 (2016)</b>	

Member State	Nr of companies	Nr of vehicles	Nr of drivers
<b>Finland</b>		<b>10.000 (2016)</b>	<b>9.500 (2016)</b>
<b>France</b>	<b>42.700 (2013)</b> <b>39.600 (2011)</b>		<b>15.100 (2013)</b> <b>13.400 (2011)</b>
<b>Germany</b>	<b>21.750 (2013)</b>	<b>53.554 (2013)</b>	
Greece			
<b>Hungary</b>	<b>900 (2015)</b>		<b>2000 (2015)</b>
<b>Ireland</b>		<b>17.429 (2015)</b> <b>17.788 (2014)</b>	<b>27.440 (2015)</b> <b>29.457 (2014)</b>
<b>Italy</b>	<b>28.500 (2015)</b>		
Latvia	N.A	N.A	N.A.
Lithuania	N.A	4,212 (2016)	N.A.
Luxembourg	N.A	N.A	N.A.
<b>Malta</b>	<b>266</b>	N.A	N.A.
<b>The Netherlands</b>	<b>621 (2015)</b> <b>754 (2014)</b>		<b>19.538 (2015)</b> <b>12.588 (2014)</b>
Poland	N.A	N.A	N.A.
<b>Portugal</b>	<b>10.068 (2015)</b>		
Romania	N.A	N.A	N.A.
Slovenia	N.A	N.A	N.A.
Slovakia	N.A	N.A	N.A.
Spain	N.A	N.A	N.A.
<b>Sweden</b>	<b>16.600 (2015)</b>	<b>22.742 (2015)</b>	<b>74.369(2015)</b>
<b>United Kingdom</b>		<b>86.561*(2015)</b>	<b>92.800**(2015)</b>

\*England and Scotland

\*\*including also dual taxi/PHV licences

It is worth highlighting the increase of the numbers of both companies and drivers in **France** (from 39,600 companies to 42,700; and from 13,400 drivers to 15,100) from 2011 to 2013. The INSEE has confirmed that, in the Ile de France, where the largest number of hire transport operators is located, the positive trend in the creation of transport companies must be referred to the reform adopted in 2014.<sup>115</sup>

In **the Netherlands**, the number of companies (business licences) has dropped, whereas the number of drivers (individual licences) has increased from 2014 to 2015. In **Ireland** both vehicles and drivers decreased in number, as a trend following the overcapacity consequent to the liberalization in 2000; Ireland remains second only to **Sweden** in the ratio between taxi drivers and populations (75 drivers per 10,000 inhabitants in Sweden, 59 in Ireland), whereas this ratio is quite low in Italy (4.7 drivers per 10,000 inhabitants), France (2.3) and Hungary (2.0).

In **Budapest**, the new stringent requirements on taxi vehicles adopted in 2015, have pushed various taxi operators outside the market. Both an independent study and the

<sup>115</sup> Annex III, p. 317.

Hungarian National Competition Authority (GVH) have confirmed that in 2015 there has been a reduction in the number of the operators. It is not clear if some operators have switched to hire car with driver sector, since in Hungary it is supposed to be ancillary to other primarily transport and touristic activities.

**Table 5 – Hire cars with driver**

Member State	Nr of companies	Nr of vehicles	Nr of drivers	Variations
Austria*				
Belgium (federal)			1506	1603
Denmark			11.500 (2011)	
France	10.315(2015) 120 (2011)		24.935 (2015)	
Germany				
Greece**	8401 (2012)	35.955 (2012)		
Hungary***	N.A			
Ireland		2146 (2015) 2322 (2014)		
Italy**				
Luxembourg	Not provided			
Malta	Not provided			
Poland****				
Portugal	Not provided			
Spain			30.000 (2016)	
United Kingdom*****	14.800***** (2015)	200.785 (2015)	235.800 (2015)	

\*only number of authorisations

\*\* only number of authorisations

\*\*\* only as ancillary to another activity

\*\*\*\* only number of authorisations

\*\*\*\*\*United Kingdom and Scotland

\*\*\*\*\*only England and Wales

In terms of hire cared drivers per inhabitants, it is worth noting that the **United Kingdom** has a very high ratio (36 drivers per 10,000 inhabitants) together with **Denmark** (20), whereas **Spain and France** have lower ratios (6.5 and 3.8 drivers per 10,000 inhabitants, respectively). In **France**, hire car with driver companies have an average of 2.4 drivers, whereas this ratio appears to be higher in the **United Kingdom** (even if the number of companies and drivers are not directly comparable as the number of companies only refers to England and Wales). In **Spain**, the number of drivers has

increased very remarkably in the last three years, from 5,000 to 30,000. It has to be noted that this increase overlap with the short liberalisation of hire car with driver sector in 2012, after the Supreme Court decision and before the new reform in 2015, which has reintroduced stringent requirements for hire cars with driver.<sup>116</sup>

Where taxi sector is subject to quantitative restrictions and high entry costs (in particular those related to the purchase of a licence) and the hire car with driver sector does not present the same barriers, many operators have switched to the second segment in order to avoid the entry costs, such as the case of **France** and the **United Kingdom**. In England, the consistent surge in the number of PHV drivers' licences in 2015 (while the number of taxi-only licences has progressively decreased of 1,03% since 2013) has been attributed to the opportunities offered by the hire transport intermediaries.<sup>117</sup> On the contrary, where the taxi market has been liberalised, such as **Ireland, Sweden** and **Poland**, the hire car with driver operators have switched to the taxi sector, since they could also take advantage of the hailing and rank market in addition to pre-booking. Therefore, these three Member States are dominated by taxi operators that can provide also hire car with drivers' service mainly for account customers and hotels.

### III.7 Fares

**Table 6 - Fares per Member State**

Member State	Fares																
Austria	<p>Depends from the state. Fixed in Vienna and Gratz, free in other areas. If an airport is between two states such as in case of Vienna "Schwechat", the Federal Ministry imposes the fares.</p> <p>Vienna's fixed fares (including rides from Vienna to the airport) can be described as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Basic rate EUR (VAT incl.)</th> <th>Waiting Fare EUR (VAT incl.)</th> <th>Surcharge EUR (VAT incl.)</th> </tr> </thead> <tbody> <tr> <td>Day 06:00 – 23:00</td> <td>3,80 (for getting into the car including 859,3m driveway) 0,20 for 140,7m up to 4km 0,20 for 184,6m 4 – 9 km 0,20 for 190,6m from 9km</td> <td>0,20 / 25,9 Seconds</td> <td>1,40</td> </tr> <tr> <td>Night 23:00 – 06:00</td> <td>4,30 for 1000m</td> <td rowspan="3">0,20 / 25,9 Seconds</td> <td rowspan="3">1,40</td> </tr> <tr> <td>Sundays</td> <td>0,20 for 123,2m up to 4km</td> </tr> <tr> <td>Holidays full day</td> <td>0,20 for 156,8m 4 – 9 km 0,20 for 169,5m from 9km</td> </tr> </tbody> </table>		Basic rate EUR (VAT incl.)	Waiting Fare EUR (VAT incl.)	Surcharge EUR (VAT incl.)	Day 06:00 – 23:00	3,80 (for getting into the car including 859,3m driveway) 0,20 for 140,7m up to 4km 0,20 for 184,6m 4 – 9 km 0,20 for 190,6m from 9km	0,20 / 25,9 Seconds	1,40	Night 23:00 – 06:00	4,30 for 1000m	0,20 / 25,9 Seconds	1,40	Sundays	0,20 for 123,2m up to 4km	Holidays full day	0,20 for 156,8m 4 – 9 km 0,20 for 169,5m from 9km
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Belgium (federal)	Brussels-Capital Region - Maximum																

<sup>116</sup> Annex III, p. 857 and following.

<sup>117</sup> See Annex III, p. 938. See also <https://www.theguardian.com/news/datablog/2015/aug/25/private-hire-vehicles-licensed-uber-london>.

	<p>Fare I- EUR1,80/km                  Fare II – EUR 2,70/km                  Pick-up – EUR 2,4                  Waiting time – EUR 30/h                  Extra-charge night travel – EUR 2</p> <p>Wallonia                  Pick-up – EUR 2,6                  Price per km – EUR 1,35                  Waiting time - EUR 32/h                  Extra charge night travel – EUR 2,5</p>																								
Bulgaria	<p>The legislation provides for maximum and minimum fares. City councils determine maximum and minimum fares. An example</p> <table border="1" data-bbox="397 831 1091 1133"> <thead> <tr> <th rowspan="2">City</th> <th colspan="2">Day fare per km (in BGN and EUR)</th> <th colspan="2">Night fare per km (in BGN and EUR)</th> </tr> <tr> <th>minimal</th> <th>maximal</th> <th>minimal</th> <th>maximal</th> </tr> </thead> <tbody> <tr> <td>Sofia</td> <td>n/a<sup>1</sup></td> <td>1.30 (EUR 0.66)</td> <td>n/a</td> <td>1.60 (EUR 0.82)</td> </tr> <tr> <td>Plovdiv</td> <td>0.65 (EUR 0.33)</td> <td>1.10 (EUR 0.56)</td> <td>0.75 (EUR 0.38)</td> <td>1.30 (EUR 0.66)</td> </tr> <tr> <td>Varna</td> <td>0.75 (EUR 0.38)</td> <td>2.00 (EUR 1.02)</td> <td>0.85 (EUR 0.43)</td> <td>3.00 (EUR 1.53)</td> </tr> </tbody> </table>	City	Day fare per km (in BGN and EUR)		Night fare per km (in BGN and EUR)		minimal	maximal	minimal	maximal	Sofia	n/a <sup>1</sup>	1.30 (EUR 0.66)	n/a	1.60 (EUR 0.82)	Plovdiv	0.65 (EUR 0.33)	1.10 (EUR 0.56)	0.75 (EUR 0.38)	1.30 (EUR 0.66)	Varna	0.75 (EUR 0.38)	2.00 (EUR 1.02)	0.85 (EUR 0.43)	3.00 (EUR 1.53)
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Croatia	<p>Determined by the local authority</p> <p>In Zagreb maximum tariff of taxi transport for:</p> <ul style="list-style-type: none"> <li>- start riding HRK 16,00;</li> <li>- driving per kilometer HRK 6,00;</li> <li>- waiting time per hour HRK 43,00;</li> <li>- transport of luggage per piece HRK 2,50</li> </ul> <p>Maximum fare may be increased up to 20 % in case of night driving or driving during Sundays and national holidays.</p>																								
Cyprus	<p>Only distance fares</p> <p>Day fare (06:00 – 20:30):                  Initial charge – EUR 3.42                  Fare per kilometer – EUR 0.73                  Waiting time per hour – EUR 13.66</p> <p>Night fare (20:30 – 06:00):                  Initial charge – EUR 4.36                  Fare per kilometer – EUR 0.85                  Waiting time per hour – EUR 15.71</p> <p>The charges increase during public holidays by EUR 1.96, if the passenger have luggage by EUR 1.20. If the taxi is carrying 5 people then there is a 20% increase and if it is carrying 6 people then the fares increase by 40%.</p>																								
Czech Republic	<p>No regulation at national level. The Price Act provides for the intervention of the national authority on prices only in case of market disruption. Local authorities regulate themselves differently. In Prague, maximum fares have been adopted.</p>																								

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Denmark	<p>Set by local authorities. In the Copenhagen Greater Area</p> <p>T1</p> <ul style="list-style-type: none"> <li>- initial fee DKK 24 for pickups on the street, and DKK 37 for taxis ordered through the dispatch centre.</li> <li>- DKK 15,25 per km</li> <li>- Waiting time DKK 7 per minute.</li> </ul> <p>T2 applies on Fridays from 11:00 pm to Saturday morning at 07:00 am and then again on Saturdays from 11:00 pm to Sunday morning at 07:00 am. It also applies the whole day on any bank holiday.</p> <ul style="list-style-type: none"> <li>- initial fee of DKK 40 for pickups on the street, and DKK 50 for taxis ordered through the dispatch centre.</li> <li>- DKK 19,15 per km</li> <li>- Waiting time - DKK 7 per minute.</li> </ul>																
Estonia	<p>In general free and decided by the carrier. In Tallinn maximum fares are adopted</p> <p>Tallinn maximum tariffs are EUR 5,50 for the journey commencement fee, EUR 1,10 per kilometer fee and EUR 24,20 per hour for the time-based fee.</p>																
Finland	<p>The maximum fares set in the Government Decree for 2015-2016 are:</p> <p style="text-align: center;">Basic fare</p> <table border="1"> <thead> <tr> <th>Time</th> <th>Fare EUR</th> </tr> </thead> <tbody> <tr> <td>Monday to Friday 6:00-20:00</td> <td>5,36</td> </tr> <tr> <td>Saturday 6:00-16:00</td> <td>5,36</td> </tr> <tr> <td>Other times</td> <td>8,18</td> </tr> </tbody> </table> <p style="text-align: center;">Distance-based fare</p> <table border="1"> <thead> <tr> <th>Tariff (number of passengers)</th> <th>Fare (EUR/km)</th> </tr> </thead> <tbody> <tr> <td>Tariff I (1-2 passengers)</td> <td>1,41</td> </tr> <tr> <td>Tariff II (3-4 passengers)</td> <td>1,70</td> </tr> <tr> <td>Tariff III (5-6 passengers)</td> <td>1,84</td> </tr> </tbody> </table>	Time	Fare EUR	Monday to Friday 6:00-20:00	5,36	Saturday 6:00-16:00	5,36	Other times	8,18	Tariff (number of passengers)	Fare (EUR/km)	Tariff I (1-2 passengers)	1,41	Tariff II (3-4 passengers)	1,70	Tariff III (5-6 passengers)	1,84
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Tariff III (5-6 passengers)	1,84																
France	<p>Article 4 of the Decree 2015/1252 provides the competence of the Ministry of the Economy in fixing maximum and minimum fares and surcharges applicable.</p> <p>There are four types of fares in France:</p> <ul style="list-style-type: none"> <li>▪ Tariffs A: day tariff with trip back to the station with passenger from 7 to 19;</li> <li>▪ Tariffs B – Night tariff with trip back to the station with passenger from 19 to 7;</li> <li>▪ Tariff C – Day tariff with empty trip back to the station from 7 to 19;</li> <li>▪ Tariffs D – Night tariff with empty trip back to the station from 19 to 7.</li> </ul> <p>The prices of taxi fares include three components: charging the client, mileage allowance, waiting time or slow down journey. Prices may be rounded to the nearest euro cent. The acceptance of the client (<i>prise en charge</i>) corresponds to the first 250 meters. Every x meters, 10 cents are added. This component of the fare is called "chute".</p> <p>In Paris for 2016, rates are capped at:</p>																



	<ul style="list-style-type: none"> <li>- EUR 7 minimum price;</li> <li>- EUR, 3.83 for client acceptance;</li> <li>- EUR 1.05/KM (or EUR 1.06 for Parisian taxis)</li> <li>- Waiting hour EUR 35.26 (or EUR 35.43 for Parisian taxis).</li> <li>- Booking: EUR 4 immediate booking, EUR 7 advance booking</li> </ul> <p>Some surcharges/km price are possible, in case of: night shift (within the limit of 50%); shift that requires an empty return (up to 100%); shifts performed on snowy or icy roads (up to 50%), provided that special equipment or "winter tires" are used; shifts at peak hours.</p> <p>For the journey between Paris and the airports, a fixed flat fare will be introduced in the two directions from 1st March 2016. Between Paris right bank and Charles de Gaulle, the tariff is fixed at EUR 50, between Paris left bank and Charles de Gaulle, the maximum tariff is EUR 55. Between Paris Orly and Paris right bank, the maximum tariff is EUR 30, between Paris Orly and the Paris left bank, the maximum tariff is set at EUR 30.</p>
Germany	<p>Decided by the local authority</p> <p>The Taxi Fare Ordinance Berlin (Berliner Taxitarifordnung)</p> <p>Basic price - EUR 5 (less than five kilometers).</p> <p>For each of the first seven kilometers, there is a fare of EUR 2,00/km and for each further kilometer, there is a fare of EUR 1,50.</p> <ul style="list-style-type: none"> <li>- Waiting time for: EUR 0,50 per minute.</li> <li>- paying by credit card of EUR 1,50;</li> <li>- for starting a ride at Airport Berlin Tegel of EUR 0,50,</li> <li>- for the use of a large-size taxi of EUR 5 and for bulky luggage which cannot be transported in the trunk of EUR 1per item.</li> <li>- The overall amount of surcharges is limited to EUR 13,00 EUR.</li> </ul>
Greece	<p>Ministerial Decision 54501/5518 of 28th January 2014.</p> <p>Pick up EUR 1,05 (VAT excl.);</p> <ul style="list-style-type: none"> <li>- Different types of fare determined per kilometer of route:</li> </ul> <p>Tariff 1: day fare when route is within the administrative boundaries of taxi's registered seat; and</p> <p>Tariff 2: night fare when route is within the administrative boundaries of taxi's registered seat or day fare when route is outside the administrative boundaries.</p> <p>Minimum fare per route determined at:</p> <p>EUR 2,80 (VAT excl.) for the regions of Athens and Thessaloniki; and</p> <p>EUR 3,00 (VAT excl.) for all other regions of the country.</p> <ul style="list-style-type: none"> <li>- Special fares determined at</li> </ul> <p>Waiting time: EUR 9,60 (VAT excl.)/h;</p> <p>Luggage more than 10 kg: EUR 0,35 euro (VAT excl.); and</p> <p>different charges apply with respect to hire from the airport, the port and the railway station.</p> <p>Special additional increments may be freely negotiated between the taxi driver and passenger, which fluctuate between zero (0) to five (5) euro in the case of pre-hire.</p>
Hungary	<p>No provisions at national level, only the use of taximeter. Fixed fares in Budapest</p> <p>Budapest. There are three types of fares: base fee, distanced-based fee (HUF/km) and time-based fee (HUF/min).</p> <ul style="list-style-type: none"> <li>- The base fee is fixed HUF 450 (EUR 1,5)/km;</li> <li>- Distance-based fee of HUF 280/km (EUR 0,90); and</li> <li>- Below 15 km/h a time-based fee of HUF 70/min.</li> </ul> <p>If the destination is outside the area of Budapest, taxi companies/drivers may apply different prices on the way back (until they reach the area of Budapest).</p>
Ireland	<p>Single Maximum Fare Area</p> <p>Standard rate (applies between 8.00h and 20.00h Monday to Saturday, except public holidays)</p> <ul style="list-style-type: none"> <li>- Initial Charge (up to 0.5 km or 85 seconds): EUR 3.60;</li> <li>- Tariff A (next 14.5 km or 41 minutes): EUR 1.10 per km or EUR 0.39 per minute up to a total EUR 19.60;</li> </ul>

	<ul style="list-style-type: none"> <li>- Tariff B (thereafter): EUR 1.45 per km or EUR 0.51 per minute</li> </ul> <p>Premium rate (applies between 20.00h and 8.00h Monday to Saturday, all day on Sunday and public holidays)</p> <ul style="list-style-type: none"> <li>- Initial Charge (up to 0.5 km or 85 seconds): EUR 4.00;</li> <li>- Tariff A (next 14.5 km or 41 minutes): EUR 1.40 per km or EUR 0.49 per minute up to total EUR 24.40;</li> <li>- Tariff B (thereafter): EUR 1.75 per km or EUR 0.62 per minute.</li> </ul> <p>Special Premium Rate (Applies between Christmas Eve 20:00h and St Stephen's Day 08:00h and between New Year's Eve 20:00h and New Year's Day 08:00h)</p> <ul style="list-style-type: none"> <li>- Initial Charge (up to 0.5 km or 85 seconds): EUR 4.00;</li> <li>- Tariff (all distances): EUR 1.75 per km or EUR 0.62 per minute</li> </ul> <p>Surcharge</p> <ul style="list-style-type: none"> <li>- Booking: EUR 2;</li> <li>- Extra passengers – taxi drivers may charge a fee EUR1 for each adult passenger after the first. In relation to additional child passengers, one child under 12 years of age is carried at no extra charge; the fee for two or three children under 12 is EUR 1; for four or five children EUR 2; and for six or seven children EUR 3;</li> <li>- Road tolls – may be charged as incurred for toll schemes adopted by a road authority;</li> <li>- Soiling – a fee may be charged where a passenger either soils the vehicle or damages it so much that the driver has to take it out of service or has to pay to have it cleaned or repaired. The maximum such fee is EUR 140.</li> </ul>																																																						
Italy	<p>Set at local level. Progressive fares in the main cities (2014).</p> <table border="1" data-bbox="395 943 1098 1666"> <thead> <tr> <th>City</th> <th>Range of tariff</th> <th>Km tariff (EUR/km)</th> <th>Hourly tariff (EUR/h)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Roma (a)</td> <td>Up to EUR 11,00</td> <td>1,10</td> <td>27,00</td> </tr> <tr> <td>EUR 11,00 – 24,00</td> <td>1,30</td> <td>27,00</td> </tr> <tr> <td>Above EUR 24,00</td> <td>1,60</td> <td>27,00</td> </tr> <tr> <td rowspan="3">Milano</td> <td>Up to EUR 14,26</td> <td>1,09</td> <td>28,32</td> </tr> <tr> <td>Above EUR 14,26</td> <td>1,64</td> <td>42,48</td> </tr> <tr> <td>Speed &gt; EUR 50 km/h</td> <td>1,85</td> <td>-</td> </tr> <tr> <td rowspan="3">Torino</td> <td>Up to 8 EUR</td> <td>1,44</td> <td>32,70</td> </tr> <tr> <td>EUR 8,00 – 13,00</td> <td>1,05</td> <td>25,70</td> </tr> <tr> <td>Above EUR 13,00</td> <td>1,27</td> <td>25,70</td> </tr> <tr> <td rowspan="3">Bologna</td> <td>Up to EUR 2/km</td> <td>1,15</td> <td>24,00</td> </tr> <tr> <td>Between EUR 2 e 4/ km</td> <td>1,13</td> <td>24,00</td> </tr> <tr> <td>Above EUR 4/km</td> <td>1,05</td> <td>24,00</td> </tr> <tr> <td rowspan="3">Firenze</td> <td>Up to EUR 6,40</td> <td>0,91</td> <td>24,00</td> </tr> <tr> <td>EUR 6,40 – 7,40</td> <td>0,91</td> <td>30,00</td> </tr> <tr> <td>Above EUR 7,40</td> <td>1,64</td> <td>30,00</td> </tr> </tbody> </table>	City	Range of tariff	Km tariff (EUR/km)	Hourly tariff (EUR/h)	Roma (a)	Up to EUR 11,00	1,10	27,00	EUR 11,00 – 24,00	1,30	27,00	Above EUR 24,00	1,60	27,00	Milano	Up to EUR 14,26	1,09	28,32	Above EUR 14,26	1,64	42,48	Speed > EUR 50 km/h	1,85	-	Torino	Up to 8 EUR	1,44	32,70	EUR 8,00 – 13,00	1,05	25,70	Above EUR 13,00	1,27	25,70	Bologna	Up to EUR 2/km	1,15	24,00	Between EUR 2 e 4/ km	1,13	24,00	Above EUR 4/km	1,05	24,00	Firenze	Up to EUR 6,40	0,91	24,00	EUR 6,40 – 7,40	0,91	30,00	Above EUR 7,40	1,64	30,00
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Latvia	According to Section 39(5) of the Law on Carriage by Road, local governments that issue licences for passenger carriage by taxis, determine the maximum fare (tariffs) for such carriage																																																						
Lithuania	Free. General rule entailed in the Road Transport Code is that tariffs for taxi services have to be established by the taxi companies, communicated to the relevant municipality authorities and published in the prescribed order.																																																						
Luxembourg	Free. Maximum fares were imposed in 2004 but they were disapplied by the provisions of Price Act.																																																						
Malta	First Schedule of the Taxi Services Regulation, states the following maximum fares chargeable when the fixed-fares are not applicable: (i) Initial fare EUR 3.50; (ii) for the first eight kilometers 1.40 EUR/km; (iii) over eight kilometers 1.00																																																						

	<p>EUR/km.</p> <p>Moreover, on the 25th December and on the 1st January of each year there must be a flat additional this charge of EUR 4.50 for every trip.</p> <p>Lastly, waiting charge per hour or part thereof while the taxi speed is less than 20km/h if this charge shall not trigger off unless the speed of the taxi is less than 20km/h for at least three continuous minutes (EUR 4,20).</p> <p>For many trips, there is a list of fixed fares.</p> <p>Table 2 of the First Schedule of the Taxi Services Regulation, establishes a maximum tariff of taxi fares applicable when the taximeter is used applicable when taxis are hired from Taxi Booths that are authorised in certain location from where taxi hiring is popular.</p>																																																						
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4           More than 4	Fare 3 (free return)									
	-Daily									
	- Nightly	1800	3,25	0,94	14,80	106,38	0,10	24,0	0,10	
	Fare 5 (busy return)	1800	3,90	1,13	14,80	88,50	0,10	24,0	0,10	
	-Daily									
	- Nightly									
	Fare 3 (free return)	3600	3,25	0,47	14,80	212,77	0,10	24,0	0,10	
	-Daily	3600	3,90	0,56	14,80	178,57	0,10	24,0	0,10	
	- Nightly									
	Fare 5 (busy return)	1400	3,25	1,21	14,80	82,65	0,10	24,0	0,10	
	-Daily	1400	3,90	1,45	14,80	68,97	0,10	24,0	0,10	
	- Nightly									
		2800	3,25	0,61	14,80	166,70	0,10	24,0	0,10	
		2800	3,90	0,73	14,80	138,90	0,10	24,0	0,10	
Time Fares										
Type of vehicle				1 <sup>st</sup> hour (in euros)	½ hour (in EUR)					
4 passengers				8,35	4,18					
More than 4 passengers				9,80	4,90					
The convention regulates also the additional charges for other services provided by the driver. Such charges are stated in the following table:										
Type				Value (in EUR )						
- Luggage				1,60						
- Pets				1,60						
- Call				0,80						
Romania	At national level, two model calculation are provided <ul style="list-style-type: none"> <li>- the calculation type "S" which is a simple application of the tariff price based on tariff zone (lei / hour), running under the switching speed, and distance tariff (lei / km), running with a higher speed than the switching speed;</li> <li>- the calculation type "D" which applies a double tariff and price calculation based on simultaneous application of time tariff and distance tariff throughout the trip.</li> </ul> Most of taxi companies in Bucharest have the same fares: the starting price of 1.39 lei, plus a tariff per kilometre - still 1.39 lei - or a parking fee of 23 coins per minute that is 13.9 lei per hour.									

Slovenia	<p>Maximum fares</p> <p>Maximum fares are foreseen by local (Municipal) Regulations. The starting rate is usually EUR 0.80- 1.50 with a per kilometre rate of EUR 0.70-1.70, depending on the company, time of day and the number of passengers. The waiting time will usually set at EUR 15-20 per hour.</p> <p>In Ljubljana, the maximum rate per kilometre is EUR 1.50, the maximum starting rate EUR 2.00 and the maximum waiting hour EUR 20.00.</p>
Slovakia	Free
Spain	<p>Regional and/or local authorities approve fares after a proposal made by local authorities and a consultation with the professional associations of the sector.</p> <p>Tariffs are divided into different categories. The basic tariffs in Madrid are the following two:</p> <ul style="list-style-type: none"> <li>- Tariff 1 (Monday to Friday, from 7am to 9pm): start EUR 2,4 + 1,05 per km (price per hour = EUR 20,5)</li> <li>- Tariff 2 (All days from 9pm to 7 am and Saturdays, Sundays and holidays from 7am to 9pm): start EUR 2,90 (price per hour = EUR 23,5).</li> </ul> <p>There are also special tariffs in Madrid for transportation to the airport (within certain geographical areas) (i.e., a fixed tariff of EUR 30) and for inter-urban transportation services. In Madrid since January, 2014, there is a flat taxi fare to and from the airport which is EUR 30. This applies going from the airport to the M-30 loop or from the M-30 loop to the airport. No add-ons are permitted for the taxi, such as an extra charge for luggage</p>
Sweden	Free
United Kingdom	Decided at local level

Fares of hire car with driver operators have been mainly assessed at local level, in the context of the country reports and of the in-depth case studies. In general, hire cars with driver provide competitive fares especially on the longest rides such as to/from airports.

As clarified by the CMA in its evaluation of a UK taxi merger,<sup>118</sup> price is an important determinant of customers' choice between private hire operators.

While according to the CMA, there are various constraints on the hire car with driver service on the "as soon as possible" basis, there are weaker constraints for journeys that are booked a long time in advance. The constraints may also vary depending on a journey's pick-up location (e.g. customers located outside the city centre may not be able to hail a hackney) or by customer segment (e.g. business customers and tender customers may not be able to use taxis because they require in-advance booking or have other requirements).

As clarified by the respondents to the stakeholder consultation, in the pre-booked segment, there is strong competition between hire transport intermediaries and dispatch centres/taxi apps. In this context, also short-distance ridesharing intermediaries are trying to access the segment, focusing on lower price and providing coverage in the areas with low taxi offer (in particularly suburbs with high taxi pre-booking price).

According to the results of the Study, our findings are that, at least in the largest cities where both the services are allowed, the basic offer of hire car with driver is becoming a valuable alternative to taxis. Even if these services have to be pre-booked, the use of

<sup>118</sup>Competition & market Authority, ME/6548-15, Completed acquisition by Sheffield City Taxis Limited of certain assets and business of Mercury Taxis (Sheffield) Limited, 29 October 2015.

technologies has reduced waiting times to few minutes making them attractive. In order to be able to better respond to the demand and to attract drivers incentivizing them to work during times when there is shortage of taxi supply, some intermediaries use the "surge price system": when a high number of requests is made within short time within the same area, the price is increased by a multiple for that area.<sup>119</sup>

In the context of the consumers' panel, even if related to a small sample of cities, in terms of prices, the results were in favour of the hire car with driver service which provide lower fares compared to taxis. The users who have switched to hire car with drivers have confirmed that they would be interested in using taxis if the quality and price of the service were aligned to those of hire cars with driver (Section V.2 figures 7 and 11).

### III.8 Taxi drivers' gross average turnover

Table 7

Member State	EUR	Purchasing Power Parity
<b>Austria</b>	<b>16.380 (minimum wage)</b>	<b>15.083</b>
<b>Belgium (federal)</b>	<b>22.569 (minimum wage)</b>	<b>20.448</b>
Bulgaria	N.A.	
Croatia	N.A.	
Cyprus	N.A.	
Czech Republic	N.A.	
<b>Denmark</b>	<b>160.000</b>	<b>117.727</b>
Estonia	N.A.	
<b>Finland</b>	<b>53.000 (120.000 Helsinki)</b>	<b>42.701 (96.680 Helsinki)</b>
<b>France</b>	<b>70.451</b>	<b>64.021</b>
Germany	<b>66.000</b>	<b>63.285</b>
Greece	N.A.	
<b>Hungary</b>	<b>22.800 -26.400</b>	<b>39.630 - 45.887</b>
Ireland	N.A.	
<b>Italy</b>	<b>35.000</b>	<b>34.789</b>
Latvia	N.A.	
Lithuania	N.A.	
Luxembourg	N.A.	
Malta	N.A.	
<b>The Netherlands</b>	<b>49.164</b>	<b>44.920</b>
Poland	N.A.	
Portugal	N.A.	
Romania	N.A.	

<sup>119</sup> The degree of the multiple is usually determined by the ratio between the number of demands for a ride and the supply of drivers at the moment when the surge goes into effect. The pricing is continuously fluctuating and so the rates at any one time and place may change.

Slovenia	N.A.	
<b>Slovakia</b>	<b>35.000</b>	<b>52.905</b>
<b>Spain</b>	<b>25.000</b>	<b>27.926</b>
<b>Sweden</b>	<b>83.000 (150.000 in Stockholm)</b>	<b>67.155 (121.364 in Stockholm)</b>
<b>United Kingdom</b>	<b>25.000</b>	<b>23.941</b>

The table shows the average turnover per employee (or, where indicated, the minimum wage – which is however not comparable with the average turnover, since the turnover still includes taxes, mark-ups etc.) in the sector in Euro. The second column shows the amount in Purchasing Power Parity (PPP) in order to facilitate a comparison. The highest turnover per employee (country-wise) is in **Denmark** with more than EUR 117,000 whereas the lowest one is in the **United Kingdom** with less than EUR 24,000, whereas an average figure for the interested countries can be estimated at some EUR 53,000.

It is to be underlined that these, figures collected via the national market data collection, show some inconsistencies when compared to the Eurostat figures regarding the turnover per employed person.

Little information has been provided by the respondent to the consultation concerning the national aggregated turnover for the hire transport sector. The **Swedish** authorities have confirmed that taxi companies generates 5 billion SEK (approx. EUR 545 million) per year in payroll taxes and VAT.

With regard to hire car drivers few data are available concerning the turnover. Some respondents to the stakeholder consultation have indicated a turnover close to that of the taxi drivers, while other have indicated a slightly lower turnover (which was justified by the fact that various drivers work-part-time). Results of the desk researches have indicated, for **Paris**, a monthly gross turnover between EUR 2,500 and EUR 6,000 for the employees of the luxury hire car with driver companies.

With regard to genuine ridesharing, the driver should only recover the costs of the journey.

A respondent to the stakeholder consultation has informed that it recommends a price per kilometre and per passenger for every journey. This is a small contribution towards the drivers' fuel and variable costs (and tolls if there are any). *"The suggested price may vary from one country to another (to take account of the fact that fuel and variable costs may vary from one country to another). The suggested price may also be adjusted according to the driver's preference by decreasing or increasing it (within a limit of 50%)"*. A monitoring team monitors the use of the platform to make sure members comply with the no-profit requirement.

The booking fee of the ridesharing platforms are in general between 10-20% of the contributions, but one respondent has clarified that it does not keep any booking fee and the platform is remunerated through advertising and fees upon the "premium users". Another intermediary is only asking a voluntary contribution. However, various stakeholders have indicated that there is the need to introduce a fixed booking fee or premium services in order to be profitable.

### **III.9 Incentives to hire transport sector**

As it has resulted from the desk research and from the stakeholder consultation, the public incentives to hire transport, in particular to perform paratransit services (as described in Section. II.4.11), or integrated mobility services, such as collective and on demand urban transport are developing in the EU. It has resulted that in France and Sweden, outside the urban areas, this is the main activity for taxi operators. In Austria, also within the largest cities the special services provided by taxis are taken in charge by the regions. However, no quantitative data were provided, therefore we cannot provide an estimate of the total value of this activity for the taxi sector.

### **III.10 Market dynamics analysis**

The objective of this section of the market analysis is to identify significant facts related to dynamics in the taxi operations<sup>120</sup> according to statistical figures collected from different sources, framed in the context provided by the findings on market relevant elements identified within the country reports presented further.

The adopted methodology is based on publicly available data from European sources (NACE\_R1 Other passenger land transport, NUTS 1, NACE\_R2 Taxi operations, NUTS 1), whose figures are complemented with country report studies outcomes presented in the previous section. In particular, national figures and data reported by interviewed stakeholders describing the specific dynamics of the national market have been taken into account.

The core of the market analysis is represented by the two market indicators, considering two main relevant characteristics:

- the level of "industrialization" of the taxi sector, which can be assessed through the size of companies, relevance of big players and dispatching services/platforms; and
- the regulatory attitude towards hire cars with driver and innovative transport providers, where different approaches can be identified according to the objectives of the specific regulation, and by allowance/ presence of innovative providers within different segments.

The analysis conducted through the elaboration of the indicators and their comparison with main market variables could not lead to the identification of consistent common trends across the 28 Member States. Therefore, specific trends at national level or for groups of countries with similar market characteristics have been identified and complemented with national sources and analysis.

This can be attributed on the one-side to the limited availability of data in terms of time series, territorial disaggregation and NACE available segmentation, and on the other side to the intrinsic characteristics of the investigated market such as the local size of single sub-markets, the spatial dimension and differences between metropolitan/urban and rural/low density areas, the relevance of touristic flows, etc.

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<sup>120</sup> As identified by the definition of Eurostat NACE H49.3.2.



Comparable data across EU 28 countries are so far available only until 2013. For these reasons, at the current stage the qualitative information gathered at national level represent an important contribution to the knowledge of the dynamics of the investigated phenomena in each national market.

On the other side, the regulatory framework of the analysed sector has been quite steady in most of the countries for more than a decade, before new technology enabled services entered the market. Reform processes have been implemented only in few countries so far, and mainly within the last two to three years, thus the effects are still under development and, most important, can't be interpreted by data available only up to 2013. Therefore, besides the detailed analysis at country level especially on the number of enterprises, turnover, employment and salaries, the study focused on the identification of possible benchmark countries.

Under these premises, results from the cross-country analysis have been considered mainly useful for the identification of possible benchmarks for future development, rather than to describe a complete pattern for the large panel of considered countries.

Although they do not represent the complete and complex framework of the EU 28 trends, four country cases have been selected, by market characteristics and regulatory structure, as significant in the definition of the main dynamics that can lead the development of the sector.

Germany represents an interesting benchmark based on high "industrialization" and a regulatory framework allowing innovative services, under specific requirements provided to create an even playing field with taxis, to operate in urban markets, but only in the pre-booked segment (regulatory environment). The investigated pattern has shown positive trends concerning the dynamics of turnover and employment, while the number of enterprises has risen in the last available year only. France, where self-employed workers represent the main share of total employed in the sector, experienced in 2014 a change of the regulatory framework allowing access of innovative services both to the pre-booked segment and to the hailing segment. Within the 2010-2013 period, France experienced significant growth in the number of enterprises, employment and especially turnover, being the most important market in EU. The United Kingdom, where employed workers represent the largest share, which consolidated the same regulatory framework much earlier than France, reported less positive and more volatile figures concerning turnover and number of enterprises. Sweden, with similar employment structure in the sector as the United Kingdom and Germany, has no specific regulations nor are quantitative restrictions to licenses applied. It experienced a decrease in the number of enterprises, while employment and especially turnover have been increasing in the considered period.

### **III.11 Methodological approach**

The **adopted methodology** can be described as follows:

- I. Publicly available data from European sources are investigated for the transport sector (NACE rev 2 H 49.3, Other passenger land transport, NUTS 1) as well as for the taxis sector (NACE\_R2 Taxi operations, NUTS 1); moreover available data on transport within the Urban Audit database have been preliminarily

investigated, but due to their limited coverage the abovementioned sources at national level have been preferred.

- II. Figures are integrated with country report studies outcomes. In particular, national figures and data reported by respondents to the stakeholder consultation and describing the specific dynamics of the national market have been taken into account in order to comment the publicly available data and integrate them. This data, as reported above, have been considered when bringing added value in terms of update of available information or more detailed market segmentation.
- III. Country report market studies provide relevant information on qualitative aspects related to the structure of the market. In particular, Member States can be classified according to two different main relevant characteristics:
  - a. **level of industrialization of the taxi sector**, assessed through the size of companies, relevance of big players and dispatching services/platforms, and
  - b. **regulatory environment**, where different approaches can be identified according to the objectives of the specific regulation, and by allowance/presence of innovative providers within different segments.
- IV. Classification of Member States is defined for the two characteristics, through indicators using a quantitative scale (scores from 1 to 4), identifying different clusters for each characteristic.
- V. Figures collected and investigated according to points I and II will be analyzed at cluster level, in order to highlight possible trends.

In order to allow an effective presentation of the results of the analyses run on the collected data and information, the **final market study results** are composed as follows:

1. Recap of the main market factors, including elements such as licenses and tariffs, and the elaborated indicators regarding industrialization and regulatory environment (which includes **market barriers** factors).
2. Local units. A **mapping overview** of the number of units per country; the analysis of the **capacity** and **growth** dynamics; the identified and potential **impact** of industrialization and regulatory environment.
3. Turnover and gross added value mapping and dynamics. A **mapping overview** on the turnover per country; the analysis of the **capacity** and **growth** dynamics; the identified and potential **impact** of industrialization and regulatory environment on turnover and gross added value (per employed person).
4. Employment. A **mapping overview** on the number of full time equivalent employees; the analysis of the **capacity** and **growth** dynamics including the average work intensity; the identified and potential **impact** of industrialization and regulatory environment
5. Wages and salaries. A **mapping overview** on the number of full time equivalent employees; the analysis of the **capacity** and **growth** dynamics including the average work intensity; the identified and potential **impact** of industrialization and regulatory environment.
- 6.

### III.12 Data sources, cross cutting figures

This part of the study presents the analyses developed according to statistical figures collected from different sources, framed in the context provided by the findings on market relevant elements identified within the country reports presented further.

In particular, the analysis is largely based on the following data sources:

- Eurostat, Annual detailed enterprise statistics for services, NACE R2 "Taxi operation", at regional level (NUTS1). This class also includes "other rental of private cars with driver". Structural business statistics at national level have been elaborated and confronted to the main figures related to the "Other passenger land transport", in order to identify the market size and main characteristics and to derive parameters allowing estimations at more detailed regional (NUTS2) level.
- Eurostat, Annual detailed enterprise statistics for services, NACE R2 "Land transport and transport via pipelines", geo level NUTS2. This division includes the transport of passengers and freight via road and rail, as well as freight transport via pipelines. Structural business statistics at NUTS2 level for the overall transport sector have been selected for 40 identified urban areas,<sup>121</sup> and considered as a reference for benchmarking with the taxi sub-sector data available at national level.
- UBS Prices and Earnings 2015.<sup>122</sup> Figures on tariffs have been considered from this source.

National statistical data have been used, where available, since not all the Member States have public and updated statistical data for the taxis sector. Available collected data analysed have allowed the provision of a general market picture identifying in particular the representation of the competitive environments and partially their evolution, as well as the identification of the main relevant factors shaping the market.

### III.12.1 Market factors and indicators

The core of the market analysis is represented by the two main market indicators. As already mentioned, the study considers two main relevant characteristics:

1. The **level of industrialization of the taxi sector**, which can be assessed through the size of companies, relevance of big players and dispatching services/platforms, and
2. The **regulatory attitude towards innovative transport services and solutions**, including intermediaries and ridesharing, where different approaches can be identified according to the objectives of the specific regulation, and by allowance/ presence of innovative providers within different segments.

The following paragraphs describe in detail the approach undertaken for the construction and assessment of the two indicators which will be used for the interpretation of the main relevant trends identified for the main structural statistics. Moreover, in this section the main findings related to the two indicators will be presented.

#### III.12.1.1 Indicator 1 – "Industrialization"

Taxi and hire vehicle with driver in the EU can be classified according to the structure of employment, whether this is mainly characterized by an owner-driver oriented system or rather by a self-employed based one. Most of the licenses are held by taxi drivers who must remain active to retain their license or in order to amortize the cost of

<sup>121</sup> Région de Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest (BE), Prov. Antwerpen (BE), Yugozapaden (BG), Praha (CZ), Jihovýchod (CZ), Hovedstaden (DK), Oberbayern (DE), Berlin (DE), Hamburg (DE), Eesti (EE), Éire/Ireland (IE), Attiki (GR), Comunidad de Madrid (ES), Cataluña (ES), Comunidad Valenciana (ES), Île de France (FR), Rhône-Alpes (FR), Provence-Alpes-Côte d'Azur (FR), Lombardia (IT), Lazio (IT), Campania (IT), Kypros (CY), Latvija (LV), Lietuva (LT), Luxembourg (LU), Közép-Magyarország (HU), Malta (MT), Noord-Holland (NL), Zuid-Holland (NL), Wien (AT), Mazowieckie (PL), Region Poludniowy (PL), Area Metropolitana de Lisboa (PT), Bucuresti – Ilfov (RO), Zahodna Slovenija (SI), Bratislavský kraj (SK), Helsinki-Uusimaa (FI), Stockholm (SE), West Midlands (UK), London (UK).

<sup>122</sup> <https://www.ubs.com/microsites/prices-earnings/prices-earnings.html>.

purchasing/leasing the license. Therefore, the employment rate, especially in the taxi sector, is directly proportional to the number of issued licenses, for those Member States where quantitative restrictions are in place.

The indicator covering industrialization aims at assessing the level of complexity of the supply side in the different markets, by attributing different values to the share of employees in total persons employed (employees + self-employed) in taxi operations.

Three different scores are defined, corresponding to an increasing share of employees in persons employed, thus to a higher complexity of the average company structure:

- (1) Share of employees in persons employed lower or equal to 40%.
- (2) Share of employees in persons employed between 41% and 60%.
- (3) Share of employees in persons employed over 60%.

The assessment per country was applied in the period 2010-2013, according to the available figures.

#### *Main results*

A detailed overview on the labor market structure and characteristics is provided by the indicator's figures and clustered results.

Table 8 Indicator 1– Share of employees in persons employed, 2010-2013

% , year 2013	2010	2011	2012	2013			2010	2011	2012	2013
			74%	73%		Belgium			3	3
	47%	46%	46%	46%		Bulgaria	2	2	2	2
						Czech Republic				
	75%	92%	91%	92%		Denmark	3	3	3	3
	83%	83%	84%	83%		Germany	3	3	3	3
			100%			Estonia			3	
						Ireland				
	25%		8%	18%		Greece	1		1	1
	30%	31%	31%	29%		Spain	1	1	1	1
	38%	34%	33%	34%		France	1	1	1	1
	22%	53%	63%	67%		Croatia	1	2	3	3
	27%	28%	29%	29%		Italy	1	1	1	1
	100%	100%	40%	35%		Cyprus	3	3	1	1
	95%	90%	94%	95%		Latvia	3	3	3	3
	92%	92%	63%	41%		Lithuania	3	3	2	2
						Luxembourg				
	18%	18%	20%	24%		Hungary	1	1	1	1
	22%					Malta				
	84%	85%	83%	81%		Netherlands	3	3	3	3
	78%	78%	78%	78%		Austria	3	3	3	3
	3%	4%	4%	3%		Poland	1	1	1	1
	72%	72%	72%	71%		Portugal	3	3	3	3
	95%	96%	94%	94%		Romania	3	3	3	3
		50%	49%	52%		Slovenia		2	2	2
	13%	15%	22%	21%		Slovakia	1	1	1	1
	52%	54%	54%	59%		Finland	2	2	2	2
	72%	72%	73%	75%		Sweden	3	3	3	3
				87%		United Kingdom				3

Elaborations on Eurostat, Annual detailed enterprise statistics for services

CLUSTER A - Looking at the 2013 figures, 11 countries (12 with Estonia, data 2012) show high values according to the indicator; the figure is very relevant in particular when analyzing the sub-group of countries showing a share of employees higher than 75% (8), Denmark, Germany, Latvia, Netherlands, Austria, Romania, Sweden, United Kingdom (and Estonia).

CLUSTER B – four countries stand in the intermediate cluster, in increasing order of relevance of self-employment: Finland, Slovenia, Bulgaria and Lithuania.

CLUSTER C - On the opposite side, 8 countries are represented by a market structure largely based on self-employment: Greece, Spain, France, Italy, Hungary, Slovakia, Poland and Cyprus. With regard to Cyprus, comparing 2011 and 2012 data, it shows a sudden decrease of the share of employees, from 100% to 40%, which has no evidence in market structure change. It is worth to highlight that in 2012 the Statistical Department of the Ministry of Finance published a report on the taxi market, where several indicators were punctually elaborated. The same relevant change applies for Lithuania, standing in the intermediate cluster in 2013, that in 2011 had a share of employees over 90%; the country analysis report that a relevant number of taxi permits (1516 in Vilnius) were issued in October 2013, but the number of self-employed

applicants is not specified. According to the available information, possible breaks in the data collection and classification methodology for these cases cannot be excluded.

In general, apart from the quoted cases (plus Croatia, experiencing a continuous increase in the number of employees), the dynamics appear quite steady, with the greater part of countries clearly divided into the three identified clusters.

With regard to these data, we notice some inconsistencies with our data collection in particular for Germany and Sweden. The respondents to the consultation have indicated, in **Germany**, that the taxi market is characterized by a majority of self-employed drivers. According to the respondents, the minimum hourly wage introduced in Germany in 2015 has substantially increased the costs for taxi operators which have decided to reduce the number of employees. This could explain the replies to the stakeholder consultation where it results that large part of the drivers are self-employed affiliated to a dispatch centre, while according to the Eurostat data, the majority of taxi drivers in 2013 were employees.

Similarly, in **Sweden**, it resulted from the replies to the stakeholder consultation that the majority of the taxi drivers are self-employed while the national statistics show a large number of employees (74,6%). According to the Swedish Taxi Association out of 7631 taxi business licenses, around 4500 are run in sole proprietorship and the 66% has one vehicle. According to the Swedish Transport Agency, these different results are due to the fact that, while the majority of the companies are composed by sole entrepreneurs (self-employed) few companies have a large number of employees.

### **III.12.1.2 Indicator 2 – “Regulatory environment”**

The indicator covering possible liberalization and the regulatory environment in general is aimed at expressing an overall assessment of the degree of competition allowed in each country between traditional services (including taxi, hailing and pre-booked transport services) and the novel transport services, generally described, depending on the country, either as ridesharing or hire car with driver intermediaries, which exploit the possibilities enabled by GPS-based mobile technologies and apps in order to allow passengers to access the service easily and at lower costs.

First of all, five different scores are defined, corresponding to an increasing degree of potential competition.

- (1) The regulations define innovative services within a category of transport services which are not allowed to operate in the taxi markets, but only in the pre-booked segment and/or in non-urban markets;
- (2) The regulations allow innovative services, under specific requirements provided to create an even playing field with taxi services, to operate in urban markets, but only in the pre-booked segment;
- (3) The regulations allow innovative services, under specific requirements provided to create an even playing field with taxi services, to operate in urban markets, both in the pre-booked segment and in the hailing segment;
- (4) Lack of specific regulation on novel services. In this context, technological innovations allow hire car with drivers services to enter the taxi market, because the booking can be completed (via a GPS-supported app) in such a short time that, as a matter of fact, such services in terms of immediate availability could be

considered alternative to hailing. This overlapping of services competing for the same demand while facing different regulations has proved to be an issue and has generated local debates;

The assessment per country was applied not only to the current situation but also at previous points in time, starting in 2011, in order to catch the changes in regulations, if any, occurred as a consequence of the diffusion of novel business models.

Based on the findings of the market studies, and focusing the analysis on the main urban centres in case of countries where the regulation varies remarkably across regions/cities, the indicator was assessed from 2011 to 2015 showing the following scores per country.

### *Main results*

In this case, the score is represented by a qualitative assessment.

The majority of Member States stand at level 4, where technological innovations allow hire car with driver intermediaries to facilitate services, which are pre-booked but due to the low waiting times could be considered as alternative to hailing a taxi: Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, Italy, Latvia, Lithuania, Luxemburg, Malta, The Netherlands, Portugal, Romania, Slovakia, Slovenia, and Sweden. In the majority of the Member States, the innovative service providers have adapted their models in order to be able to provide services in absence of appropriate rules.

Germany's and Ireland's regulations allow innovative services, under specific requirements provided to create an even playing field with taxi services, to operate in urban markets, but only in the pre-booked segment.

Greece and Belgium adopted a stricter regulatory approach, where innovative services are not allowed to operate in the taxi markets, but only in the pre-booked segment (with a constraint in terms of minimum hours between the reservation and the service and/or minimum booking price) and/or in non-urban markets. In Hungary, innovative service's intermediaries must comply with the legislation on taxi dispatch centres, which are heavily regulated. . In Spain, the lack of hire car with driver licences make difficult to provide intermediation of services different than taxis.

In the United Kingdom, the regulation allows innovative services to operate in different segments under specific requirements provided to create an even playing field with taxi services, as in Poland (since 2013). In France, since 2014, the innovative services based on geo-localisation, can in principle facilitate taxi services only.

Table 9 Indicator 2 “Regulatory environment”, 2011-2015

	2011	2012	2013	2014	2015
Belgium	1	1	1	1	1
Bulgaria	4	4	4	4	4
Czech Republic	4	4	4	4	4
Denmark	4	4	4	4	4
Germany	2	2	2	2	2
Estonia*	4	4	4	4	2
Ireland	2	2	2	2	2
Greece	1	1	1	1	1
Spain	4	4	4	4	2
France	4	4	4	2	2
Croatia	4	4	4	4	4
Italy	4	4	4	4	1
Cyprus	4	4	4	4	4
Latvia	4	4	4	4	4
Lithuania	4	4	4	4	4
Luxembourg	4	4	4	4	4
Hungary	4	4	4	4	4
Malta	4	4	4	4	4
Netherlands	4	4	4	4	4
Austria	4	4	4	4	4
Poland	4	4	3	3	3
Portugal	4	4	4	4	4
Romania	4	4	4	4	4
Slovenia	4	4	4	4	4
Slovakia	4	4	4	4	4
Finland	4	4	4	4	4
Sweden	4	4	4	4	4
United Kingdom	3	3	3	3	3

\* Draft regulation in 2015

Authors' elaborations

Most of the countries do not have specific legislation in place leaving the regulatory environment uncertain (score 4). Only a few Member States have adapted their regulations, albeit in different ways, to the challenges of innovations in the sector.

### III.13 Other market factors

Further elements have been considered in order to describe the markets. In particular, the supply side is outlined looking at the countries' situation regarding licenses and its dynamics as well as the evolution of tariffs.

#### III.13.1 Licenses



Taxis service is a regulated sector in all the analysed Member States, with different levels of restrictions. The conditions for the issue of the licenses and the quantitative restrictions influence the supply and the number of self-employed and employees. Hire vehicle with driver service is often considered and defined as a separate service and as such it is subject to different rules which may include the issuing of licenses or authorizations.

Belgium, Bulgaria, Cyprus, Croatia, Denmark, Finland, France, Italy, Luxembourg, Malta, Germany, Greece, Portugal, Romania, Spain and United Kingdom (with the exception of London) have introduced quantitative restrictions to the taxi sector. The number of licenses is the result of algorithms which consider, at local level, the number of inhabitants, the arrival at airports and stations, the average number of tourists per years, special events. However, the data provided by the authorities showed that in the last ten years, the average number of licenses has remained substantially constant across the analysed countries. In Luxembourg, no licenses have been issued from 1997. In France, the public data shows an aggregate increase of 30% in the number of licenses since 1992, with some new and free licenses issued in 2015 after the introduction of the 2014 Bill. In Milan, new licenses were issued in 2000 during the Jubilee and in 2006 following the Bersani Decree,<sup>123</sup> which was an attempt to liberalise the sector. In United Kingdom, despite quantitative restrictions, the number of total licenses issued has increased (as concerns England and Wales), of 9,3% of total licensed vehicles since 2013.

Concerning the licenses sales, in France, Italy and Spain licenses are officially tradable. In France the average reported price is EUR 100,000 with peaks in Paris and Nice up to EUR 340,000. In Italy, according to stakeholders involved in the stakeholder consultation, the price may reach, at least in Milan and Rome, EUR 160,000. In Spain, the prices in the largest cities, Madrid and Barcelona, are around EUR 100,000. The combination of the lack of new licenses in the last ten years with the purchasing price constitutes a supply restriction.<sup>124</sup> In France, the possibility to rent the vehicle with the license may render the access to market for new drivers more affordable but does not result in a change in the number of licenses and taxis on the market so far.

In Luxembourg, although the trading of licenses is not allowed by current regulations, according to the stakeholder consultation they are rented at around EUR 1,700 per month. In the United Kingdom, the average transfer price is around £ 30,000. In the Brussels-Capital Region trading is allowed under control of the authority, with the average price being around EUR 40,000. In Poland and Sweden there are no quantitative restrictions. However, in Sweden, according to the data provided by the Ministry of Transport, the number of licenses has decreased in the last three years. In Poland, according to the data provided by the Ministry of Transport, 1000 new licenses for taxis were issued between 2014 and 2015.

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<sup>123</sup> Law 4 August 2006 No 248, Official Gazette n. 186/2006.

<sup>124</sup> *The empirical evidence indicates a strong tendency for regulation limiting entry, once applied, to be administered over time in a way that tends progressively to increase the effective degree of supply restriction (i.e. the amount by which the supply of taxis falls short of the notional free market equilibrium level). Clearly such trends are consistent with a capture hypothesis. This progressively increasing relative shortfall is demonstrated both in terms of declining numbers of taxis per unit of population and, most starkly, in increasing licence values in those jurisdictions in which taxi licences are tradeable. Since licences have no intrinsic value, their exchange value wholly represents the capitalised value of the expected stream of monopoly rents that can be derived from their exploitation.* OECD, Taxi Services: Competition and Regulation 2007, p. 32.

Hire vehicle with driver is a service regulated separately in Belgium France, Italy, Germany, Spain, England and Wales and Scotland. In Northern Ireland, after the reform entered into force on 1<sup>st</sup> May 2016, distinctions between taxis and hire vehicles have been removed, but different types of licenses are now in place for taxis. In this sector, no quantitative restrictions apply. Only Spain has introduced quantitative restrictions for hire cars with driver under the 2015 legislative reform.

The following table shows a classification of the conditions of the taxi service supply in each country as concerns licenses.

**Table 10 – Overview on taxi licenses in EU countries**

Country	Type of license	Quantitative restrictions	Transferability
<b>Austria</b>	Concessions based on qualitative criteria (exam required)	No	No
<b>Belgium (Brussels-Capital Region)</b>	Authorization	1300 (separate licenses for the airport service)	Yes, prices around EUR 40,000
<b>Belgium (Wallonia)</b>	Authorization	1 per 2500 inhabitants	No, with authorized exceptions
<b>Belgium (Flanders)</b>	License to driver	Yes, set at the municipality level	No
<b>Bulgaria</b>	License for drivers and permits for vehicles	Set at the municipality level for permits	Permits (for vehicles) can be transferred among license holders (pending Municipality approval)
<b>Croatia</b>	License for drivers and permits for vehicles	Yes	No (black market exists)
<b>Cyprus</b>	License to the driver	Set by the issuing authority based on socio-economic data	Yes
<b>Czech Rep.</b>	Concessions issued by local Transportation Offices (exam required). Vehicle must be registered as taxis.	No	No
<b>Denmark</b>	Permit to operators (one per operated taxi)	Set by the issuing authority based on socio-economic data	No
<b>Estonia</b>	Three certificates are needed: taxi license, vehicle card, service provider card (exam required).	No	No
<b>Finland</b>	License to drivers	Set by the issuing authority based on socio-economic data	No, except for free to a close relative
<b>France</b>	Authorizations to drivers (exam required)	Set by the issuing authority based on socio-economic data	Yes for permits issued before the new legislation (2014) (avg. price EUR 100,000). Under new provisions, the permit is not transferable and after the end of holder's activity it will be transferred by the authority to a waiting list for free.
<b>Germany</b>	Permit to drivers	Set by the issuing authority	No

Country	Type of license	Quantitative restrictions	Transferability
		based on socio-economic data	
<b>Greece</b>	License to drivers	Set by the issuing authority based on socio-economic data	Yes
<b>Hungary</b>	License to drivers (exam required)	No	No
<b>Ireland</b>	License to drivers (exam required)	No, but a moratorium was introduced in 2010 because of the oversupply.	No
<b>Italy</b>	License to drivers	Set by the issuing authority based on socio-economic data	Yes (price up to EUR 160,000)
<b>Latvia</b>	License to driver and license card for each vehicle	No	No
<b>Lithuania</b>	License to drivers	No	No
<b>Luxembourg</b>	License to drivers	Set by the issuing authority based on socio-economic data	No, but licenses are in fact rented (around EUR 1,700 per month)
<b>Malta</b>	License to the vehicle, and driver permit (tests required)	Set by the issuing authority based on socio-economic data	The vehicle licence can be sold with the vehicle
<b>Netherlands</b>	Driver's diploma	No	No
<b>Poland</b>	License to drivers	No	No
<b>Portugal</b>	Professional certificate valid for 5 years and renewable	Set by the issuing authority based on socio-economic data	No
<b>Romania</b>	License to vehicle	Set by the issuing authority based on socio-economic data	No
<b>Slovakia</b>	License issued by national agency	No	No
<b>Slovenia</b>	Licence to the driver and taxi permit	No	No
<b>Spain</b>	Licence for a specific vehicle indicated on the licence and drive permit.	Based on the number of inhabitants.	Yes
<b>Sweden</b>	License issued by national agency	No	No
<b>United Kingdom</b>	Three licenses are required: a licence as taxi driver, a taxi vehicle licence and a taxi operator licence for dispatch centres or taxi companies.	Set by the issuing authority based on socio-economic data (except London)	No, but a transfer price has been mentioned

CERTeT Elaborations

### III.13.1 Fares

Fares are different for each urban area; therefore such analysis cannot be performed on a country level basis. However, homogeneous data concerning tariffs have been provided by the UBS Prices and earnings 2015 Report.

**Table 11 - Comparison of average taxi fares (EUR, 2009-2015)**

Average cost of a taxi ride of 5 km - EUR	2009	2012	2015
<b>Amsterdam</b>	14,06	12,68	14,60
<b>Athens</b>	2,80	4,28	4,51
<b>Barcelona</b>	8,25	8,09	9,28
<b>Berlin</b>	8,46	8,40	13,34
<b>Bratislava</b>	5,02	4,36	5,68
<b>Brussels</b>	10,97	12,21	11,44
<b>Bucharest</b>	2,44	2,49	2,97
<b>Budapest</b>	5,23	5,91	6,58
<b>Copenhagen</b>	12,41	13,46	13,97
<b>Dublin</b>	11,19	11,59	10,27
<b>Frankfurt</b>	11,04	12,60	13,52
<b>Helsinki</b>	11,12	9,88	13,70
<b>Lisbon</b>	6,10	8,94	7,30
<b>Ljubljana</b>	6,67	5,68	4,96
<b>London</b>	12,26	17,89	9,10
<b>Luxembourg</b>	15,49	15,09	20,09
<b>Lyon</b>	10,61	10,19	10,81
<b>Madrid</b>	8,10	10,34	10,27
<b>Milan</b>	9,04	13,07	15,59
<b>Munich</b>	10,25	14,00	12,62
<b>Paris</b>	11,26	7,31	11,17
<b>Prague</b>	6,88	6,30	5,41
<b>Riga</b>	5,31	4,90	6,04
<b>Rome</b>	8,25	7,31	12,80
<b>Sofia</b>	2,73	1,56	2,70
<b>Stockholm</b>	12,91	19,13	16,76
<b>Tallinn</b>	3,66	4,59	5,86
<b>Vienna</b>	13,77	13,46	12,98
<b>Vilnius</b>	2,58	3,58	4,06
<b>Warsaw</b>	2,08	2,49	5,05

Elaborations on UBS Prices and earnings 2015 Report <https://www.ubs.com/microsites/prices-earnings/prices-earnings.html>.

The following chart shows a comparison of the evolution of fares after having adjusted them in order to take into account of different price indexes, by means of the application of the Purchasing Power Parities rates.

Looking at the dynamics, trends are substantially very variable. No general trend can be identified according to time range, or geographically homogenous distribution of dynamics.

The range of fares variation 2009-2015 is from -4% to +60%. Some outlying cases can be found both in positive variations (e.g. +150% in Warsaw, +83% variation in Athens, +78% in Milan) and in negative variations (-31% in London, -20% in Ljubljana, -17% in Prague).

**Table 12 - Comparison of average taxi fares (PPS, 2009-2015)**

<b>Adjusted average cost of a taxi ride of 5 km - PPPs</b>	<b>2009</b>	<b>2012</b>	<b>2015</b>
<b>Luxembourg</b>	12,84	12,63	16,75
<b>Milan</b>	8,72	13,10	15,50
<b>Amsterdam</b>	12,57	11,57	13,34
<b>Stockholm</b>	10,26	15,64	13,16
<b>Frankfurt</b>	10,26	12,13	12,96
<b>Berlin</b>	7,86	8,09	12,79
<b>Rome</b>	7,96	7,33	12,72
<b>Munich</b>	9,53	13,48	12,10
<b>Vienna</b>	12,27	12,41	11,95
<b>Budapest</b>	9,89	11,10	11,87
<b>Madrid</b>	8,59	11,31	11,47
<b>Helsinki</b>	9,26	8,19	11,04
<b>Barcelona</b>	8,75	8,85	10,37
<b>Brussels</b>	9,61	11,12	10,37
<b>Copenhagen</b>	8,86	9,97	10,33
<b>Paris</b>	9,84	6,52	10,15
<b>Lyon</b>	9,27	9,08	9,82
<b>Lisbon</b>	7,25	11,45	9,37
<b>Warsaw</b>	3,71	4,59	9,28
<b>Dublin</b>			

	9,43	10,59	9,22
<b>Riga</b>	7,75	7,30	8,95
<b>Bratislava</b>	7,39	6,42	8,59
<b>Prague</b>	10,10	9,66	8,41
<b>Tallinn</b>	5,25	6,61	8,08
<b>London</b>	11,72	16,22	8,08
<b>Vilnius</b>	4,17	5,94	6,73
<b>Ljubljana</b>	7,78	6,99	6,20
<b>Bucharest</b>	5,24	5,43	6,07
<b>Sofia</b>	6,09	3,33	5,83
<b>Athens</b>	3,02	4,86	5,52

CERTeT elaborations

### III.14 Local units

#### III.14.1 Mapping overview

Collected data allow analysing the business environment for personal mobility at the country/local level, highlighting the main relevant characteristics as well as effects of the national institutional frameworks broadly described in the national market studies.

The following table reports on the number of enterprises for the taxi operations class, compared to the broader division "Other passenger land transport".

The relative importance of the taxi operations industry varies significantly according to a broad range of factors which include a general positive correlation with the degree of urbanization, or the presence of urban and especially metropolitan areas. However, the number of enterprises is linked to the structure and concentration of the market, showing significantly different values for similar demographic and urban conditions.

The relative relevance of taxi operations in terms of number of enterprises, in most countries, is very high, with shares over 60% (and up to more than 90% in some cases). An exception is Estonia (32%), while a few others stand round 50% (Croatia, Slovenia, Slovakia). This relevance, combined with the lower ratios (share of taxi operations in "Other passenger land transport") reported in the further paragraphs for turnover and employment, suggests a relatively small average size of enterprises in taxi operations.

**Table 13 - Number of enterprises (taxi class) 2010-2013**

	2010	2011	2012	2013	Share in Other passenger land transport (2013)
Belgium	:	:	1866	1900	66,7%
Bulgaria	5395	4851	4346	3952	65,9%
Czech Republic	:	:	:	:	
Denmark	2801	2547	2508	2393	82,1%
Germany	19107	17984	17575	18998	76,5%
Estonia	88	89	123	146	31,8%
Ireland	:	:	:	:	
Greece	33592	:	33590	33664	96,1%
Spain	57796	59506	59769	58313	93,8%
France	32692	39210	39920	43318	87,0%
Croatia	1002	893	723	612	48,8%
Italy	23780	23602	23782	24709	82,9%
Cyprus	940	822	1001	991	84,4%
Latvia	395	350	472	627	64,3%
Lithuania	445	470	2250	2701	82,9%
Luxembourg	126	134	148	159	76,4%
Hungary	7289	6959	6560	5941	77,3%
Malta	218	:	:	:	
Netherlands	4699	4704	4800	5753	87,3%
Austria	4135	4227	4175	4273	80,8%
Poland	39751	40249	37365	34586	80,8%
Portugal	10858	10732	10479	10310	93,0%
Romania	4719	4879	5602	6201	64,7%
Slovenia	589	571	569	516	50,5%
Slovakia	2517	2540	2391	2200	49,9%
Finland	8764	8642	8521	8356	92,8%
Sweden	7857	8031	7944	7783	88,4%
United Kingdom	6730	6717	6465	6569	57,8%

Elaborations on Eurostat, Annual detailed enterprise statistics for services

### III.14.2 Capacity and growth

Economic conditions and local licensing policies influence the number of licensed vehicles with considerable variation between areas. Changes in the licenses policies influence the dynamic of the employment in the taxi sector. Moreover, where quantitative restrictions are in place and licenses are tradable, the price of the license may constitute an economic restriction to the market access. In case of hire vehicles with driver, where no quantitative restrictions are in place, the supply trend has increased impressively in the recent years in some countries, such as in France and United Kingdom.

Looking at the aggregated sector dynamics, four clusters have been identified:

CLUSTER 1 – NEGATIVE Seven countries showing negative growth rates over the 2010-2013 period (Bulgaria, Denmark, Croatia, Hungary, Poland, Slovenia, and Slovakia).

CLUSTER 2 – SLIGHTLY NEGATIVE Four countries showing slightly negative growth rates (Portugal, Finland, Sweden, United Kingdom).

CLUSTER 3 – STEADY OR +/- Six countries showing changing trends in the period (Belgium, Germany, Greece, Spain, Cyprus, and Austria).

CLUSTER 4 – POSITIVE Eight countries showing positive trends (Estonia, France, Italy, Latvia, Luxembourg, Netherlands, and Romania). Lithuania has not been considered since the data show an exponential increase of the number of enterprises in 2012, suggesting a possible change in the data collection methodology.

Looking at the data collected via desk research, the interviews and the stakeholder consultation, further elements can be added to the analysis for specific countries within the last cluster.

France experienced a relevant increase in the number of companies particularly relevant in the hire car with driver segment. In fact, considering national data, while the taxi companies number raised by 7,8% between 2011 and 2013, hire cars with driver increased from 120 units in 2011 to 10.315 in 2015 (3.502 legal entities, 6.813 self-employed).

In the Netherlands, where the legislation does not distinguish between hire cars with driver and taxis, between 2011 and 2014 the number of taxi business permits increased by 30% while the number of taxi driver licenses decreased by 20%. On the contrary, between 2014 and 2015 licenses grew by 24%. The ratio between business permits and licenses was around 3,7/100 in 2011, increased to 6/100 in 2014 and went down to 3,2% in 2015.



**Table 14 - Enterprises dynamics 2010-2013**

	2011/2010	2012/2011	2013/2012
Belgium			2%
Bulgaria	-10%	-10%	-9%
Czech Republic			
Denmark	-9%	-2%	-5%
Germany	-6%	-2%	8%
Estonia	1%	38%	19%
Ireland			
Greece			0%
Spain	3%	0%	-2%
France	20%	2%	9%
Croatia	-11%	-19%	-15%
Italy	-1%	1%	4%
Cyprus	-13%	22%	-1%
Latvia	-11%	35%	33%
Lithuania	6%		20%
Luxembourg	6%	10%	7%
Hungary	-5%	-6%	-9%
Malta			
Netherlands	0%	2%	20%
Austria	2%	-1%	2%
Poland	1%	-7%	-7%
Portugal	-1%	-2%	-2%
Romania	3%	15%	11%
Slovenia	-3%	0%	-9%
Slovakia	1%	-6%	-8%
Finland	-1%	-1%	-2%
Sweden	2%	-1%	-2%
United Kingdom	0%	-4%	2%

Elaborations on Eurostat, Annual detailed enterprise statistics for services

### III.14.3 Impact elements

The trends are confronted with the indicators' results, referring to the same available period (2011-2013).

Concerning **indicator 1 "Industrialization" (IND)**, the correlation with the number of enterprises does not identify a unique trend; however, some specific characteristics according to national market dynamics can be highlighted:

- Almost all countries with significant negative trends in terms of number of enterprises show a share of employees on total employed lower than 50%, with the only exception of Denmark (where this share grew from 75% in 2010 to 92%). Other negative trends occurred where the share of employees was higher than 50%.
- Positive trends are reported both in most of the countries where the share of employees is high (Estonia, Netherlands, Romania, Latvia, but not in Denmark)

and in some of those where self-employment is more common (in France, and with lower impact in Italy, but not in Hungary or Poland).

- Concerning the cases in which a steady number of employment or +/- changing trend within the considered years, these can be clustered in two main sub-groups; on one side, a restricted number of Mediterranean self-employment oriented countries (Greece, Spain and Cyprus), on the other, some central Europe countries (Germany and Austria, plus Belgium) with opposite characteristics in terms of employment structure.

From these findings, one relevant observation can be drawn: on one side, countries with a significant share of self-employment tend to show stronger dynamics (whether positive or negative) in the number of registered enterprises, while in countries with a higher share of employees the impact is generally more moderated, with few exceptions.

Concerning **indicator 2 "Regulatory environment" (REG)**, the following findings are referred to the countries where a more restrictive regulatory approach is applied:

- Germany, where competition is possible for innovative services only in the pre-booked segment (level 2) since before 2011, shows a declining trend in the number of enterprises until 2012, and then their number is significantly growing in 2013.
- United Kingdom, where competition is possible for innovative services both in the pre-booked segment and in the hailing segment (level 3) since before 2011, shows declining figures in the number of enterprises for 2012, but partially recovered in 2013.
- Belgium, where competition is possible for innovative services only in the limousine segment and/or in non-urban markets (level 1) shows slightly positive trends in 2013.

**Table 15 - Comparison between number of enterprises dynamics and indicators, 2011-2013**

	2011/2010	2012/2011	2013/2012	I11	I12	I13	R1	R12	R13
Belgium			2%		3	3	1	1	1
Bulgaria	-10%	-10%	-9%	2	2	2	4	4	4
Czech Republic							4	4	4
Denmark	-9%	-2%	-5%	3	3	3	4	4	4
Germany	-6%	-2%	8%	3	3	3	2	2	2
Estonia	1%	38%	19%		3		4	4	4
Ireland							2	2	2
Greece			0%		1	1	1	1	1
Spain	3%	0%	-2%	1	1	1	4	4	4
France	20%	2%	9%	1	1	1	4	4	4
Croatia	-11%	-19%	-15%	2	3	3	4	4	4
Italy	-1%	1%	4%	1	1	1	4	4	4
Cyprus	-13%	22%	-1%	3	1	1	4	4	4
Latvia	-11%	35%	33%	3	3	3	4	4	4
Lithuania	6%		20%	3	2	2	4	4	4
Luxembourg	6%	10%	7%				4	4	4
Hungary	-5%	-6%	-9%	1	1	1	4	4	4
Malta							4	4	4
Netherlands	0%	2%	20%	3	3	3	4	4	4
Austria	2%	-1%	2%	3	3	3	4	4	4
Poland	1%	-7%	-7%	1	1	1	4	4	3
Portugal	-1%	-2%	-2%	3	3	3	4	4	4
Romania	3%	15%	11%	3	3	3	4	4	4
Slovenia	-3%	0%	-9%	2	2	2	4	4	4
Slovakia	1%	-6%	-8%	1	1	1	4	4	4
Finland	-1%	-1%	-2%	2	2	2	4	4	4
Sweden	2%	-1%	-2%	3	3	3	4	4	4
United Kingdom	0%	-4%	2%			3	3	3	3

CERTeT Elaborations

I="Industrialization index

R=Regulatory environment index

### III.15 Turnover

#### III.15.1.1 Mapping overview

A second relevant variable is represented by the turnover or gross premiums, reported in the table below. Taxi operations, which are "labor intensive" activities, express in general – also due to the small average size of the enterprises – a moderate incidence on "Other passenger land transport" turnover. The ratio depends on two different factors: on one side, the level of demand for personal mobility services (and the related supply), on the other the relevance of other land transport services. The share of turnover for taxi operations in countries such as Germany (10,4%) and United Kingdom (8,4%) is influenced by the relative importance of other land transport services. High demand (and supply, assessed by the relative relevance of people employed in taxi operations) in countries like Greece, The Netherlands and Denmark, result in a greater importance of turnover of taxi operations on other land transport.

**Table 16 - Turnover 2010-2013**

MEUR	2010	2011	2012	2013	Share in Other passenger land transport (2013)
Belgium	:	:	371,1	302,7	20,7%
Bulgaria	42	38,1	35,3	32,2	7,0%
Czech Republic	:	:	:	:	
Denmark	587,5	653,5	668,8	653,1	30,1%
Germany	2688,9	2768,5	2803,8	2958,2	10,4%
Estonia	:	:	8,8	:	
Ireland	:	:	:	:	
Greece	1339,4	:	1122,3	1123,1	56,8%
Spain	2212,6	2266,8	2278,1	2320,8	26,0%
France	2648	2891,8	3002,1	3480	18,1%
Croatia	11,9	26,9	22	22,9	3,7%
Italy	1048,9	1149,8	1217,3	1270,8	10,7%
Cyprus	32,9	31	32,9	32,5	21,8%
Latvia	:	:	:	:	
Lithuania	9,7	11,4	16,5	20,9	8,0%
Luxembourg	:	:	:	:	
Hungary	69,1	67,9	65,8	66,4	4,1%
Malta	:	:	:	:	
Netherlands	1829,4	1869,7	1860,2	1877,6	47,5%
Austria	512,5	541	548,5	559,2	13,4%
Poland	377,1	355	353,9	347	9,0%
Portugal	266,7	256,5	237,4	230	19,8%
Romania	135,6	141,5	144	153,9	13,1%
Slovenia	:	:	15,6	:	
Slovakia	30,7	40,7	30,9	28,7	10,1%
Finland	968,9	1023	1058	1061,7	
Sweden	1413,4	1606,3	1653,1	1724,1	21,5%
United Kingdom	2144,4	2116,2	2421,5	2040,8	8,4%

Elaborations on Eurostat, Annual detailed enterprise statistics for services

### III.15.2 Capacity and growth

Looking at the aggregated sector dynamics, three clusters have been identified:

**CLUSTER 1 – NEGATIVE** Five countries showing negative growth rates over the 2010-2013 period (Belgium, Bulgaria, Croatia, Poland, Portugal).

**CLUSTER 2 – STEADY OR +/-** Six countries showing changing trends in the period (Greece, Cyprus, Hungary, Netherlands, partially Slovakia, and United Kingdom).

**CLUSTER 3 – POSITIVE** Ten countries showing positive trends (Denmark, Germany, Spain, France, Italy, Lithuania Austria, Romania, Finland and Sweden). Lithuania has not

been considered since the data show a possible change in the data collection methodology.

**Table 17 - Turnover dynamics 2010-2013**

	2011/2010	2012/2011	2013/2012
Belgium			-18%
Bulgaria	-9%	-7%	-9%
Czech Republic			
Denmark	11%	2%	-2%
Germany	3%	1%	6%
Estonia			
Ireland			
Greece			0%
Spain	2%	0%	2%
France	9%	4%	16%
Croatia		-18%	4%
Italy	10%	6%	4%
Cyprus	-6%	6%	-1%
Latvia			
Lithuania	18%	45%	27%
Luxembourg			
Hungary	-2%	-3%	1%
Malta			
Netherlands	2%	-1%	1%
Austria	6%	1%	2%
Poland	-6%	0%	-2%
Portugal	-4%	-7%	-3%
Romania	4%	2%	7%
Slovenia			
Slovakia	33%	-24%	-7%
Finland	6%	3%	0%
Sweden	14%	3%	4%
United Kingdom	-1%	14%	-16%

*Elaborations on Eurostat, Annual detailed enterprise statistics for services*

Additional figures refer to the **turnover per person employed**, in order to analyze the performance of the sector. The comparison with the other passenger land transport highlights for all countries a smaller turnover per person employed for taxi operations. However, three groups can be identified: a first group, composed by Denmark, France and Greece shows a turnover around 20% smaller than the other passenger land transport sector; a second larger group, represented by 10 countries, (Belgium, Spain, Croatia, Italy, Cyprus, Portugal Romania, Slovakia, Sweden and United Kingdom), where the per capita turnover in taxi operations is around 50% of the one in land transport; and the remaining 6 countries (Bulgaria, Germany, Lithuania, Hungary, Austria and Poland) show very low levels of turnover per person employed in taxi operations, between 30 and 40% of the land transport one.

Turnover per person employed provides an interesting overview of the sector in terms of capacity in generating income, in particular when compared to the level and dynamics of salaries.

**Table 18 - Turnover per person employed 2010-2013**

x 1000 EUR	2010	2011	2012	2013	Level compared to Other passenger land transport (2013)
Belgium	:	:	48,3	40,4	54,2%
Bulgaria	4,7	4,8	4,9	4,8	32,9%
Czech Republic	:	:	:	:	
Denmark	55,9	75,2	80,2	80,4	79,6%
Germany	23	24	24,2	24,3	33,6%
Estonia	:	:	14,2	:	
Ireland	:	:	:	:	
Greece	27,4	:	25,3	25,3	83,0%
Spain	28,1	27,8	27,8	29,1	57,5%
France	56,1	55,2	55,4	60,4	80,5%
Croatia	9,4	14,9	12,2	13,9	45,3%
Italy	30	32,7	34,5	34,6	49,1%
Cyprus	25,5	25,7	27	27,3	58,6%
Latvia	:	:	:	:	
Lithuania	2,7	2,9	4,5	5,5	31,6%
Luxembourg	:	:	:	:	
Hungary	8,1	8,3	8,5	8,9	27,4%
Malta	:	:	:	:	
Netherlands	46	44,5	46,2	49,1	
Austria	26,6	27,5	28,1	27,9	37,6%
Poland	9,2	8,5	9	9,7	35,0%
Portugal	17	16,2	15,5	15,4	44,5%
Romania	7,8	7,4	7,4	7,8	55,3%
Slovenia	:	:	16,9	:	
Slovakia	10,7	13,8	10,3	10,4	50,7%
Finland	63,7	67	71,9	65,3	
Sweden	53,8	58,5	60,3	62,4	53,6%
United Kingdom	:	:	:	55,6	61,9%

*Elaborations on Eurostat, Annual detailed enterprise statistics for services*

### III.15.3 Impact elements

The trends are confronted with the indicators' results, referring to the same available period (2011-2013).

Concerning **indicator 1 "Industrialization" (IND)**, some relevant cases can be highlighted, also looking at the combined trend including the number of enterprises:

- Among the countries showing positive, steady or slightly +/- changing trends in turnover and number of enterprises, a "Mediterranean" trend can be identified (Greece, Spain, Italy, France), corresponding to self-employment oriented countries.
- A second similar trend is identified in Austria, Germany and Netherlands, where on the contrary employees are prevailing over self-employed.
- Scandinavian countries (Denmark, Sweden, Finland), employee-oriented, have experienced a decrease in the number of enterprises and an increasing turnover. Only Finland experienced a negative trend in turnover per person employed between 2012 and 2013.
- Poland, Hungary and Slovakia, self-employment oriented, show negative/slightly negative trends in turnover.
- In the United Kingdom, turnover dynamics appear to be significantly volatile, with double digit variations in the two last considered years.

Differently from the enterprises dynamics, turnover seems to show country groups which are rather territory oriented. One possible observation is that turnover in the taxi operations sector may depend more on overall economic and other factors rather than on the specific industry's work structure (KPI 1).

Concerning **indicator 2 "Regulatory environment" (REG)**, the following findings are referred to the countries where a more restrictive regulatory approach is applied:

- Germany, where competition is possible for innovative services only in the pre-booked segment (level 2) since before 2011, shows positive trends in turnover.
- United Kingdom, where competition is possible for innovative services both in the pre-booked segment and in the hailing segment (level 3) since before 2011, shows volatile trends in turnover(+14% in 2012, -16% in 2013).
- Belgium, where competition is possible for innovative services only in the limousine segment and/or in non-urban markets (level 1) shows negative figures in 2013 (-18% compared to 2012).

**Table 19 - Comparison between turnover dynamics and indicators, 2011-2013**

	2011/2010	2012/2011	2013/2012	I11	I12	I13	R1	R12	R13
Belgium			-18%		3	3	1	1	1
Bulgaria	-9%	-7%	-9%	2	2	2	4	4	4
Czech Republic							4	4	4
Denmark	11%	2%	-2%	3	3	3	4	4	4
Germany	3%	1%	6%	3	3	3	2	2	2
Estonia					3		4	4	4
Ireland							2	2	2
Greece			0%		1	1	1	1	1
Spain	2%	0%	2%	1	1	1	4	4	4
France	9%	4%	16%	1	1	1	4	4	4
Croatia		-18%	4%	2	3	3	4	4	4
Italy	10%	6%	4%	1	1	1	4	4	4
Cyprus	-6%	6%	-1%	3	1	1	4	4	4
Latvia				3	3	3	4	4	4
Lithuania	18%	45%	27%	3	2	2	4	4	4
Luxembourg							4	4	4
Hungary	-2%	-3%	1%	1	1	1	4	4	4
Malta							4	4	4
Netherlands	2%	-1%	1%	3	3	3	4	4	4
Austria	6%	1%	2%	3	3	3	4	4	4
Poland	-6%	0%	-2%	1	1	1	4	4	3
Portugal	-4%	-7%	-3%	3	3	3	4	4	4
Romania	4%	2%	7%	3	3	3	4	4	4
Slovenia				2	2	2	4	4	4
Slovakia	33%	-24%	-7%	1	1	1	4	4	4
Finland	6%	3%	0%	2	2	2	4	4	4
Sweden	14%	3%	4%	3	3	3	4	4	4
United Kingdom	-1%	14%	-16%			3	3	3	3

CERTeT Elaborations

I="Industrialization index

L=Liberalization index

### III.16 Employment

#### III.16.1 Mapping overview

The number of persons employed in taxi operations, when compared with other land transport and previous results from the enterprises' overview, highlights the small average size of enterprises and a large number of self-employed /individual companies. This is confirmed by the results of the legislative review and the consultation, where the majority of the respondents confirmed that the majority of workers are self-employed. This is also due to the national regulations, especially in Member State, such as Italy, France and Spain, where the licence is personal (and in case of Italy, cannot be cumulated) which led to self-employment or to the creation of cooperative companies. The same situation has been found in Hungary, where the legislation requires that the applicant for a licence must be registered as a company, including individual company.



Therefore the market is characterized, for the 90%, of individual companies. In Sweden, where the results of the stakeholder consultation indicated a large number of self-employed operators but the public data showed that the majority of drivers are employees, the national competent authority confirmed that the majority of the operators are micro or individual enterprise but few large operators employ a large number of drivers.

**Table 20 - Number of persons employed, 2010-2013**

N	2010	2011	2012	2013	Share in Other land transport (2013)
Belgium	:	:	7680	7500	38,9%
Bulgaria	8943	7998	7282	6651	20,9%
Czech Republic	:	:	:	:	
Denmark	10514	8694	8334	8124	35,2%
Germany	117082	115521	115621	121968	31,0%
Estonia	:	:	620	:	
Ireland	:	:	:	:	
Greece	48931	:	44356	44479	67,4%
Spain	78607	81591	82074	79625	46,4%
France	47215	52427	54223	57615	
Croatia	1257	1807	1808	1645	8,2%
Italy	34907	35173	35249	36702	21,6%
Cyprus	1292	1204	1220	1191	37,7%
Latvia	2108	2534	2673	2855	22,4%
Lithuania	3645	3856	3672	3769	25,2%
Luxembourg	:	:	:	:	
Hungary	8506	8127	7778	7421	15,2%
Malta	276	:	:	:	
Netherlands	39800	41976	40251	38220	
Austria	19267	19694	19509	20052	36,2%
Poland	41163	41721	39186	35843	26,7%
Portugal	15711	15831	15322	14985	45,5%
Romania	17294	19054	19463	19666	25,8%
Slovenia	:	946	925	868	16,8%
Slovakia	2864	2945	3005	2761	21,3%
Finland	15211	15266	14724	16252	
Sweden	26270	27457	27404	27634	39,6%
United Kingdom	:	:	:	36725	15,1%

Elaborations on Eurostat, Annual detailed enterprise statistics for services

### III.16.2 Capacity and growth

The **dynamics of employment** in the taxi sector as presented by the official figures (including self-employed) have shown until 2013 how some countries experienced a

certain degree of decrease in the number of employed people, partially explained by the higher competition introduced by innovative service providers. The weighted average is basically steady, with positive/negative variations lower than 0,1% at aggregated level.

CLUSTER 1 – POSITIVE. As shown by the official figures until 2013, France, Germany (only between 2012 and 2013), Italy, Latvia, Lithuania, Romania and Sweden show positive trends. In France, the trend continues (information from consultation) with the new licenses issued after the 2014 Bill.

CLUSTER 2 – NEGATIVE. Other countries such as Belgium (only 2 years available), Bulgaria, Denmark, Hungary, Poland, Portugal, Slovenia have shown negative employment figures in the considered period,

CLUSTER 3 – STEADY OR +/- . A slightly changing situation is reported in the remaining countries.

Looking at the data collected via desk research, the interviews and the stakeholder consultation, further elements can be added to the analysis concerning licenses, vehicles and drivers with specific focus on some countries.

As mentioned above, the dynamics of taxi licenses remained, according to data, quite steady or decreasing (with the exception of Poland). In cases where there are no quantitative restrictions, qualitative and financial burdens (Ireland, the Netherlands), supply remains steady.

A deeper look into national data suggests further explanation to different dynamics. Concerning cluster 1 (positive trend) and the taxi segment, in France the number of taxi drivers increased by 13% between 2011 and 2013, while in Germany the number of taxi vehicles went up of 7% between 2008 and 2012. In Italy, the number of licences remained steady between 2010 and 2015.

Looking at the second cluster (negative trend), in Belgium two different dynamics are highlighted: on one hand, the number of employed drivers in the taxi segment is increasing (+4% between 2011 and 2013), while it's decreasing in the hire cars with driver (-3%); in Denmark, the number of taxi vehicles decreased between 2014 and 2016 (-7%); in Poland, the number of taxi permits is decreasing according to employment in 2011-2013, while from 2014 starts growing again.

**Table 21- Employment dynamics 2010-2013**

	2011/2010	2012/2011	2013/2012
Belgium			-2%
Bulgaria	-11%	-9%	-9%
Czech Republic			
Denmark	-17%	-4%	-3%
Germany	-1%	0%	5%
Estonia			
Ireland			
Greece			0%
Spain	4%	1%	-3%
France	11%	3%	6%
Croatia	44%	0%	-9%
Italy	1%	0%	4%
Cyprus	-7%	1%	-2%
Latvia	20%	5%	7%
Lithuania	6%		3%
Luxembourg			
Hungary	-4%	-4%	-5%
Malta			
Netherlands	5%	-4%	-5%
Austria	2%	-1%	3%
Poland	1%	-6%	-9%
Portugal	1%	-3%	-2%
Romania	10%	2%	1%
Slovenia		-2%	-6%
Slovakia	3%	2%	-8%
Finland	0%	-4%	10%
Sweden	5%	0%	1%
United Kingdom			

Elaborations on Eurostat, Annual detailed enterprise statistics for services

According to information collected via the consultation on the hire vehicle with driver branch, in the Member States such a France and United Kingdom and Poland (following the 2014 liberalization) the number of drivers has increased in the last three years together with the registration of new self-employed/individual companies. Sweden, the only fully liberalised taxi market along with Ireland, shows a progressive decrease in the number of taxi licenses since 2013. Ireland shows for taxi a steady number of licenses and a decreasing number of vehicles, while the hackney category reported positive trends.

In France and the United Kingdom, the increase of self-employed drivers concerns the sector of hire cars with driver: the number of registered operators in France increased by 110% from 2009 to 2014. In United Kingdom, in 2015, 69% of all licensed vehicles in England were private hire vehicles with an increase in the number of new PHV drivers of 6,9% compared to 2013. In this context, different orders of effects are engaged:

- on one side the competition of services with different characteristics is challenging for traditional operators, generating negative effects on their market share;

- on the other side, the success of more flexible mobility patterns based on multimodality and use versus ownership is potentially generating a bigger market for personal mobility, where efficient traditional operators can benefit even in presence of higher competition.

A further factor whose effects cannot be appreciated through 2013 data is related to the temporary exclusion of parts of the new services from the market in order to preserve fair competition (see for example the Uber case in France and especially in Italy). In France, Uber Pop was banned and, also with reference to professional hire cars with driver, the registration was suspended for various months in 2015 during the implementation of the 2014 Bill.<sup>125</sup> In addition, the enforcement activities against hire cars with driver and ridesharing operators have created difficulties which have been difficult to quantify. In Italy, for example, UberPop service was suspended by the Milan Court in 2015.<sup>126</sup> Spain represents another market where not only service UberPop-like are banned, but also authorizations for hire cars with driver have been restricted after the 2015 legislative reform.<sup>127</sup>

### III.16.3 Impact elements

The trends are confronted with the indicators' results, referring to the same available period (2011-2013).

Concerning **indicator 1 "Industrialization" (IND)**, some relevant cases can be highlighted, also looking at the combined trend including the number of enterprises and turnover:

- Among the countries showing positive, steady or slightly +/- changing trends in turnover and number of enterprises, the "Mediterranean" trend (Greece, Spain, Italy, and France) corresponding to self-employment oriented countries is confirmed. Differently from the turnover case, in Spain employment has slightly fallen of 3% in 2013, after a positive trend in the previous period.
- The second trend identified in Austria, Germany and Netherlands, where on the contrary employees are prevailing, is confirmed by figures on employment as well.
- Poland, Hungary and Slovakia, self-employment oriented, show negative/slightly negative trends in turnover and employment.

Trends in employment, although less dynamic than the ones on turnover, seem to strengthen the hypothesis of the existence of different country groups which are more or less contiguous, or belonging to similar socio-economic contexts rather territory oriented. As per turnover, a possible observation is that employment in the taxi operations sector may depend more on overall economic and other factors rather than on the specific industry's work structure (KPI 1). Moreover, the adaptation process of employment to changing economic and regulatory frameworks is supposed to be less immediate.

Concerning **indicator 2 "Regulatory environment" (REG)**, the following findings are referred to the countries where a more restrictive regulatory approach is applied:

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<sup>125</sup> Annex III, p.331.

<sup>126</sup> Annex III, p.553.

<sup>127</sup> Annex III, p. 851.

- Germany, where competition is possible for innovative services only in the pre-booked segment (level 2) since before 2011, shows positive trends in employment especially in 2013.
- Belgium, where competition is possible, for innovative services, only in the limousine segment and/or in non-urban markets (level 1) shows slightly negative trends in 2013 (-2%).

**Table 22 - Comparison between employment dynamics and indicators, 2011-2013**

	2011/2010	2012/2011	2013/2012	I11	I12	I13	R1	R12	R13
Belgium			-2%		3	3	1	1	1
Bulgaria	-11%	-9%	-9%	2	2	2	4	4	4
Czech Republic							4	4	4
Denmark	-17%	-4%	-3%	3	3	3	4	4	4
Germany	-1%	0%	5%	3	3	3	2	2	2
Estonia					3		4	4	4
Ireland							2	2	2
Greece			0%		1	1	1	1	1
Spain	4%	1%	-3%	1	1	1	4	4	4
France	11%	3%	6%	1	1	1	4	4	4
Croatia	44%	0%	-9%	2	3	3	4	4	4
Italy	1%	0%	4%	1	1	1	4	4	4
Cyprus	-7%	1%	-2%	3	1	1	4	4	4
Latvia	20%	5%	7%	3	3	3	4	4	4
Lithuania	6%		3%	3	2	2	4	4	4
Luxembourg							4	4	4
Hungary	-4%	-4%	-5%	1	1	1	4	4	4
Malta							4	4	4
Netherlands	5%	-4%	-5%	3	3	3	4	4	4
Austria	2%	-1%	3%	3	3	3	4	4	4
Poland	1%	-6%	-9%	1	1	1	4	4	3
Portugal	1%	-3%	-2%	3	3	3	4	4	4
Romania	10%	2%	1%	3	3	3	4	4	4
Slovenia		-2%	-6%	2	2	2	4	4	4
Slovakia	3%	2%	-8%	1	1	1	4	4	4
Finland	0%	-4%	10%	2	2	2	4	4	4
Sweden	5%	0%	1%	3	3	3	4	4	4
United Kingdom						3	3	3	3

CERTeT Elaborations

I="Industrialization index

L=Liberalization index

### III.17 Wages and salaries

#### III.17.1 Mapping overview

As a further element of information and comparison for the elaborated KPIs, wages and salaries and their dynamics have been considered. Per capita figures correspond to wages and salaries per employee in full time equivalent, therefore results are more relevant for the most employee-oriented markets.

The comparison between salaries in taxi operations and the ones in other passenger land transport shows extremely variable results, from countries showing higher per capita salaries for taxi workers (Denmark, Cyprus) or almost equal to the other land transport (France), to countries where the average salary is very low (Romania, Slovakia).

The majority of countries stand in the group where taxi operations salaries are around 40% to 60% of the other passenger land transport ones.

**Table 23 - Wages and salaries per capita full time equivalent (FTE), 2010-2013**

EUR/a	2010	2011	2012	2013	Level compared to Other land transport (2013)
Belgium			23595	22569	72,5%
Bulgaria	1908	2037	2295	2398	60,5%
Czech Republic					
Denmark	43668	43361	44719	45648	118,4%
Germany	13384	14265	14698	14575	51,4%
Estonia			3899		
Ireland					
Greece	6818		6219	7536	42,5%
Spain	11821	11930	12184	11834	42,4%
France	24337	22072	25008	29379	89,6%
Croatia	15789	8914	7064	6660	59,3%
Italy	13356	18581	15094	13696	40,7%
Cyprus	14472	12912	32237	36082	152,1%
Latvia					
Lithuania	2833	2697	3019	3395	46,5%
Luxembourg					
Hungary	4466	4132	4314	4133	38,9%
Malta	6250				
Netherlands	28242	26414	29542	29639	
Austria	15407	15434	15650	16896	50,2%
Poland		5670	6407	7049	70,5%
Portugal	6334	6323	6189	6155	48,1%
Romania	1143	898	1256	1350	32,3%
Slovenia					
Slovakia	5769	4444	2239	2207	20,9%
Finland	30338	30490	34453	28726	
Sweden	24369	26476	26577	27350	79,4%
United Kingdom				17290	56,1%

Elaborations on Eurostat, Annual detailed enterprise statistics for services

### **III.17.2 Capacity and growth**

In general, the dynamics of salaries look positive (or slightly) in the greater part of countries. Looking at the aggregated sector trends, three clusters have been identified:

**CLUSTER 1 – NEGATIVE** Croatia and Slovakia are the countries where a continuous negative trend has been identified for salaries. Data for Belgium are available only for 2013/2012 comparison.

**CLUSTER 2 – STEADY OR +/-** In this cluster different experiences co-exist regarding salaries. Finland, Spain and Italy reported trends going negative in the last years. Concerning Italy, the negative trend is not sufficient to compensate the +39% of salaries experienced in 2011, therefore the balance is still positive. Hungary shows a more variable pattern while Cyprus official figures show an exponential growth in 2012 (data have been excluded from the analysis).

**CLUSTER 3 – POSITIVE** Bulgaria, Germany Denmark, France, Greece, Lithuania, Netherlands, Austria, Poland, Romania, Sweden. In particular, France, Netherlands and Romania experienced positive trends from 2012, while Germany had a slightly negative performance in 2013.

#### **Table 24 - Wages and salaries dynamics 2010-2013**

	2011/2010	2012/2011	2013/2012
Belgium			-4%
Bulgaria	7%	13%	5%
Czech Republic			
Denmark	-1%	3%	2%
Germany	7%	3%	-1%
Estonia			
Ireland			
Greece			21%
Spain	1%	2%	-3%
France	-9%	13%	17%
Croatia	44%	21%	-6%
Italy	39%	19%	-9%
Cyprus	11%		12%
Latvia			
Lithuania	-5%		12%
Luxembourg			
Hungary	-7%	4%	-4%
Malta			
Netherlands	-6%	12%	0%
Austria	0%	1%	8%
Poland		13%	10%
Portugal	0%	-2%	-1%
Romania	21%	40%	8%
Slovenia			
Slovakia	23%	50%	-1%
Finland	1%	13%	17%
Sweden	9%	0%	3%
United Kingdom			

Elaborations on Eurostat, Annual detailed enterprise statistics for services

### III.17.3 Impact elements

The trends are confronted with the indicators' results, referring to the same available period (2011-2013).

Concerning **indicator 1 "Industrialization" (IND)**, the comparison with the dynamics in wages and salaries leads to the following results:

- Among the countries showing positive, steady or slightly +/- changing trends in turnover and number of enterprises, the "Mediterranean" trend (Greece, Spain, France, and Italy only from 2012 on) corresponding to self-employment oriented countries is mainly confirmed by figures on wages and salaries. In the same way of the employment figures, in Spain salaries have fallen by 3% in 2013, after a slightly positive trend in the previous period. Italy experienced different patterns between employment and salaries figures, with the latter growing significantly in 2011, and then decreasing in the two following years.
- The second trend identified in Austria, Germany and Netherlands, where on the contrary employees are prevailing, is confirmed by figures on salaries as well with specific reference to 2012 and 2013 in Austria and Netherlands. A slight decrease (-1%) has been experienced in Germany in 2013.



- Hungary and Slovakia, self-employment oriented, show negative trends in salaries. Poland, where taxi operations account for 70,5% of the total other land transport category, experiences significant positive figures.

Trends in salaries, basically confirming the classification of main relevant countries as proposed for the other analyzed variables, seem to follow similar patterns to the turnover ones.

Concerning **indicator 2 "Regulatory environment" (REG)**, the following findings are referred to the countries where a more restrictive regulatory approach is applied:

- Germany, where competition is possible for innovative services only in the pre-booked segment (level 2) since before 2011, shows positive trends in salaries, with a slightly negative trend (-1%) in 2013, while employment is growing by 5%.
- Belgium, where competition is possible for innovative services only in the limousine segment and/or in non-urban markets (level 1) shows negative trends in 2013 (-4%).

**Table 25 - Comparison between wages and salaries dynamics and indicators, 2011-2013**

	2011/2010	2012/2011	2013/2012	I11	I12	I13	R1	R12	R13
Belgium			-4%		3	3	1	1	1
Bulgaria	7%	13%	5%	2	2	2	4	4	4
Czech Republic							4	4	4
Denmark	-1%	3%	2%	3	3	3	4	4	4
Germany	7%	3%	-1%	3	3	3	2	2	2
Estonia					3		4	4	4
Ireland							2	2	2
Greece			21%		1	1	1	1	1
Spain	1%	2%	-3%	1	1	1	4	4	4
France	-9%	13%	17%	1	1	1	4	4	4
Croatia	-44%	21%	-6%	2	3	3	4	4	4
Italy	-39%	19%	-9%	1	1	1	4	4	4
Cyprus	-11%		12%	3	1	1	4	4	4
Latvia				3	3	3	4	4	4
Lithuania	-5%	12%	12%	3	2	2	4	4	4
Luxembourg							4	4	4
Hungary	-7%	4%	-4%	1	1	1	4	4	4
Malta							4	4	4
Netherlands	-6%	12%	0%	3	3	3	4	4	4
Austria	0%	1%	8%	3	3	3	4	4	4
Poland		13%	10%	1	1	1	4	4	3
Portugal	0%	-2%	-1%	3	3	3	4	4	4
Romania	-21%	40%	8%	3	3	3	4	4	4
Slovenia				2	2	2	4	4	4
Slovakia	-23%	-50%	-1%	1	1	1	4	4	4
Finland	1%	13%	17%	2	2	2	4	4	4
Sweden	9%	0%	3%	3	3	3	4	4	4
United Kingdom						3	3	3	3

CERTeT Elaborations

*I=Industrialization index*

*L=Liberalization index*

### **III.18 Conclusions**

With regard to our data collection, as indicated in the s.III.1, the data overlaps only partially with those of Eurostat. The only comparable data are those related to the number of companies, employees and turnover.

The data collected concerning the licences and authorizations for the taxis and hire cars with driver, shows an increase in Austria Bulgaria, Germany and Poland. In Germany, the number of licences has almost doubled between 2013 and 2015. This despite the fact that in Germany there are quantitative barriers, and the Monopolies Commission, in its recent report, has considered the market undersupplied. In Poland, the increase is the effect of the 2011 liberalisation. In Belgium, the total number of licence has decreased between 2014 and 2016, while in Cyprus, Italy, Luxembourg Malta it has remained steady. A small increase has been registered in France between 2003 and 2015, where the number of taxi licences has increased by 2065 units.

In England, the number of licenced taxi vehicles has increased of 1,5% between 2013 and 2015 but the number of taxi-only licensed drivers has decreased of 0,9%. In France, between 2010 and 2015, the aggregate increase of taxis and hire cars was of 4%, but the number of hire transport operators increased of 67% after the 2014 reform and until the 2015 moratorium.

In the Netherlands, the number of taxi companies (business licences) has dropped in 2015, whereas the number of drivers (individual licences) has increased from 2014 to 2015. In Ireland both vehicles and drivers decreased in number, as a trend following the overcapacity consequent to the liberalization in 2000.

Ireland remains second only to Sweden in the ratio between taxi drivers and populations (75 drivers per 10,000 inhabitants in Sweden, 59 in Ireland), whereas this ratio is quite low in Italy (4.7 drivers per 10,000 inhabitants), France (2.3) and Hungary (2.0).

Where taxi sector is subject to quantitative restrictions and high entry costs (in particular those related to the purchase of a licence), while the hire car with driver sector does not present the same barriers, operators have switched to the second segment in order to avoid the entry costs, such as the case of France and the United Kingdom. Both France and the United Kingdom have showed an impressive increase of hire car with driver licences, due to the decision of potential taxi operators to move in the hire transport sector which, in both Member States, has lower constraints than taxis (in France until the 2015 moratorium).

In the majority of the Member States (with the exception of Sweden and, at lower level, the Netherlands), the hire transport sector has low administrative entry costs. According to the results of the analysis, the major burdens are: the requirements for financial standing; the purchase of the licence of authorization which, together with costs of the vehicles, are the major up-front investment; the costs of professional training.

With regard to the average gross turnover, data collected from the stakeholder consultation, for the Member States where data was provided,<sup>128</sup> showed an average gross turnover per driver of EUR 53.000, with peaks in Finland and Sweden. The results in terms of gross turnover are higher than Eurostat wage and salaries' results.

With regard to hire car drivers few data are available concerning the turnover. Some respondents to the stakeholder consultation have indicated a turnover close to that of the taxi drivers, while other have indicated a slightly lower turnover (which was justified by the fact that various drivers work-part-time). It is to be underlined that these figures, collected via the national market data collection, show some inconsistencies when compared to the Eurostat figures regarding the wages and salaries per employed person, which is mainly due to the low rates of replies to the stakeholder consultation. The largest dispatch centres and hire car with driver intermediaries confirmed that their largest part of turnover is generated by account and business customers.

With regard to fares, there are large differences at national level and a comparison among the various data is difficult. However, the majority of the Member States has introduced maximum fares, below which the competition is possible. Only Lithuania, Slovakia and Sweden have free fares. In general, the results of the market analysis and of the consumers' panel (s. IV) have indicated strong competition between taxis and hire cars with driver in the pre-booked segment, with lower fares for the hire car with driver operators (basic offer).

With regard to the genuine ridesharing sector, we have identified few large international players; while in the majority of the Member States there are also one or two local intermediaries that specifically target national users (they do not have a website in English but only in their national language). Data concerning the intermediaries are not available or confidential, but in general, their entry costs are mainly related to the development of the software and they are remunerated via the booking fees (between 10-20% of the running costs). Few exceptions exist, where the intermediary is remunerated only via contribution, advertising or premium fees. However, some of the largest intermediaries have started to introduce fixed booking fees or premium service in order to become profitable.

For the longest local journeys, for example to/from airports, the ridesharing may provide some competition with the taxis and hire transport, but, as clarified by one operator, the ride must cover at least 20 km in order to create an incentive to share the costs of the vehicle. The largest bulk of ridesharing users is aged 25-34 years old. Compared to the fact that, according to the largest taxi and hire transport intermediaries, their largest turnover is generated by business customers, the ridesharing seems used more by the so-called "millennial generation".

The analysis conducted through the elaboration of KPIs and their comparison with main market variables could not lead to the identification of consistent trends across the 28 Member States.

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<sup>128</sup> Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Slovakia, Spain, Sweden, United Kingdom.

This can be explained on one the side, by the limited availability of data in terms of time series, territorial disaggregation and NACE available segmentation, and on the other side by the intrinsic characteristics of the investigated market.

The regulatory framework of the analysed sector has been quite steady in most of the countries for more than a decade, before new technology enabled services entered the market raising the need for new regulations; reform processes have been implemented only in few countries so far, and mainly within the last two to three years, thus the effects are still under development and, most important, can't be interpreted by data available only up to 2013.

However, the additional information provided by the data collected via desk research, the interviews and the stakeholder consultation, is useful in order to focus further at market segment level.

Where no quantitative restrictions are envisaged, the number of taxi licenses increased (notably in Poland), except in countries where indirect barriers (e.g. high level of financial standing) are in place.

Administrative licence costs do not represent a high burden to competition, while market value of tradable licenses is seen by as the main barrier for those trying to enter the market.

Under these premises, results from the analysis identified four cases to be considered as benchmarks for future development, although a complete common pattern for the large panel of considered countries cannot be defined:

- The case of Germany represents an interesting benchmark based on the combination of a share of employees on total employed over 60% (Industrialization) and a regulatory framework allowing innovative services, under specific requirements provided to create an even playing field with taxis, to operate in urban markets, but only in the pre-booked segment (regulatory environment). The investigated pattern has shown positive trends concerning the dynamics of turnover and employment, while the number of enterprises has risen in the last available year only.
- The second benchmark case to be monitored according to the findings is France, where self-employed workers represent the prevailing part of total employed (industrialization). The French market has undergone to an in-depth reform, started in 2009 with the liberalization of the VTC sector and with the 2014 Bill which is reorganizing both taxis and VTC. The four years that followed the liberalization of the VTC have showed a rapid development of the sector, with the entrance of new players and the provision of competitive services in the pre-booked segment.
- In the United Kingdom, where the share of employees on total employed over 60% (industrialization), consolidated its regulatory framework much earlier than France. Although analysed data do not highlight significant growth rates, as stated in the country report, taxi and private hire car market in United Kingdom has been the fastest-growing transport sector over the last 25 years. Both turnover and number of enterprises are slightly variable through the 2010-2013 period and the market is more open to new entrants. Longer time series for the future will allow for a better knowledge of the impact of new technology enabled services on the market.
- Last interesting benchmark is provided by Sweden, where as well as for United Kingdom and Germany the share of employees on total employed is over 60% (industrialization), no specific regulations have been put in place and no quantitative restrictions to licenses are applied. Sweden experienced a decrease in the number of enterprises, while employment and especially turnover are increasing in the considered period.

Germany is one of the biggest markets in Europe in absolute values, with a high level of "industrialization" and a competitive environment by regulations allowing innovative and intermediation services in urban markets only in the pre-booked segment. The German hire transport market is strictly regulated both with regard to the market access (quantitative restrictions) and with regard to the fares (fixed). The potential of the market seems to be still high, since as the Monopolies Commission defines the current situation as "undersupplied".

France, the most relevant market (and one of the fastest growing) in terms of turnover, undertook a long debate and process which lead to a new legislation in 2014, whose effects will have to be assessed in the medium term.

The United Kingdom, among the five biggest markets, shows a high level of "industrialization" combined with a competitive environment by regulations allowing innovative and intermediation services in urban markets both in the pre-booked and in the hailing segment.

Sweden is characterized as mentioned by the absence of quantitative restrictions and – although the absolute values are lower than in previous cases – by the highest turnover of taxi services per inhabitant. Moreover, in the Swedish market there is no distinction

between taxis and hire cars and deregulation did not have dramatic effects on employment, affected positively the quality of services (and generated a rise of prices).

Although the four presented cases do not represent the complete and complex framework of the EU 28 trends, these can be considered, by market characteristics and regulatory structure, significant in the definition of the main dynamics that can lead the development of the sector.

## IV. IN-DEPTH CASE STUDIES

The Terms of Reference of this study required the carrying out of in depth case studies in selected cities which experienced rapid market developments. In this respect, the examined cities were chosen according to geographical criteria and based on the degree of liberalization of the market, and where taxis, hire cars with driver and ridesharing were available. Moreover, certain cities such as Paris and London are currently experiencing reforms of the sectors. One of the examined case studies required the analysis of the cross-border market for taxis, hire cars and ridesharing. Consumer panels carried out in the covered cities complemented the in-depth analysis (Chapter V). Full case studies are included in Annex IV, while this chapter provides the summaries of the case studies.

### IV.1 Amsterdam

The taxi sector in the Netherlands was liberalised in 2001, and as a result, the number of taxis multiplied but also the fares increased, while there was also decrease in the quality of the service. Since the expected benefits were not obtained by the reform, especially in terms of consumer quality and satisfaction, in October 2011, a new Taxi Act came into force. Based on this Act, the City of Amsterdam established new Municipal Taxi Regulations, which came into force November 2012 and contained regulations for the Amsterdam 'pick up' taxi market. Every taxi driver who wants to pick up customers on the street or at a stand needs to join a so-called 'Toegelaten Taxi Organisatie' or TTO (approved taxi organization) which is also a dispatch centre. TTOs are responsible for ensuring the high quality of service.

The regulation to access the market is based on high qualitative requirements, based both on the national rules and on local regulations. The dispatch centres are associations of taxi companies and are responsible for, among other things, taking orders, managing traffic, complaints, and billing. The drivers connected to TCA (Taxicentrale Amsterdam), for example, must take a psychological test followed by an internal TCA course. During this course, a lot of attention is paid to customer service, street map knowledge and dealing with the FMS Terminal (TCA's ride conciliation and orders accepting system). Besides the TCA course, TCA's drivers also must attend a resistance-training course on aggression and prevention. The Municipality of Amsterdam has decided that **a driver is not allowed to be affiliated with more than one approved taxi organization** (dispatch centre) at a time if the driver wants to pick up people who hail a taxi on the street.

According to TCA, the largest TTO in Amsterdam, there are no data available for the taxi market, however, after the introduction of the new qualitative requirements, it seems that the number of drivers decreased due to the need to meet the qualitative requirements. At present, the number has returned to the level before 2012. There are currently 4.000 registered taxis, divided over 11 dispatch centres (TTO). Approximately another 1.000 taxis (from outside of Amsterdam) operate in the city during the weekends since there are **no territorial restrictions** for taxis authorised outside Amsterdam to operate in the capital. However, Amsterdam taxis and their quality standard remain recognizable by their blue plate. There are various intermediaries offering taxi rides via applications. The municipality imposes **maximum fares** therefore the competitors, such as Uber, TCA, and Taxi UGO are allowed to offer lower fares. Intermediaries may only facilitate services provided by licensed drivers. The city of Amsterdam started a subsidy on emission free taxis in 2016 which offers 5,000 EUR per

taxi in order to switch to electric vehicles. Amsterdam is also known as the capital of electric taxis, since the majority of the vehicles in circulation are electric.

The Amsterdam approach, which combines **liberalization of the sector with very high quality requirements** focused on quality and attention to the customer, has enabled the city to productively develop the market. The high qualitative requirements and the controls through the TTOs are directed to ensure consumer protection and in the meantime, open the market to other hire transport players.

The results of the consumer panels highlight that, in Amsterdam, 69% (44) of the respondents used a taxi in the past 3 months, 13% (8) used a private car with driver service and 19% (12) used both of them.

The respondents who reside in Amsterdam cited the following reasons for using a taxi: (i) the price of the journey (55%, 23), (ii) the safety and reliability of the service (29%, 12) and (iii) the driver route knowledge (26%, 11). On the other hand, the main reasons cited by the respondents for using a private car with driver over a taxi service in Amsterdam were: (i) the price of the journey (93%, 14), (ii) the booking user-friendliness (67%, 10) and (iii) the payment method (67%, 10).

In addition, we also observed that the average satisfaction of users for private car with driver service (8.05/10) was greater than for taxi service (6.86/10).

## IV.2 Brussels Capital Region

The Brussels Capital Region has recently launched a modernization plan (Plan Smet) and commissioned a study to evaluate the impact of the innovative services on the existing market. In July 2015, an order of the Brussels-Capital Region introduced a new training program for drivers in order to increase the number of taxi drivers available for taxi companies. The plan requires service to be more client-oriented, with flat fares for certain journeys, such as rides to/from the airport, a booking service and the launch of a new application for taxis. The need for modernisation is due to the fact that the taxi market is extremely hard to get into, with quantitative and qualitative barriers, and is segmented between the taxis and hire car with drivers, with very little or no space for new market players. The purpose of the plan is to promote better quality and innovation, but also includes stricter controls on taxis (with the introduction of a new taximeter and through regulations and controls on dispatch centres) and ridesharing. Discussions are still on going on the removal of the cap to the number of licences.

The fact that, currently, the **access to the market is restricted by a cap on the number of licences** has created a scarcity value, and in order to avoid abuses, the licence trading must be approved by the competent authority. In recent years, no transfers have been approved but the need for approval may be circumvented by means of the transfer of company shares. Second, illegal employment practices in the taxi sector encompass the "*forfait location*" practice (a daily rental of the vehicle), which is widespread in Brussels-Capital Region. Third, users report low levels of satisfaction with taxi services.<sup>129</sup> An increase in complaints has been observed over the last few years, while, according to one of the stakeholders in the consultation, users have shown a

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<sup>129</sup> Information obtained during the stakeholder consultation, 20 April 2016.



favourable opinion with respect to new mobility services. **Maximum fares are imposed** by a regional decree. Based on 2015 data, there are 1273 and 246 authorised to operate from Zaventem airport. In 2014, the volume of commercial passengers at the airport was 22 million.

Hire cars cannot provide a viable alternative to the taxis for reasons of very strict requirements for vehicles (the regulation imposes not only the technical specifications but also a minimum purchase price), and the obligation of being reserved for minimum three hours and for EUR 90, which is a restriction to the provision of service and creates an artificial segmentation of the market. Moreover, authorisation for hire car with driver (Service de Location avec Chauffeur – SLC) seems very difficult to obtain since the regional authority issues them only when there is a market need. These stringent requirements and the regional control over the licences have made it nearly impossible, or at least very difficult, for alternative service to develop. However, innovative service providers are trying to enter the market. Uber is providing its UberX service with professional hire cars with driver, without applying the requested minimum three hours of booking and the EUR 90 fee.

The Regional Authority is also promoting some additional taxi ridesharing services, such as Collecto, an initiative set up in 2008. Collecto is a service enabling night-time travel by means of a collective taxi leaving from one of the specified “Collecto” stops. While MOBIB’s (local urban mobility transport) cardholders pay 5 EUR, other passengers pay 6 EUR. Other forms of ridesharing taxis are developing, such as Splyt, the application launched by Le Taxi Verts, one of the largest dispatch centres of the capital, to share a taxi especially for the airport rides.

The results of the consumers’ panel highlight that, in Brussels-Capital Region, 55% (26) of the respondents used a taxi in the past 3 months, 9% (4) used a hire car with driver service and 36% (17) used both of them.

The respondents who are residents of Brussels-Capital Region cited the following reasons for using a taxi in Brussels-Capital Region: (i) the price of the journey (55%, 23); (ii) the safety and reliability of the service (29%, 12); (iii) the driver route knowledge (35%, 8); and (iv) the cleanliness of the vehicle (35%, 8). On the other hand, the main reasons cited by the respondents for using a private car with driver over a taxi service in Brussels-Capital Region were: (i) the booking user-friendliness (100%, 20); (ii) the price of the journey (95%, 19); and (iii) the payment method (80%, 16).

In addition, we also observed that the average satisfaction of users for private car with driver service (8.43/10) was greater than for taxi service (6.19/10).

### **IV.3 London**

London has one of the most developed taxis and hires car systems in the EU. Transport for London (TfL) is the authority in charge of granting taxi licences, both to drivers and vehicles, essentially under the London Cab Order of 1934. The TfL also issues licenses for vehicles to operate as black cabs, provided that certain criteria are met. Among other

requirements to qualify for a cab licence, London cab drivers are required to pass the well-known (or notoriously difficult)<sup>130</sup> "Knowledge" test of London roads and landmarks.

Stringent requirements are also imposed for vehicles used as taxis and London is the only city in the EU which imposes wheelchair accessibility for all the vehicles used as taxis. Hire cars with driver (called private hire vehicles or "PHV") are also licensed by TfL: licences are required for the driver, the vehicle and the PHV operator (intermediary). The PHV driver exam is less difficult than the London Knowledge test.

In March 2015,<sup>131</sup> in London, there were 85,300 licensed vehicles (22,500 taxis and 62,800 PHVs) and 103,900 licenced drivers of which 78,700 are PHV-only licenses. Compared to 2014, the number of PHV licensed vehicles increased by 25,9% and the number of PHV-only licensed drivers increased by 17,5%. The "explosion" of PHV intermediaries such as Uber and Addison Lee working with PHV operators, explain this surge, even if the corporate and business service represents a large part of the turnover of these intermediaries<sup>132</sup>.

The surge of the number of PHV vehicles, which essentially provide a service similar to taxis, has given rise to trade unions' protests, not only for the loss of turnover for the taxi drivers, who have spent years in preparing for the London Knowledge test, but also for the environmental impact of the large number of vehicles on the road.

TfL adopted new regulations on PHVs which entered into force on 27 June 2016. The main changes concerned the mandatory hire and reward insurance for vehicles and the obligations of PHV operators: to provide a booking confirmation to a passenger before their journey starts; to inform TfL of any change of their business models; to upload to TfL information concerning the vehicles and drivers used to fulfil the bookings; to keep records of service and complaints for 12 months; and to have a call centre available 24/7 for consumer complaints or request for information concerning their bookings. The reform includes minimum English knowledge requirements proved by the European certificate.<sup>133</sup>

#### **IV.4 Paris**

The Parisian point-to-point transport has experienced rapid development in recent years. Following the liberalization of the *Voiture de Tourisme avec Chauffeur (VTC)* in 2009, the hire car with driver market, (which originally was intended only for hotels and business) experienced a surge of 110% of the number of the operators up until 2014. Large companies providing a reliable alternative to taxi service have entered the market, creating strong competition especially in the pre-booked segment and in airport journeys. Professional drivers have been attracted to the VTC sector since they are able to exercise a profession similar to taxis with lower qualitative entry requirements and without having to buy a taxi licence.

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<sup>130</sup> On the difficulty of such a test, and some political opposition to maintaining such a test, see - *inter alia* - <http://www.bbc.co.uk/news/uk-england-london-35065681>.

<sup>131</sup> Taxi and Private Hire car Statistics: England 2015. See webpage: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/456733/taxi-private-hire-vehicles-statistics-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/456733/taxi-private-hire-vehicles-statistics-2015.pdf).

<sup>132</sup> Reply to the stakeholder consultation.

<sup>133</sup> <https://tfl.gov.uk/info-for/taxis-and-private-hire/new-private-hire-regulations>.

The number of taxis is limited and no material increase resulted from the 2014 Bill since, from 1 July 2015, only 31 new free licences were issued in Paris while 46,871 applications were pending.<sup>134</sup> In the Île de France there are 7,213 VTC operators for 19,992 taxis and VTCs have grown with a rate of 4,65 per year.<sup>135</sup>

VTC intermediaries are in direct competition with the dispatch centres. The entrance on the VTC market of Uber has compelled other companies, including taxi dispatch centres, to reduce prices without any concertation with taxi drivers, which gave rise to protests of taxi and VTC drivers. Moreover, in October 2015, Uber announced the reduction of 20% fares for its VTC service UberX during weekends and nights, in order to compete with the G7 Night fares for people up to 25 years old, in order to attract young customers. The segment of young transport users going out on weekends is also experiencing aggressive competition of Heetch, the only French P2P urban ridesharing service, mainly dedicated to suburban riders. The ZUS (Zones urbaines sensibles) areas are also an interesting catchment area for VTCs: the fares offered by Chaffeur Privé for suburban areas are lower than those for the Paris area are.

For Parisian airports, taxi flat fares imposed in March 2016 and the flat VTC fares (for the first-tier service – UberX, ECO of Chaffeur Privé) are aligned but in some cases, VTC fares are slightly lower than the taxi fares, which put the VTCs and the taxis in direct competition in this segment. With aligned supply prices, the preferences of the passengers are defined by other criteria, such as the quality of the service. Those who are interested in high-level services may also choose top-tier services (UberBerline, Chaffeur Privé Berline) whose fares are higher than taxis and first-tier services.

A survey carried out by Les Taxis Bleu in August 2015 has confirmed that a massive substitution is under way. Half of the VTC users are high-income people living in the Ile-de France. For them, taxis would be the alternative in the case of non-availability of the VTC service. Conversely, according to the survey, taxi users seem more variegated and belonging to different social classes. The majority are also occasional users. Another survey<sup>136</sup> was carried out in 2014 by the *Observatoire société et consommation*. The results of the Obsoco survey confirmed that the VTC service was taking market share away from taxis. As previously described, the reason for this may be that the users were satisfied about the quality of the service, or that the frequent taxi service users are moving towards VTCs.

Interestingly, in replies to the consultation, 89% of users of the service Wecab - an application to share a taxi with other people to and from Paris airports and train stations – confirmed that they would not travel by taxi without the opportunity to share it offered by the platform. They are mainly young people or people that cannot afford the full-price of a taxi. Therefore, this service is more in competition with regular urban public transport.

The recent INSEE data from the end of 2015,<sup>137</sup> concerning the employment in Ile de France, showed an increase in employment and the creation of micro-enterprises,

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<sup>134</sup> <http://www.prefecturedepolice.interieur.gouv.fr/Demarches/Professionnel/Transports/Taxis-parisiens>.

<sup>135</sup> Mission de concertation Taxis - VTC conduite par Thomas Thévenoud. See webpage : <http://www.ladocumentationfrancaise.fr/var/storage/rapports-publics/144000239.pdf>.

<sup>136</sup> Source Obsoco –Chronos, December 2014. See webpage: [https://issuu.com/chronos\\_issuu/docs/observatoiremobilitesemergentes\\_do\\_6f0cd46874f166](https://issuu.com/chronos_issuu/docs/observatoiremobilitesemergentes_do_6f0cd46874f166).

<sup>137</sup> [http://www.insee.fr/fr/themes/document.asp?reg\\_id=20](http://www.insee.fr/fr/themes/document.asp?reg_id=20) Denis Rabadeux, Insee Île-de-France ; Athémane Dahmouh, Direccte Rédaction achevée le 14 avril 2016

including in the transport sector, which, according to INSEE, were an effect, among others, of 2014 Bill. The large development of hire transport in the Paris area and the high demand, according to the INSEE, are linked to the fact that Paris is the first city in Europe for business tourism, due to the importance of its business centres, which also demands taxis and VTCs services.<sup>138</sup>

The results of the consumers' panel highlight that, in Paris, 16% (16) of the respondents used a taxi in the past 3 months, 37% (38) used a private car with driver service and 47% (48) used both.

The respondents who are residents from Paris cited the following reasons for using a taxi over a private car with driver in Paris: the booking user-friendliness (50%, 7), the driver route knowledge (43%, 6), the safety and reliability of the service (36%, 5), the payment method (36%, 5), and waiting time between the completion of the booking and the vehicle arrival (36%, 5). On the other hand, the main reasons cited for using a private car with driver over a taxi service in Paris are: the price of the journey (90%, 69), the booking user-friendliness (87%, 67) and the payment method (74%, 57).

In addition, we also observed that the average satisfaction of users for private car with driver service (8.58/10) was greater than for taxi service (6.23/10).

#### **IV.5 Rome**

Hire transport in Rome is perhaps one of the most regulated in the EU. There are complex layers of national, regional and local regulation, strong barriers to entry and regulated tariffs. In the past, various abuses on fares by taxi drivers, especially at the airports, were lamented and thus fixed fares from the airports to the city centre (and vice versa) have been introduced. The Municipality has also imposed quantitative restrictions, and in the past 20 years, very few licences have been issued which consequently led to a surge of licences' prices in the secondary market.

The last free taxi licences were issued after the liberalisation brought by the Bersani reform,<sup>139</sup> but after violent protests from taxi operators with licences bought on secondary market, no new licences were issued.<sup>140</sup> Both the Municipality of Rome and the Mobility Agency are in charge of urban mobility, including taxi licences, hire car with driver authorisation and car sharing. Due to the lack of new free licences, the value of the licence on the market has considerably increased. Similarly, the hire transport sector is considered undersupplied. Currently, around 5000 vehicles (both authorised by the Rome Municipality and other Italian Municipalities) are allowed to circulate in Rome to meet the very high demand for the services.<sup>141</sup>

The Municipality, from one perspective, recognises the need for more service providers but from another, has introduced more stringent requirements for hire cars with driver, such as the decree of December 2014 which imposes on hire cars with driver entering the city to provide the Municipality, for each ride performed in Rome, a set of information. In its Opinion AS1187 of 22 April 2015, the Italian Competition Authority

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<sup>138</sup> Aurélian Catana, CRT Paris Île-de-France, Jean-Marie Nays, CCI Paris Île-de-France, Céline Calvier, Cyrille Godonou, Lynda Pichard, Philippe Pottier, Insee Île-de-France *L'Île-de-France, première région touristique française*, [http://www.insee.fr/fr/themes/document.asp?req\\_id=20&ref\\_id=23139](http://www.insee.fr/fr/themes/document.asp?req_id=20&ref_id=23139).

<sup>139</sup> Decree Law No 223/2006, converted with modifications in the law No 248/2006.

<sup>140</sup> Confirmed by the relevant authority.

<sup>141</sup> Interview with a market operator.

contested the resolutions promulgated by the Municipality of Rome (which were suspended by the TAR) which introduced specific procedures for providing hire car with driver services in Rome under licences issued by other municipalities. Difficulties for the hire transport sector have also arisen due to the administrative burden and the lack of an adequate registration system in the Italian capital. The operators authorised outside the Municipality must communicate the plate number of the authorised vehicles to the Municipality, but the process is slow and the police do not recognize some vehicles since they do not appear in the registration system.

During 2015, there were several changes to the regulations for access of the hire car with driver to the Rome Fiumicino airport, the largest airport hub in Italy. All the regulations were aimed at restricting the access for hire car with driver, except for those who received their authorisation from the Municipality of Rome (only 993 licenses) or the Municipality of Fiumicino.

New mobility services have also started to affirm themselves. After UberPOP was suspended in Italy following a judgment rendered by the Milan Tribunal on July 2015, Uber Black has continued to operate in Rome and several other cities in Italy. Other ridesharing services, such as Scooterino, an app to share a scooter-ride around the city to share only expenses, are developing. Applications providing ridesharing services such as Jump on (short distance carpooling with no remuneration) and Get-a Taxi (for licensed taxis) are active.

Car sharing (round-trip and point-to-point station car sharing) companies such as Enjoy, managed by a joint venture between some large Italian corporations, exist in the city but they are mainly concentrated in the centre (the so-called area "inside the walls"). Various hire with driver companies provide competitive price for rides to/from the main airports.

The results of the consumers' panel highlight that, in Rome, 47% (31) of the respondents used a taxi in the past 3 months, 9% (6) used a private car with driver service and 44% (29) used both.

The respondents from Rome cited the following reasons for using a taxi: (i) the booking user-friendliness (60%, 25), price of the journey (33%, 14), (ii) the Booking time (24%, 10) and (iii) the waiting time between the completion of the booking and the vehicle arrival (24%, 10). On the other hand, the main reasons cited for using a private car with driver over a taxi service in Rome were related to: (i) the cleanliness of the vehicle (69%, 11), (ii) the price of the journey (63%, 10), (iii) the booking user-friendliness (56%, 9) and (iv) the comfort of the vehicle (56%, 9).

In addition, we also observed that the average satisfaction of users for private cars with drivers' service (7.54/10) was greater than for taxi services (6.60/10).

#### **IV.6 Stockholm**

The Swedish market was liberalised in 1990 with the removal of the quantitative restrictions and regulated fares. Today, the market is regulated at the national level, and licences are issued by the Ministry of Transport based on qualitative requirements and financial standing, proven by a financial guarantee. The licensing system is tailored

towards independent operators or fleet owners, since they, as companies, own the licenses.

In 2005, the Regulatory Reform Commission investigated the effects of the deregulation in the network industries as well as the taxi sector.<sup>142</sup> The Commission's study found that in the taxi sector, the deregulation had a positive effect on employment. Concerning prices, the study found that prices increased relative to the consumer price index. The price increase in the service for taxis was confirmed in a subsequent study carried out by the Swedish National Road and Transport Research Institute (VTI) in 2013, called "Regulatory Changes in Sweden's Taxi Sector".<sup>143</sup> In addition, immediately after deregulation, larger taxi fleets and better accessibility was observed.<sup>144</sup> Namely, the number of companies and vehicles increased significantly and stabilised at a level that was around 25% higher than before deregulation, an increase that was higher in metropolitan areas.<sup>145</sup>

The main negative outcome was observed in the surge of the taxi prices and in reduced transparency. The press also recently reported numerous taxi scams especially in Stockholm. The liberalisation of the market has made price transparency worse and complaints for exorbitant prices (especially from taxis not affiliated to dispatch centres) have been often submitted by passengers. To increase price transparency and consumer protection, the Swedish authorities have introduced incremental changes such as mandatory stickers on vehicles with pricing information. Taxis working with applications and GPS technologies must run the taximeter in parallel and enter the price manually for fiscal reasons, since the tax system is linked to the taximeter.

The ongoing Government inquiry is expected to bring about a reform, including possibly introducing a new category of "taxi" with clearer rules on exemptions from the compulsory taximeter requirements.<sup>146</sup> An update of the current rules considering the changes in technology is also presently being assessed. This reform however, is not expected to be finalized before 2017.

The results of the consumers' panel highlight that, in Stockholm, 28% (16) of the respondents used a taxi in the past 3 months, 26% (15) used a private car with driver service and 47% (27) used both.

The respondents from Stockholm cited the following reasons for using a taxi in Stockholm: the safety and reliability of the service (73%, 11), driver route knowledge (60%, 9), the booking user-friendliness (33%, 5) and the waiting time between the completion of the booking and the vehicle arrival (33%, 5). On the other hand, the main reasons cited for using a private car with driver over a taxi service in Stockholm were related to: the price of the journey (81%, 30), the booking user friendliness (70%, 26), the payment method (68%, 25) and the waiting time between the completion of the booking and the vehicle arrival (59%, 22).

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<sup>142</sup> <http://www.reforminstitutet.se/wp/wp-content/uploads/2014/03/Twentyfiveyearsofreform140301.pdf>, p. 18.

<sup>143</sup> VTI (Swedish National Road and Transport Research Institute):

<https://www.vti.se/en/publications/pdf/regulatory-changes-in-swedens-transport-sector.pdf>.

<sup>144</sup> Swedish market for taxi services, From Deregulation in 1990, and forward. Nordic competition meeting, Reykjavik, 27-28 August 2015, Stig-Arne Ankner, Swedish Competition Authority.

<sup>145</sup> Z. Slavnic, Struggle for Survival in the Deregulated Market: re-commodification and informalisation of the taxi sector in Stockholm.

<sup>146</sup> Reply to the stakeholder consultation.

In addition, we also observed that the average satisfaction of users for private car with driver services (8.57/10) was greater than for taxi services (7.14/10).

#### **IV.7 Warsaw**

The market for taxis and hire cars with driver in Warsaw has constantly been growing, especially following the liberalisation in 2011. At the end of 2013, there were 9,954 licensed taxis in Warsaw, a year later 10,475 and finally at the end of 2015, the number of licenced taxis in Warsaw reached 11,079.

Entrepreneurs carrying out occasional transport do not need to comply with the resolutions of the city council that determine the maximum allowed prices (they can discretionarily set their prices), and they are not required to additionally mark their vehicles.

According to the Trade Union of Taxi Drivers "Warszawski Taksówkarz", the market in Warsaw is supersaturated. Currently, there is stiff competition between the traditional taxi corporations in Warsaw and drivers co-operating with such companies like Uber. Taxi drivers have held strikes in Warsaw, aimed at focusing the attention of the authorities to the problem of increased competition in the sector of non-scheduled passenger transport, particularly on the fact that some drivers co-operating with companies such as Uber may not hold the required licences and may not pay taxes or social insurance contributions. The Ministry of Infrastructure and Environment issued guidelines on UberPop with respect to the treatment of revenues and social contributions.

Maximum fares have been imposed to avoid taxi scams. Since the fares are capped at maximum prices, there is a lot of competition on the prices between taxi operators which can offer fares below the maximum. Digital Polish applications, such as iTaxi<sup>147</sup> have developed and gained market share. The application offers different taxi drivers with different vehicles with the different applicable fares for the same journey, and the customer can order the one he/ she prefers.

The dynamicity of the market is also confirmed by the presence of ridesharing intermediaries offering transport with non-professional drivers, such as UberPop and Heetch. The phenomenon seems tolerated, and the Ministry of Finance has issued guidelines on ridesharing from a fiscal point of view. The Polish Competition Authority has supported this service considering it brings benefits to consumers without diminishing consumer protections.<sup>148</sup>

The results of the consumers' panel highlight that, in Warsaw, 38% (24) of the respondents used a taxi in the past 3 months, 19% (12) used a private car with driver service and 44% (28) used both.

The respondents from Warsaw cited the following reasons for using a taxi in Warsaw: (i) the safety and reliability of the service (88%, 29); (ii) driver route knowledge (67%,

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<sup>147</sup> <https://itaxi.pl/english/>.

<sup>148</sup> [https://www.uokik.gov.pl/komentarze\\_wyjasnienia\\_i\\_stanowiska.php?news\\_id=12354](https://www.uokik.gov.pl/komentarze_wyjasnienia_i_stanowiska.php?news_id=12354).

22); and (iii) the booking time (52%, 17). On the other hand, the main reasons cited for using a private car with driver over a taxi service in Warsaw were: (i) the price of the journey (97%, 28); (ii) the booking user-friendliness (72%, 21); and (iii) the payment method (69%, 20).

In addition, we also observed that the average satisfaction of users for private car with driver service (8.28/10) was greater than for taxi service (7.69/10).

#### **IV.8 Cross-border case – Vienna/Bratislava**

The cross-border case, Vienna Bratislava, was selected due to the geographical proximity between the locations and because both cities have airports. Therefore, there is a potential catchment area of people travelling across the border who may use taxis, hire cars with driver and ridesharing. While Bratislava airport services various airlines with an average of 1,3 million of passengers in 2013 according to the Global Investment and Business Centre, due to its proximity to Vienna, many travellers to Bratislava use the Vienna airport which is 50 minutes away by car, taxi or bus service.<sup>149</sup> From desk research, it has emerged that certain hire car with driver companies are offering specific service from Bratislava to Vienna airport and vice versa, from Bratislava airport to Vienna at fixed fares.

As clarified by the surveyed authority, the cross-border taxi rides are mainly provided to passengers arriving or departing at the airport of one of the two cities and transferring to the other. However, in principle the taxi must return empty. The Vienna city council has clarified that the taxi driver or hire car driver from Vienna which has an ordered trip in Bratislava, can pick up passengers there after having dropped another. However, if there is no pre-ordered trip, the taxi must return empty to Vienna.

All the taxi companies in Vienna and Bratislava offer trips across the borders at fixed fares, and there are, in both cities top tier limousine services for business tourists. All the market operators and interviewed authorities have confirmed that cross-border services are available but they represent a small segment. According to the Vienna municipality, the use of taxis or hire car with driver from a city to another seems reserved to business. One of the respondent to the stakeholder consultation accounted around 100-200 rides per months between the two cities using hire cars with driver.

Long distance pre-arranged ridesharing, such as Carpoolworld and BlaBlacar, offers competitive prices compared to the public transport (bus, train) and may compete with them also to reach the airport in the other city.

The results of the consumers' panel highlight that, in Bratislava, 39% (19) of the respondents used a taxi in the past 3 months, 18% (9) used a private car with driver service and 43% (21) used both. The respondents who are residents of Bratislava cited the following reasons for using a taxi: (i) the price of the journey (54%, 13); (ii) the booking user friendliness (50%, 12); and (iii) the waiting time between the completion of the booking and the vehicle arrival (42%, 10). On the other hand, the main reasons cited for using a private car with driver over a taxi service in Bratislava were: (i) the payment method (87%, 20); (ii) the Booking user-friendliness (83%, 19); and (iii) the price of the journey (83%, 19). In addition, we also observed that the average

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<sup>149</sup> Slovak Republic Labour Laws and Regulations Handbook Volume 1 Strategic Regulation, Global Investment and business centre.



satisfaction of users for private car with driver service (8.57/10) was greater than for taxi services (6.68/10).

Regarding Vienna, the results of the consumer panel pointed out that 68% (41) of the respondents used a taxi in the past 3 months, 10% (6) used a private car with driver service and 22% (13) used both. The respondents who resided in Vienna cited the following reasons for using a taxi: (i) the Safety and reliability of the service (41%, 17); (ii) the waiting time between the completion of the booking and the vehicle arrival (41%, 17); and (iii) the booking user-friendliness (37%, 15). On the other hand, the main reasons cited for using a private car with driver over a taxi service in Bratislava were: (i) the price of the journey (80%, 12); (ii) the Booking user-friendliness (80%, 12); and (iii) the payment method (67%, 10). We also observed that the average satisfaction of users for private car with driver service (7.84/10) was greater than for taxi services (6.37/10).

In addition, we noticed that 13% (5) of the respondents who are resident of Bratislava used taxis to commute between Bratislava and Vienna. In terms of private car with driver service, 10% (3) of the residents from Bratislava used it to commute to Vienna. Finally, regarding Vienna, 4% (2) of the residents used taxis to commute between Vienna and Bratislava, and four respondents used a hire car with driver to commute between those two cities.

## V. RESULTS OF THE CONSUMER PANEL

As part of the study on passenger transport by taxi, hire car with driver and ridesharing in the EU carried out by Grimaldi for the European Commission, Wavestone was mandated to perform an in-depth consumer survey about the European taxi and hire car market. This survey aims to develop a better understanding of needs and expectations from consumers of passenger transport by taxi and by private car with driver service.

In this study, Wavestone recruited users of taxis and hire car with driver services through an online panel hosted on the Wavestone website. In order to participate to the consumer panel, respondents had to meet three selection criteria (i) being above 20 years of age; (ii) having used a taxi or a hire car with driver at least once within the last three months; (iii) being a resident of Paris, Brussels-Capital Region, Stockholm, Amsterdam, Rome, Warsaw, Vienna or Bratislava.

Table 26 below shows the distribution of eligible responses for each city, at the time of this report.

**Table 26 - Distribution of responses per city and type of service**

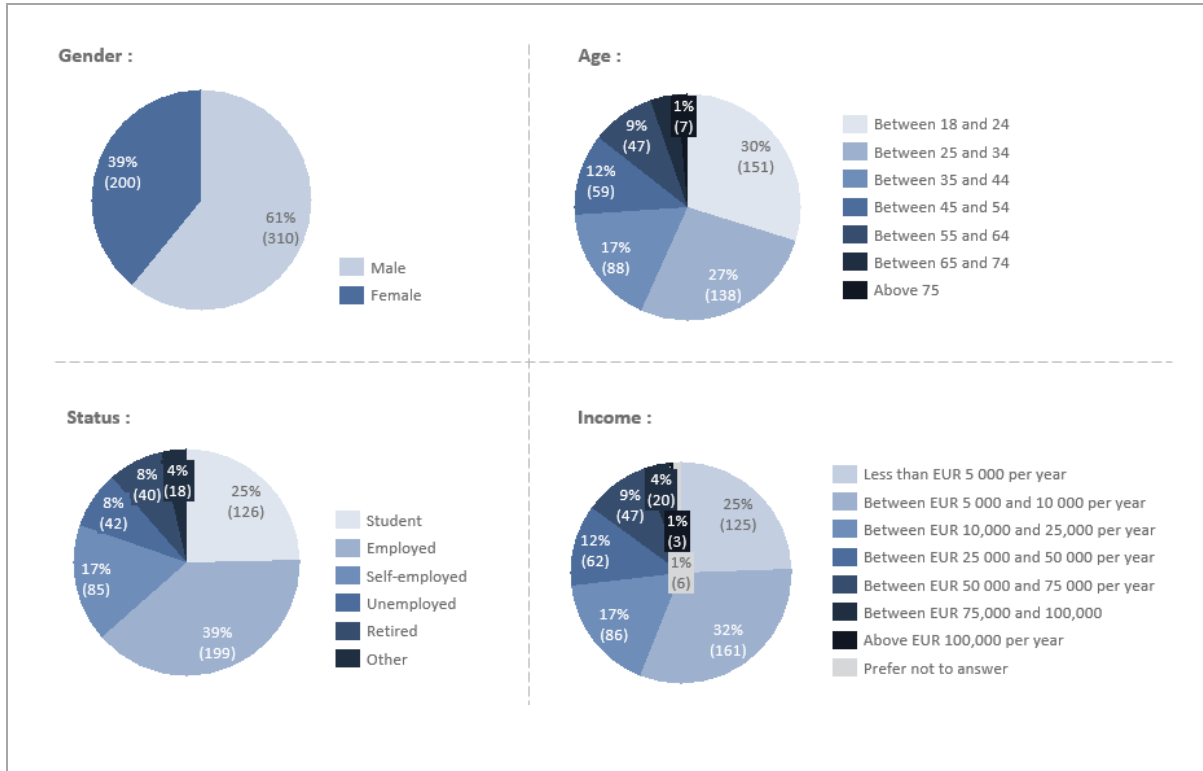
	Amsterdam	Bratislava	Brussels-Capital Region	Paris	Rome	Stockholm	Vienna	Warsaw	TOTAL
Taxi Users	56	40	43	64	60	43	54	52	412
Users of hire car with driver service	20	30	21	86	35	42	19	40	293
Total	76	70	64	150	95	85	73	92	705

The key findings from the study are discussed below. The consumer panel is a survey of 510 respondents' representative of the population in the studied cities. Respondents were asked to evaluate the quality and satisfaction of the taxi and/or private car hire services they used in the last 3 months. Respondents were also allowed to evaluate both services, should they have used both in the last three months.

### V.1 Respondents' profile

As displayed in **Figure 1**, the majority of the respondents were male (310 respondents, 61%), another majority was aged below 35 (289 respondents, 57%), 286 respondents or 57% of the total were also earning less than EUR 10,000 per year.

*Figure 1 Respondents' profile*



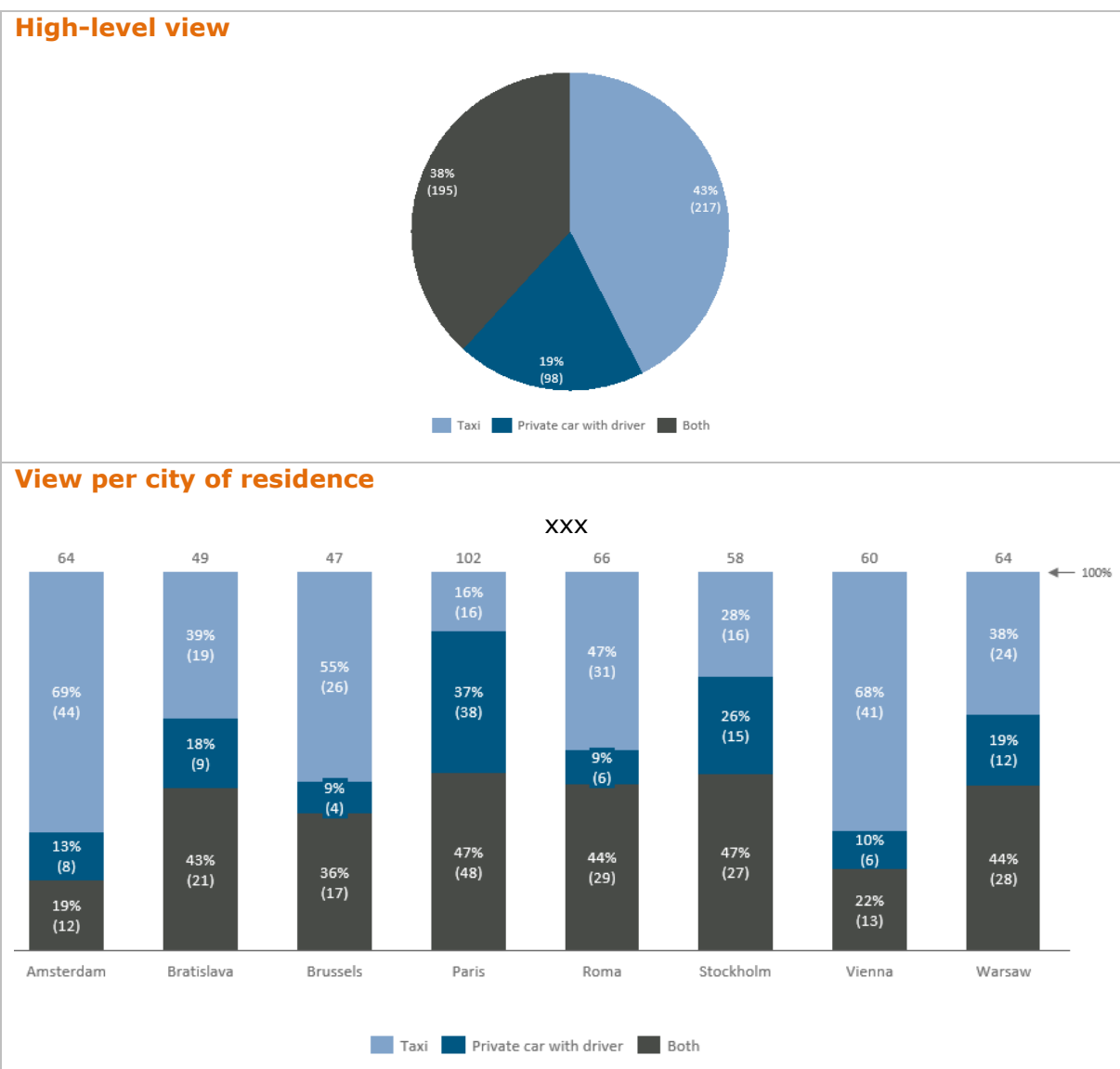
*Note:* Questions addressed to all respondents (510 respondents, 100%).

Overall, a large part of the respondents used only taxi services in the past three months (217 respondents, 43%). A second observation is that 195 respondents (38%) are users of both taxi and hire car with driver service. The remaining respondents (98 respondents, or 19%) were users of solely hire car with driver services.

When looking at respondents based in Bratislava, Paris, Stockholm, Rome and Warsaw, almost half of the respondents were users of both taxi and hire car with driver services (the percentage of respondents who used both taxi and private car with driver service in those cities is between 43% and 47%). On the other hand, while the remaining respondents were almost equally distributed between taxi users and users of hire car with driver in Stockholm (28% and 26% respectively), we count more users of hire car with driver in Paris (37% against 16% of taxi users). In contrast, there are more users of taxis in Rome (47% against 9% of users of hire car with driver), Bratislava (39% against 18% of users of private car with driver) and Warsaw (38% against 19% of users of private car with driver). Amsterdam, Brussels-Capital Region and Vienna, exhibit a majority of respondents using taxi services (from 55% to 69%). Conversely, the remaining respondents are mainly users of both services (from 19% to 36% of the respondents).

**Figure 2** illustrates these findings.

Figure 2 Which transport service(s) have you used at least once, in the last three months, in your city?



*Note:* Questions addressed to all respondents (510 respondents, 100%).

The information collected by this survey encompasses the perceived quality and satisfaction of users of taxi and hire car with driver. Questions specifically aiming at comparing the services provided by taxi services and services provided by hire car with driver were only addressed to the users of both services.

## V.2 Findings on taxi users

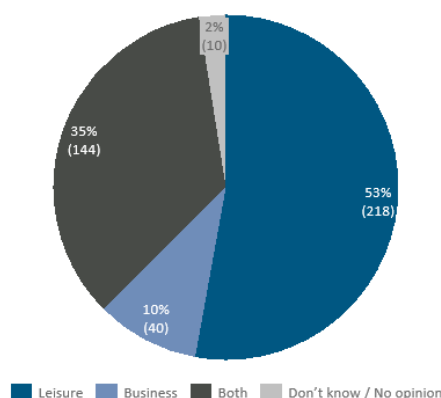
As mentioned in Section V.1, 217 respondents (43%) used taxi services, but not hire car with driver services, in the last three months. On the other hand, 195 respondents (38%) used both taxi and hire car with driver services. This section aims to describe the key findings resulting from their responses.

When asked about the main purpose for using a taxi service, more than half of the respondents (218 respondents, 53%) mentioned using it for leisure against a minority using it for business purposes (40 respondents, 10%). 35% of the respondents (144) used it for both leisure and business purposes. The other respondents (10 respondents, 2%) had no opinion on the matter.

The same trend can be discerned in the cities of Amsterdam, Bratislava, Brussels-Capital Region, Paris, Stockholm, Vienna and Warsaw; where the majority of respondents used taxi services for leisure purposes (between 44% and 79%), with a minority using it for business purposes (between 4% and 15%). The remaining taxi users<sup>150</sup> used it for both purposes (between 27% and 46%). Rome stood out as the only city not exhibiting this trend, as only 19 respondents (32%) used taxi for leisure against 12 respondents (20%) for business and 29 respondents for both (48%).

Figure 3 illustrates these findings.

**Figure 3** For what purpose(s) have you used a taxi service?



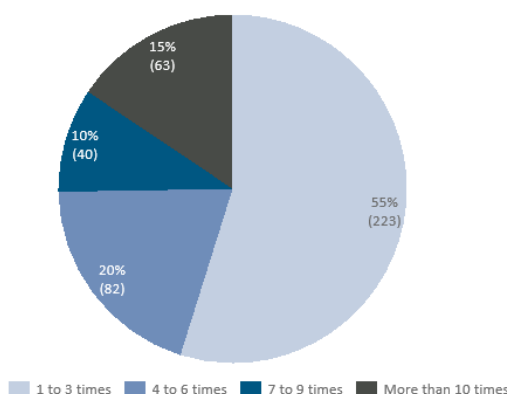
*Note:* Questions addressed to taxi users and users of both taxi and private car with driver service (412 respondents, 81%).

When analysing frequency of usage, more than half of the respondents (223 respondents, 55%) used a taxi service between 1 and 3 times in the last three months.

**Figure 4** illustrates these findings.

<sup>150</sup> A total of 10 respondents have no opinion on the matter.

**Figure 4** How many times have you used a taxi service, in the last three months, in your city?

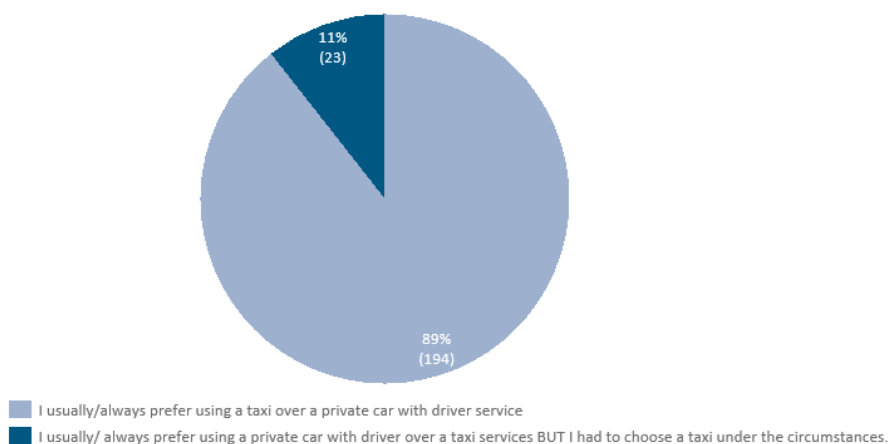


*Note:* Questions addressed to taxi users and users of both taxi and private car with driver service (412 respondents, 81%).

Taxi users were subsequently asked to provide reasons why they tended to choose a taxi service over a private car hire service. The question was specifically aimed at understanding whether using a taxi was the actual choice (by default) of the respondents or whether it was driven by circumstances. In total, 89% of the respondents (194 respondents) preferred using a taxi, regardless of the circumstances against 11% thinking otherwise (23 respondents).

**Figure 5** illustrates these findings.

**Figure 5** Why did you choose a taxi over a hire car with driver service?



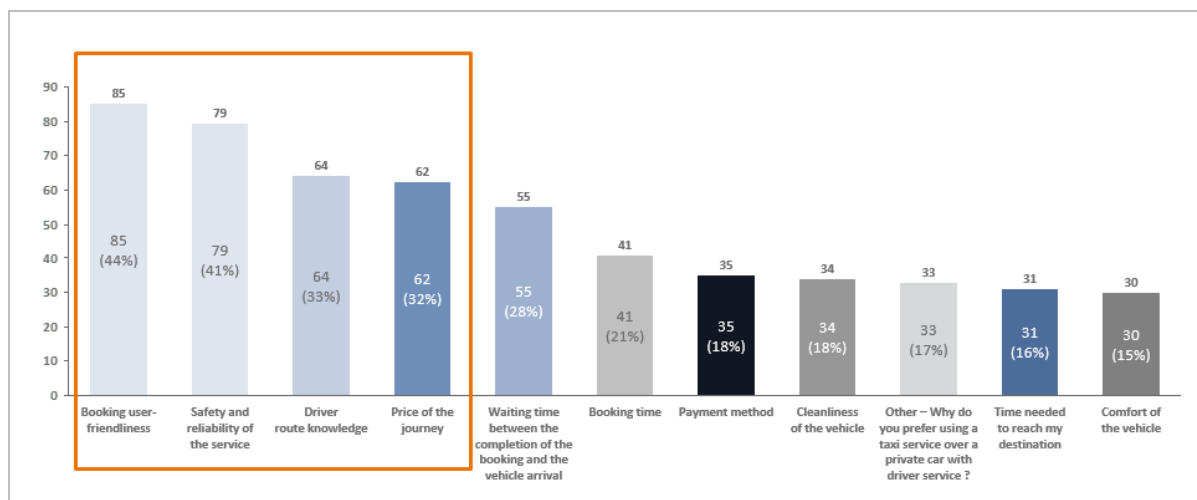
*Note:* Questions addressed to taxi users – only (217 respondents, 43%).

The respondents who mentioned preferring using a taxi service over hire car with driver service (194 respondents) were then asked to provide the main reason(s) for that. Even if the survey’s results reveal mixed opinions on this, the four main reasons stated by taxi users were user-friendliness of booking (85 respondents, 44%); the safety and reliability of the service (79 respondents, 41%); the driver’s route knowledge (64 respondents, 33%); and the price of the journey (62 respondents, 32%). Other reasons (e.g. waiting time between the completion of the booking and the vehicle arrival, booking time,

payment method, etc.) were cited by 15 to 28% of the respondents (between 30 and 55 respondents).

Figure 6 illustrates these findings.

Figure 6 Why do you prefer using a taxi over a hire car with driver service?



Note: Question addressed to taxi users only who usually/always prefer using a taxi over a hire car with driver service – (194 respondents, 89%).

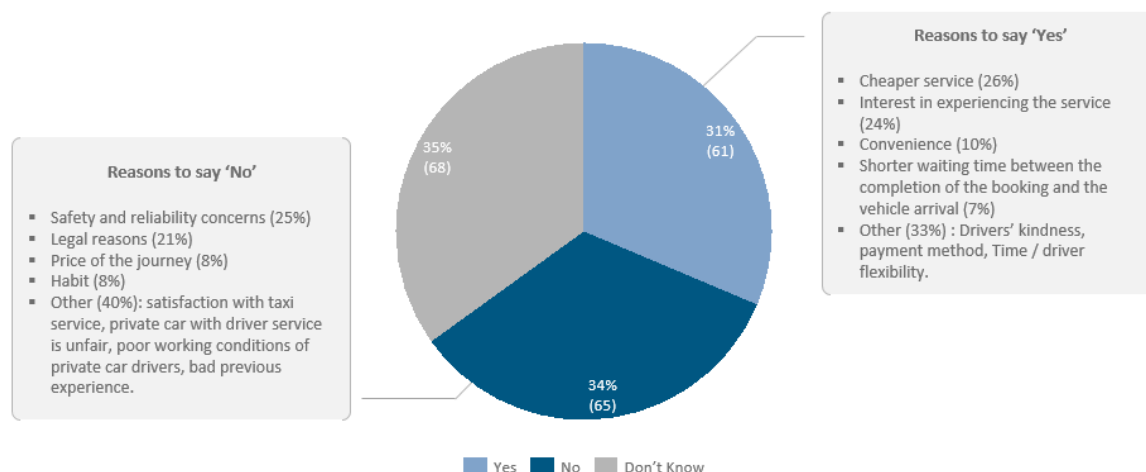
The respondents who mentioned that they preferred using a taxi service over a hire car with driver service (194 respondents) were also asked whether they would be interested in using a hire car with driver service sometime in the future. One third of the current taxi users (65 respondents, 33%) are not interested in using a hire car with driver instead of a taxi in the future; against about 31% who would be (61 respondents). The other respondents had no opinion on the matter (69 respondents, 35%).

Respondents mentioned in particular that they would be interested in using a hire car with driver service in the future for the following reasons: (i) price of the journey provided by a hire car with driver service is perceived cheaper than the one provided by a taxi service (26%); (ii) interest in experiencing another service (24%); (iii) convenience of the service provided by a hire car with driver (10%); and (iv) the waiting time between the completion of the booking and the vehicle arrival is shorter than for a taxi service (7%).

The main reason against using a hire car with driver service in the future is primarily related to safety and reliability of service (25%). One should note that this is indeed one of the main reasons why some taxi users always prefer taking a taxi over a hire car with driver service (please refer to Figure 5). Other respondents (21%) also mentioned the fact that hire cars with driver service are not authorised in their country.

Figure 7 illustrates these findings.

**Figure 7** Would you be interested in using a hire car with driver service in the future?



*Note:* Question addressed to taxi users who usually/always prefer using a taxi over a private car with driver service – (194 respondents, 89%).

Finally, respondents living in Bratislava or in Vienna were asked whether they used a taxi to commute between the two cities for their most recent journey. The answer was 'no' for most respondents (23) and 'yes' for 10 respondents.

### V.3 Findings on private car with driver users

As mentioned in Section V.1, a total of 98 respondents (19%) used a hire car with driver service in the last three months and more than one third of the respondents (195 respondents, 38%) were users of both taxi and hire car with driver services. This section aims to describe the key findings resulting from these answers.

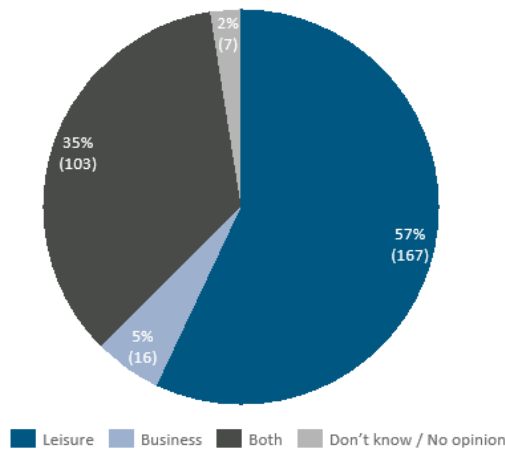
When asked about the main purpose for using a hire car with driver service, more than half of the respondents (167 respondents, 57%) mentioned using it for leisure against a minority using it for business purposes (16 respondents, 5%). Additionally, 35% of the respondents (103 respondents) used it for both leisure and business purposes. The other respondents (7 respondents, or 2%) had no opinion on the matter.

When looking closer at the results in the studied cities, the same trend is observed, with a majority of respondents using hire car with driver service for leisure purposes in Amsterdam (11), Brussels-Capital Region (12), Paris (61), Stockholm (29) and Vienna (11) and only a minority using it for business purposes. The remaining users of hire car with driver services used it for both purposes (between 26% and 40%). The respondents from Bratislava, Rome and Warsaw answered slightly differently with 30%, 46% and 45% of the respondents using a private car with driver service for leisure purposes respectively, and between 34% and 57% using it for both leisure and business purposes. In total, the other respondents had no opinion on the matter (Between 3% and 10%).



Figure 8 illustrates these findings.

**Figure 8** For what purpose(s) have you used a private car with driver service?



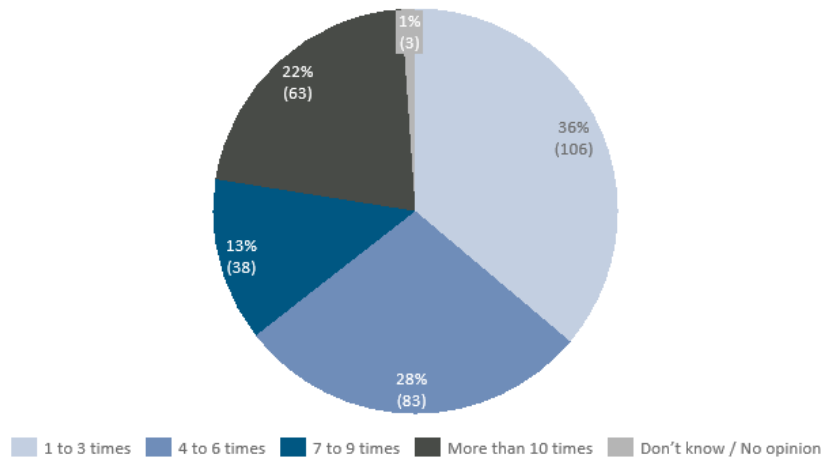
*Note:* Questions addressed to users of private car with driver service and users of both taxi and private car with driver service (293 respondents, 57%).

With regards to the frequency of usage, respondents tended to use hire cars with driver more often than taxi services. In the last three months, about one third of the respondents (106 respondents, 36%) used a hire car with driver service between 1 and 3 times, nearly another third (83 respondents, 28%) used it between 4 and 6 times and the remaining ones more than 7 times (101 respondents, 35%).

The respondents from the studied cities tended to use hire cars with driver at least 7 times during the past 3 months in Stockholm (20), Amsterdam (9), Warsaw (16) and Bratislava (12). The majority of the respondents from Paris (59) used hire car with driver service up to six times during the past 3 months. On the contrary, the use of these services is less frequent in Brussels-Capital Region (12), Rome (18) and Vienna (9), where around half of the respondents used private car with driver services less than 3 times during the past three months.

Figure 9 illustrates these findings.

**Figure 9** How many times have you used a hire car with driver service, in the last three months, in your city?



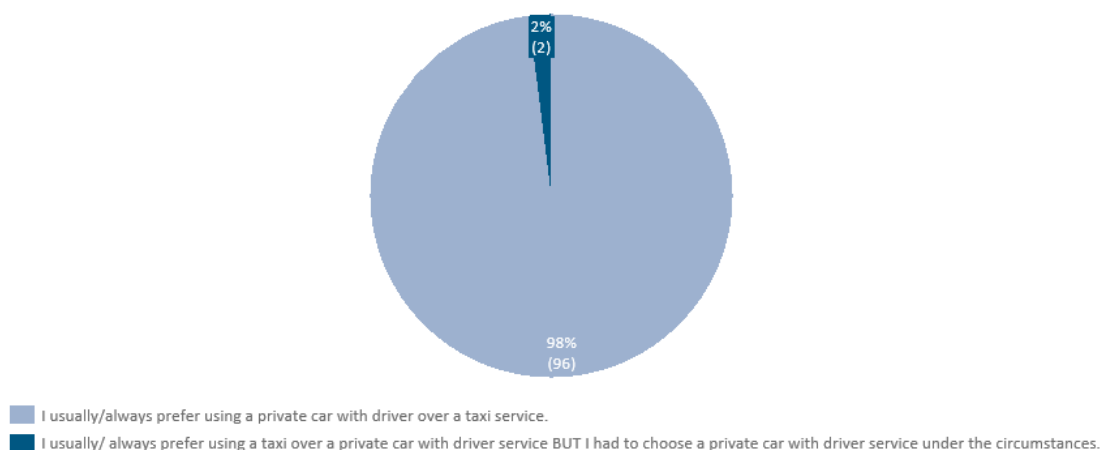
*Note:* Questions addressed to users of private car with driver service and users of both taxi and private car with driver service (293 respondents, 57%).

Users of hire car with driver services were asked about the reasons for choosing this type of service over a taxi service. The question was specifically aimed at understanding whether using a hire car service was the actual choice of the respondents or whether it was driven by circumstances. In total, 98% of the respondents (96 respondents) prefer to use a hire car with driver services, regardless of the circumstances against 2% thinking otherwise (2 respondents).

The results from all the selected cities are completely aligned with these findings, with no or almost no respondents who would have preferred using a taxi instead of a hire car with driver.

Figure 10 illustrates these findings.

**Figure 10** Why did you I choose a hire car with driver service over a taxi service?



*Note:* Questions addressed to users of private car with driver service – only (98 respondents, 19%).

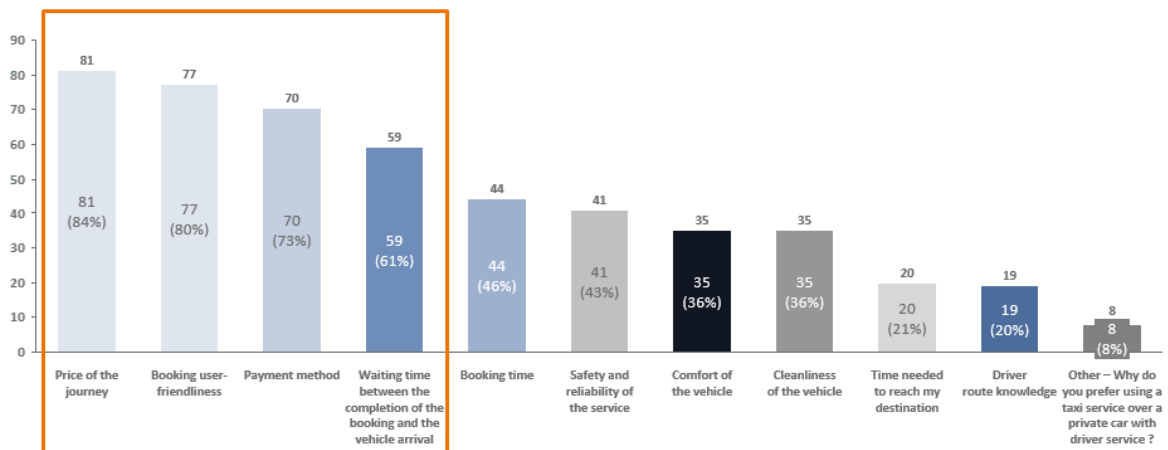
The respondents who mentioned that they preferred using a hire car with driver over taxi services (96 respondents) were then asked the main reason(s) for that. Although varied, the four reasons most cited by users related to the price of the journey (81 respondents,

84%), booking user-friendliness (77 respondents, 80%), the payment method (70 respondents, 73%) and the waiting time between the completion of the booking and vehicle arrival (59 respondents, 61%).

Other reasons (e.g. booking time, safety and reliability of service, vehicle comfort and vehicle cleanliness) were cited by 8% to 46% of the respondents.

Figure 11 illustrates these findings.

Figure 11 Why do you prefer using a hire car with driver over a taxi service?



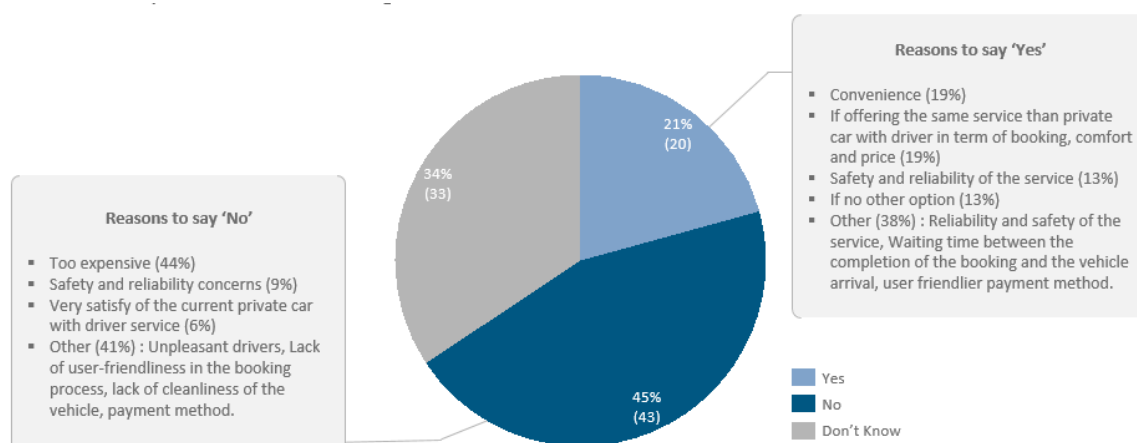
*Note:* Question addressed to users of hire car with driver who usually/always prefer using a hire car with driver over a taxi service – (96 respondents, 98%).

The respondents who mentioned that they preferred using a hire car with driver over a taxi service (96 respondents) were also asked whether they would be interested in using a taxi service in the future. Almost half of the current users of hire car with driver service (43 respondents, 45%) said they not be interested in using a taxi instead of a hire car, against one fifth who would (20 respondents, 21%). The other respondents had no opinion on the matter (33 respondents, 34%).

The main reason in favour of using a taxi service in the future is linked to the convenience of the service (19%). However, some respondents also mentioned that they would be interested in using a taxi service in future if the quality and prices were aligned with those of hire car with driver services (19%). On the contrary, the main reason against using a taxi service in the future related to the price (44%).

Figure 12 illustrates these findings.

**Figure 12** Would you be interested in using a taxi service in the future?



*Note:* Question addressed to users of hire car with driver who usually/always prefer using a hire car with driver over a taxi service – (96 respondents, 27%).

Finally, respondents living in Vienna or Bratislava were asked whether they used a hire car with driver to commute between the two cities for their most recent journey. The answer was 'no' for most respondents (12) and 'yes' for 4 respondents.

#### V.4 Findings on users of both taxi and hire car with driver service

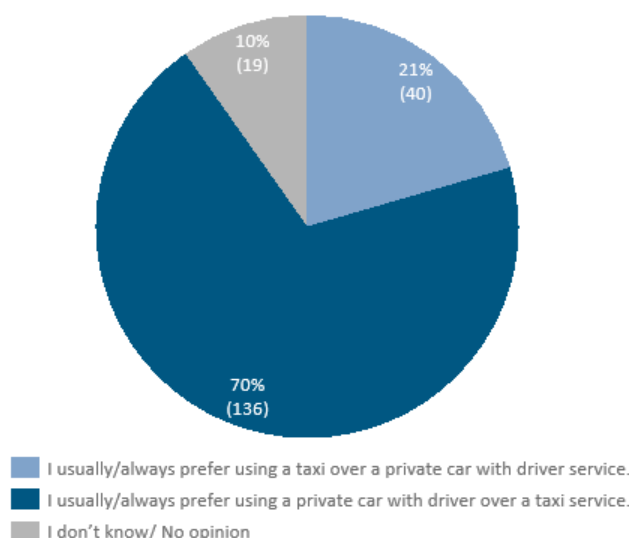
As mentioned in Section V.1, more than one third of the respondents (195 respondents, 38%) were users of both taxi and hire car with driver services in the last three months. This section aims to describe the key findings resulting from their answers.<sup>151</sup>

As users of both services, respondents were asked whether they preferred using taxi or hire car with driver service. A large majority (136 respondents, 70%) usually/ always preferred using a hire car with driver service against 21% (40 respondents) who prefer using a taxi service. The other respondents had no opinion on the matter (19 respondents, 10%).

**Figure 13** illustrates these findings.

<sup>151</sup> This section excludes the findings already described in the previous sections of this report.

**Figure 13** What is your preferred means of transport between taxi and hire car with driver service?



*Note:* Question addressed to users of both taxi and hire car with driver service – (195 respondents, 38%).

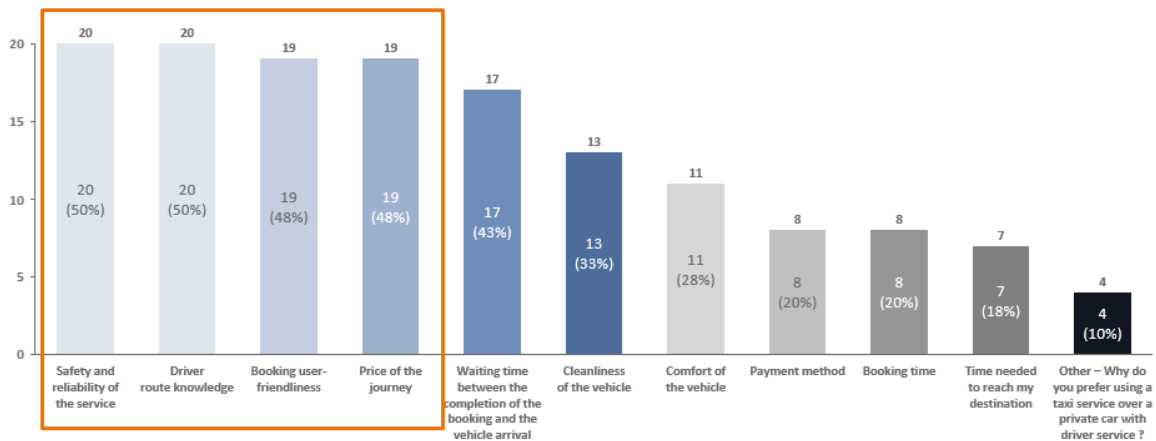
The reasons for preferring one type of service over another were further investigated. The results were almost fully aligned with those presented in Section V.2 and V.3.

The respondents who preferred using a taxi (40 respondents, 21%) mentioned safety and reliability (20 respondents, 50%), driver route knowledge (20 respondents, 50%), booking user-friendliness (19 respondents, 48%) and the price of the journey (19 respondents, 48%) as determining factors. The top three most cited criteria for both users of taxi and hire car with driver were the same as for taxi users only but in a different order for the latter as they highlighted first the booking user-friendliness, then the safety and reliability of the service and finally the driver route knowledge.

Conversely, among those preferring a hire car with driver over a taxi service (136 respondents, 70%) were fully aligned with the previous section, mentioning the price of the journey (120 respondents, 88%), the booking user-friendliness (107 respondents, 79%), the payment method (93 respondents, 68%) and the waiting time between the completion of the booking and the vehicle arrival (70 respondents, 51%) as the main contributing factors.

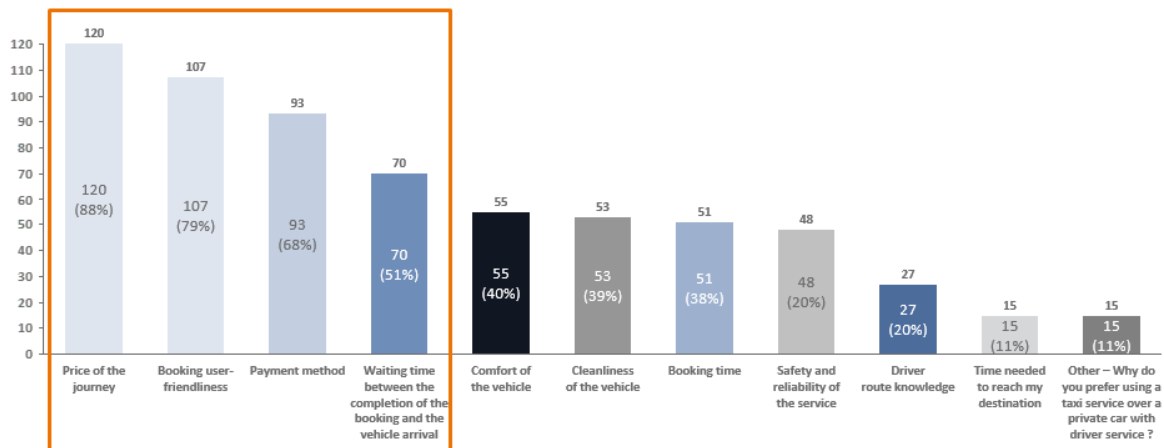
**Figure 14** and **Figure 15** illustrate these findings.

Figure 14 Why do you prefer using a taxi over a hire car with driver service?



*Note:* Question addressed to users of both taxi and hire car with driver service who prefer using a taxi over a hire car with driver service – (40 respondents, 21%).

Figure 15 Why do you prefer using a hire car with driver over a taxi service?

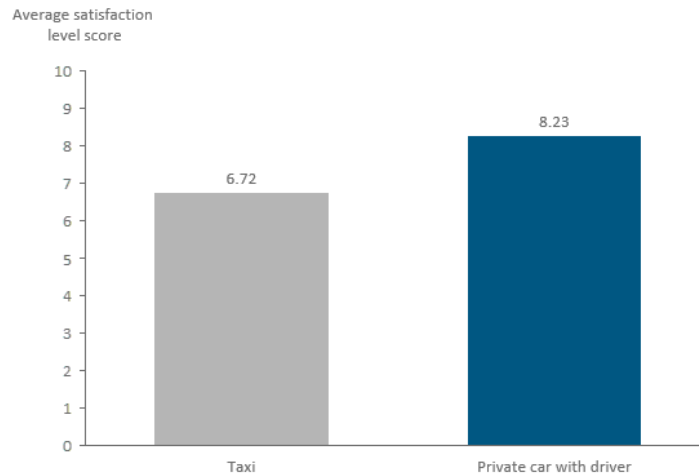


*Note:* Question addressed to users of both taxi and hire car with driver service who prefer using a hire car with driver service over a taxi – (136 respondents, 70%).

Respondents were subsequently asked to rate their level of satisfaction with their most recent journey by taxi/hire car with driver, from 1 (not satisfied at all) to 10 (very satisfied). The level of satisfaction with hire car with driver service largely outweighs the level of satisfaction with taxi services, with one and a half points of difference between the two average scores. It should be noted that the level of satisfaction with hire car with driver service is generally high, with an average score of 8.23; while the score obtained by taxi services is less important, around 6.72. The results for all cities were aligned with these findings. However, the gap between the scores is not as significant for Warsaw, due to a higher satisfaction with the taxi service in comparison with the overall average rating.

Figure 16 illustrates these findings.

**Figure 16 Thinking about your most recent journey by taxi / hire car with driver, overall, to what extent are you satisfied with the related service offered in your city?**



*Note:* Question addressed to users of both taxi and hire car with driver service – (195 respondents, 38%).

Respondents were asked to rate their level of satisfaction with their most recent journey by taxi / hire car with driver, from 1 (not satisfied at all) to 10 (very satisfied), based on a set of 9 criteria: safety and reliability of the service; driver route knowledge; comfort of the vehicle; cleanliness of the vehicle; booking user-friendliness; average waiting time between the completion of the booking and the vehicle arrival; payment method; booking time; and price of journey.

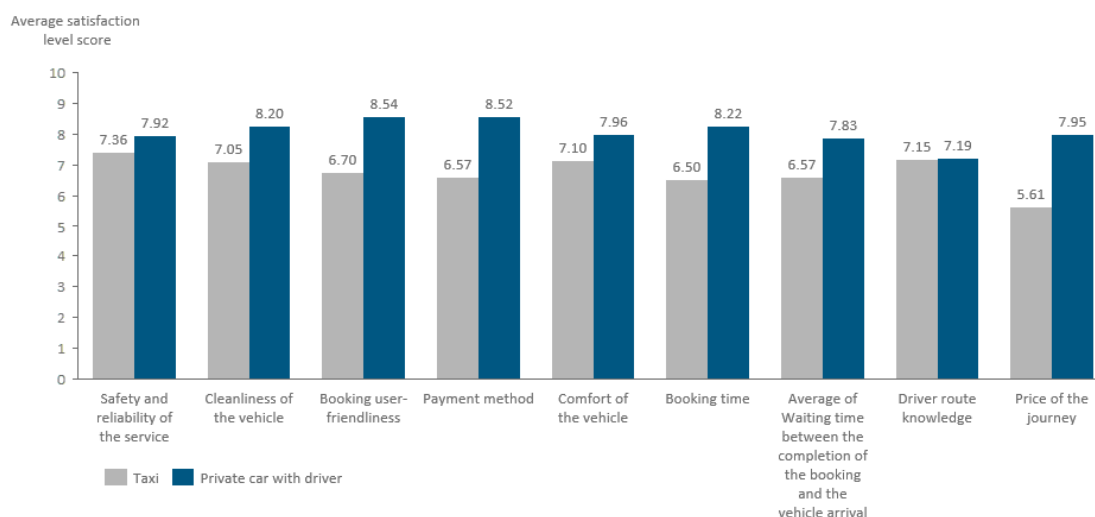
Thus, it appears that, when using a taxi service, respondents are mostly satisfied with the safety, the reliability of the service, the driver route knowledge, the comfort of the vehicle and the cleanliness of the vehicle, each of them having scored above 7. On the contrary, the price criterion scored only 5.61 points.

When using a private car with driver service, the dimension scoring the highest are payment method and booking user-friendliness, both scoring above 8.5. In this case, no criterion exhibited a low score.

As previously demonstrated, the price of a journey seems to be the main factor differentiating the two services.

Figure 17 illustrates these findings.

**Figure 17 Thinking about your most recent journey by taxi / hire car with driver, overall, to what extent are you satisfied with the related service offered in your city? (per criterion)**

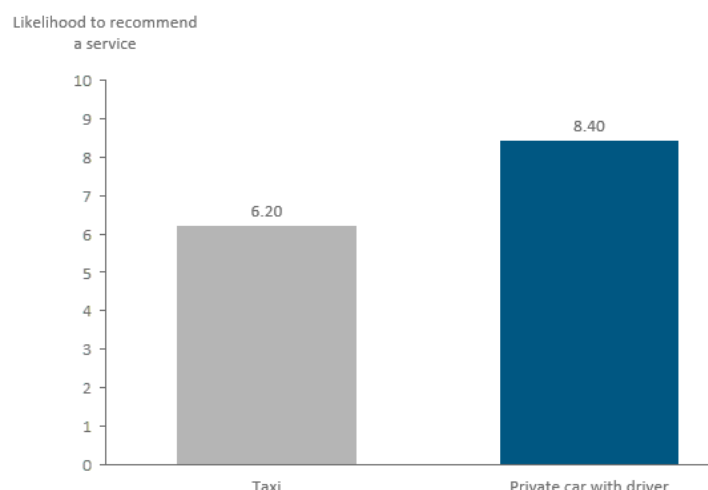


**Note:** Question addressed to users of both taxi and hire car with driver service – (195 respondents, 38%).

Based on a scale from 1 (not likely at all to recommend) to 10 (very likely to recommend), respondents were then asked to assess their likelihood to recommend each service to a friend or colleague. With a difference of more than 2 points between the two average scores, it appears that respondents tend to be more likely to recommend using a hire car with driver service over a taxi service to their friends or colleagues in their city.

Figure 18 illustrates these findings.

**Figure 18** Thinking about your most recent journey by taxi / hire car with driver, how likely is it that you would recommend the related service offered in your city to a friend or colleague?



**Note:** Question addressed to users of both taxi and hire car with driver service – (195 respondents, 38%).

To evaluate the actual likelihood for users of taxis or private cars with drivers to recommend these services to other consumers, the Net Promoter Score (NPS) tool was used. The NPS is calculated by deducing the percentage of detractors (i.e. percentage of respondents having scored the likelihood to recommend a service between 0 and 6) to the percentage of promoters (i.e. percentage of respondents having scored the likelihood to recommend a service as 9 or 10) related to each service. In this regard, the NPS for



taxi service is equal to 14% and the NPS for hire car with driver service is equal to 68%. This confirms the findings mentioned above.

## V.5 Conclusions

At the time of the report, WAVESTONE gathered inputs from 510 (eligible) respondents. The majority of them are males (310 respondents, 61%), most of them are aged below 35 (289 respondents, 57%), while another majority earn less than EUR 10,000 per year (286 respondents, 57%). Overall, a large part of the respondents used only used taxi service in the past three months (217 respondents, 43%). Secondly, 217 respondents (43%) are users of both taxi and hire car with driver. The remaining respondents (98 respondents, 19%) are users of hire car with driver.

The main conclusions drawn based on the answers from these respondents are summarised below.

- Respondents use, to a large extent, taxi and hire car with driver services for leisure purposes, and, to a lower extent, for both leisure and business purposes. When it comes to the frequency of usage, it appears that hire car with driver service are more often used than taxi services. More than half of the taxi users (223 respondents, 55%) used a taxi service between 1 and 3 times in the last three months, whereas two thirds of the users of hire car with driver service (189 respondents, 64%) used a hire car with driver service between 1 and 6 times over the same period.
- The choice of using a taxi or a hire car with driver service is most of the time driven by choice and not by the circumstances. This is even more valid for users of hire car with driver service who stated so at a rate of 98% (96 respondents) against 89% (194 respondents) for taxi users.
- Respondents who are using both types of services tend to prefer private car with driver service over taxi services: 136 respondents usually/ always prefer using a hire car with driver service (70%) against 40 respondents who prefer using a taxi service (21%). The other respondents had no opinion on the matter (10 respondents, 19%).
- The main reasons for preferring a taxi service over a hire car with driver service are related to the booking user friendliness, safety and reliability of the service, driver route knowledge and the price of the journey. When respondents preferred hire car with driver services over a taxi services, the main arguments advocated were the price of the journey, the booking user-friendliness, the payment method, and the waiting time between the completion of the booking and the vehicle arrival. While the booking user-friendliness is common to both types of services, the price of a journey is a significant differentiator in consumers' mind, and it is an advantage of hire car with driver service.
- The fact that the price of a journey is the main differentiator between the two services is reflected in the answers from users of taxi services when asked whether they would be interested in using a hire car with driver service in the future. About a third of the respondents (65 respondents, 34%) would not be interested in using a hire car with driver instead of a taxi in the future due to their safety and reliability concerns. Conversely, 31% of the respondents (61) would be interested in it, and the main reason for that is related to the lower price of the service in comparison to the taxi service.
- The respondents who mentioned that they do prefer using a hire car with driver over a taxi service were also asked whether they would be interested in using a taxi service in the future. Almost half of the current users of hire car with driver service (43 respondents, 43%) would not be interested in using a taxi instead of a hire car with driver service in the future, again, due to the price. On the other hand, one fifth would be interested in it (21 respondents, 21%) and the main

reason for it is related to the convenience of service, which does not require a booking in comparison to hire car with driver service.

- There is also a significant difference between the overall satisfaction related to each service. While, on a scale going from 1 (not satisfied at all) to 10 (very satisfied), hire car with driver service score 8.23, taxi services score more than two points lower (6.72).
- Respondents are also more likely to recommend using a hire car with driver service in their city to their colleagues or friends, in comparison to taxi services. While, on a scale going from 1 (not likely at all to recommend) to 10 (very likely to recommend), hire car with driver services score 8.40, taxi services score more than two points lower (6.20). This is further demonstrated by the Net Promoter Score (NPS) results. The percentage of net promoters of taxi service results in 14%, while the net promoters of hire car with driver service stands at 68%.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

### **VI.1 Conclusions**

The legislative and regulatory framework varies across the individual EU Member States due to their different legal traditions and constitutional frameworks. In various Member States, taxis are considered to provide a service of public interest and are thus part of an integrated urban mobility. Traditionally, local governments have chosen to regulate taxi services to ensure safe, predictable and straightforward transportation services. These regulations normally govern taxi fares, vehicle safety and insurance requirements, minimum quality standards, and market restrictions such as limitations on the number of taxi licences issued.

The European hire transport market can be subdivided into two main segments: i) hailing and ranking; and ii) the pre-booked segment. While taxi service is a legal monopoly on the first segment, with very few exceptions, the pre-booked segment, which has traditionally been dominated by radio taxis, has fostered fierce competition with and amongst various intermediaries. In some cases, aggressive price competition and new technologies offered in the pre-booked segment have significantly eroded the incumbents' (taxi) market share in that segment. Considering that the use of new technologies has consistently reduced waiting times, competition in the pre-booked segment has also affected the hailing and rank segment.

For taxis, contracted services (paratransit and medical transport) requested by the local public authorities represent an important part of their revenues, especially in non-urban areas. In the largest cities, the business contracts are the largest source of revenues for dispatch centres and hire car with driver intermediaries.

The term 'Ridesharing' has been used to define various activities, from sharing a journey with other passengers to reduce costs, to providing intermediation of a professional transport activity. For the purposes of this study when an intermediary facilitates meeting the demand/offer for hired transport (including shared transport), that activity is included in the intermediary for hire transport definition (i.e. taxis or hire cars with driver).

However, services which do not exactly fall within any of the above defined categories, such as hire transport by a non-professional driver, are less clearly defined. Thus, national legislators adopt different approaches to address these phenomena.

In terms of overall legal approach, there are two distinct groups of Member States: on the one hand, those which have introduced entry restrictions, especially in terms of quantitative regulation; on the other hand, those which have not introduced a cap to the number of licences. Another important area of regulation are taxi fares: most Member States have imposed maximum fares and other fixed fares, while only few Member States do not have fare regulation at all, leaving the operators free to determine fares.

A classification of Member States can be made based on the different types of legislation applicable to taxi and hire car with driver services. In general, some Member States rely on a two-tier system while others have a one-tier system, i.e. the same rules apply to

taxis and hire cars with driver. The two-tier system takes into consideration the different specific features of taxis and hire cars with driver. Hire car with driver services are considered to be a variation of the taxis that provide services under contract. In few Member States, only taxi service is allowed. In most Member States, however, the regulation of the hire car with driver service is designed so that this service is kept separate from taxis, so as to avoid that the two compete with each other.

The degree of liberalisation varies to a large extent. On the one hand, few Member States have fully liberalised their respective markets by eliminating quantitative restrictions or fare regulations, such as in Slovakia and Sweden. On the other hand, markets such as Italy, Spain the Brussels-Capital Region Capital Region, and more recently France, are heavily regulated with significant market barriers for new entrants these Member States make a legislative and regulatory division between taxis and hire car with drivers to ensure that the two types of services do not compete with each other. Other Member States, such as France, Germany and United Kingdom, despite the high level of regulation, allow for a certain degree of competition between taxis and hire cars with driver on the pre-booked market. Nonetheless, resistance from the taxi sector against the hire car with driver persists. This resistance is mainly due to the application of different labour rules and licensing requirements to the drivers.

A comparative table covering the above aspects in the three sectors and in all Member States can be found at the beginning of Annex III (Country reports).

The market analysis and the data collected have revealed local markets, both for taxis and hire cars with driver, with a large number of small operators (mainly self-employed with employees or without employees) and few large market operators. Results in terms of employment diverged between the data collection (majority of self-employed) and public statistic data (majority of employees). In case of the largest cities, all the competent authorities indicated that the rate of self-employed is higher than employees. In terms of growth of the number of licences/operators and drivers, data collected from the stakeholder consultation provided useful insight in addition to Eurostat statistics. These data show that certain Member States increased the number of taxis licences despite quantitative barriers and stringent regulation (very small increase in France and higher in England and Germany). However, in the same Member States, the hire transport has grown at a considerably faster and higher rate, due to the opportunities offered by intermediaries. The growth of hire transport is also confirmed by the strong competition between hire transport intermediaries and dispatch centres/taxi apps. In this context, also short-distance ridesharing intermediaries are trying to enter the segment, focusing on lower prices and geographic coverage where the taxi offer is low (particularly, in suburbs with higher pre-booking prices for taxi).

The results of the Study show that, at least in the largest cities where both the services are allowed, the basic offer of hire car with driver is becoming a valuable alternative to taxis. This was also confirmed by the results of the consumers' panel. In this latter context, even if the survey was related to a small sample of cities, in terms of prices consumers indicated a preference for hire car with driver services, which provide lower fares compared to taxis. Users who have switched to hire car with drivers have expressed their interested in using taxis if the quality and price of the service were aligned to those of hire cars with driver. As to overall satisfaction, hire cars with driver scored higher results than taxis. At the same time, users preferring taxis over hire cars with driver have indicate that safety and reliability of the service was a major point of concern for them.

Overall it appears that, in most (even if not all) cases, rules restricting competition between taxis and hire cars have a negative impact on price and quality of the services and should be subject to scrutiny by competition authorities and transport authorities, so as to ensure that the public interest of urban mobility is fostered in the best possible manner.

Creating a regulatory framework that allows competition among different services would allow consumers' access to a broader range of services at more competitive prices. Consumers would also be able to choose the service that best suits their transport needs. In Poland, the Netherlands, Sweden and Ireland, liberalisation of the taxi market with access based on qualitative requirements seems to have produced the expected results in terms of more supply, lower waiting times and consumer satisfaction.

As the European Commission indicated in relation to the application of EU competition rules to the professional services sectors, *"entry requirements and reserved tasks, as well as rules governing conduct such as price regulation, advertising restrictions, and regulation of business structure may eliminate or limit competition between service providers and thus reduce the incentives for professionals to work cost-efficiently, to lower prices, to increase quality or to offer innovative services. Price regulation, advertising restrictions and entry barriers may for example allow prices to remain above competitive levels. Business structure regulations may inhibit the development of innovative services and cost-effective business models."*<sup>152</sup>

In this context, national competition authorities (NCAs) have, in general, acted or advocated against significant regulatory barriers, such as the cap on the number of taxis and price regulations, except when they are justified by public order and safety reasons. NCAs seem to encourage innovative business models that increase consumer choice while bringing prices down. Various NCAs suggest that restrictive regulations should be removed or relaxed to increase competition between operators and enhance benefits to consumers. Recently, the Spanish competition authority filed an appeal against regulations imposing restrictions on hire car with driver services since they were designed to eliminate competition vis-à-vis taxis. Similarly, Poland's competition and consumer protection agency rejected a taxi complaint against Uber, noting that Uber's entry into the Polish market contributed to the development of competition and had a positive impact on consumers. Italy's head of the national competition authority, while discussing the new legislative proposal on the "sharing economy", advocated a lighter regulation to protect innovation and keep the market open to innovative services.<sup>153</sup> Similarly, in a recent report, the Portuguese Competition Authority has analysed the taxi market in Portugal and the challenge brought about by the new technologies, recommending to the national Government to proceed with:

- the relaxation of certification and licensing requirements;

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<sup>152</sup> Communication from the Commission - Report on Competition in Professional Services (COM/2004/0083) final.

<sup>153</sup> See among others: **Spanish Competition Authority** - INFORME ECONÓMICO SOBRE LAS RESTRICCIONES A LA COMPETENCIA INCLUIDAS EN EL REAL DECRETO 1057/2015 Y EN LA ORDEN FOM/2799/2015, EN MATERIA DE VEHÍCULOS DE ALQUILER CON CONDUCTOR – UM/085/15 Y ACUMULADOS; **Bulgarian Competition Council** (CPC Recommends Discontinuing Price Regulation for Taxi Services); **Croatian Competition Authority** (Opinion on a municipal decision on the provision of taxi services in Zagreb, 12 January 2016) **Polish Competition Authority** (Position Paper on Uber 5 May 2016). **German Monopolies Commission** XXth Main Report under § 44(1) of the Act Against Restraints on Competition (ARC): "A competitive order for the financial markets", 9 June 2014. **Portuguese Competition Authority** Relatório Preliminar sobre Concorrência e Regulação no Transporte de Passageiros em Veículos Ligeiros, 25 Julio 2016.

- the limitation of regulatory intervention to the extent necessary to address market failures;
- the introduction of price flexibility providing operators with the freedom to set their prices; and
- the removal of unnecessary service quality requirements, avoiding an artificial offer standardisation that limits non-price competition.

## **VI.2 Recommendations**

*Clear distinction between intermediaries and transport service providers:* the emergence of new technologies has blurred the lines between dispatch centres in the pre-booked segments and new intermediaries. The rapid growth of new technologies that facilitate the matching of demand and offer may create confusion concerning the subject which is effectively providing the transport service. Electronic platforms that facilitate demand meeting offer are responsible for the booking service, while drivers are liable for the performance of the transportation service. Moreover, in many cases, new technologies enable the passenger to choose the driver (and the driver to accept the client), therefore, there is no automatic driver-passenger allocation system. Rules adopted by Member States, both at national and local level, should make a distinction between the provider of the service (self-employed taxi drivers, companies employing taxi drivers directly, self-employed hire car drivers and operators employing hire car drivers) and intermediaries matching supply and demand (e.g. companies owning cars using self-employed drivers, companies not owning any cars using self-employed drivers, or providing platforms/apps for self-employed drivers) and in the rules applicable to each of them.

***Intermediaries for hire transport:*** Intermediaries facilitate the demand and offer but, in general, they do not provide the transport service. While they should have some obligations in place to ensure that the operators offering the service through their platforms comply with the obligations imposed by the regulations on taxis and hire cars with driver, they should only be required to obtain business authorisations or licenses to provide intermediary services where this is strictly necessary to meet public interest objectives. Additional obligations imposed on intermediaries should be proportionate, non-discriminatory and should not prevent competition with the taxi intermediaries.

***Non-professional ridesharing (carpooling):*** carpooling, intended as the activity to share the costs of the journey that the driver would perform in any case, is not included in the hire transport segment. However, a non-professional driver that performs occasional hire transport upon request should be considered in a different way, and some guidance or threshold should be introduced to separate the non-professional and occasional activity from the professional activity that is subject to regulation.

### ***Consumer protection***

#### *a) Safety and quality of the service*

Based on the results of the consumer survey (Section V.3 Figure 12), safety and reliability of the service is a factor of major importance especially for taxi users, while they appear to trust hire cars less. Regulations providing for checks on the vehicles, compliance with technical requirements and safety standards should apply to all the

operators providing professional hire transport services. Requirements for taxi and hire car drivers should be more aligned to allow them to work in both sectors according to their preferences and to the possibility offered by the intermediaries. However, these qualitative requirements should not be too stringent and rigid to prevent, *de facto*, access to the market and competition between the incumbents and the new entrants.<sup>154</sup> The use of web application and rating systems, both for drivers and for passengers, can help dispatch centres and intermediaries keep track of the quality of service provided but also the behaviour of the user of the service.<sup>155</sup>

#### *b) Asymmetry of information*

New technologies should be encouraged to correct one of the main issues identified in the taxi market, especially in the hailing/street market, that is the asymmetry of information. Web applications, both for taxis and other hire transport services, allow passengers to have an estimate of the costs of the ride prior to the arrival of the driver. The application matches the potential passenger with the nearest driver reducing the waiting time to a few minutes, giving them the possibility to know in advance not only the fares but also the driver's name, picture, rating and vehicle identification. Information is provided to the passenger who can track the vehicle on-screen to the pick-up point. Imposing limits on the use of these technologies, in particular geo-localisation, by hire transport services and reserving it to taxis would reduce the competition in the pre-booked segment and would limit the efficiency of the new services and thus passenger transport by car in general, while also hindering innovation. The user-friendliness of booking systems and the possibility to know the price of the ride in advance are among the most relevant elements driving consumers' choice.

### **Access to market**

#### *a) Quantitative barriers*

Cities that have chosen deregulation have experienced mixed results — while supply has generally increased following the removal of entry restrictions, there have also been reports of higher prices, uninsured or improperly maintained vehicles, and congestion issues at popular taxi pick-up locations including hotels and airports.

However, new technologies that provide real-time data on the taxi industry may mitigate congestion problems, which previously arose in deregulation experiments. The removal of the obligation for the taxi to return empty after a ride outside the area of authorisation and the removal of the return to garage rule for the hire cars with driver would help reducing congestion. Moreover, this could also reduce prices since passengers would not have to pay for trip fare where it is requested.

Market separation between taxi and other hire transport services in the pre-booked market are difficult to justify. An OECD/ITF report suggested that regulators should avoid creating different categories for hire transport providers and indicated that, if

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<sup>154</sup> The London case study has showed that, while the applicant for a taxi licence must pass the Knowledge test, which is a difficult exam, PHV's licence applicant must pass an exam based on similar knowledge requirements but less difficult. The arrival of hire transport intermediaries has prompted applicant to taxi licence to switch to PHV licence in order to provide hire transport. The number of PHV licenced drivers in London in March 2015 has registered a surge of 12,3% compared to 2013 (data from Department of Transport Taxi and private hire vehicles statistics, England: 2015).

<sup>155</sup> OECD/ITF, *App-Based Ride and Taxi Services, Principles for Regulation*, 2016, p. 18, <http://www.itf-oecd.org/sites/default/files/docs/app-ride-taxi-regulation.pdf>.

differentiations are needed, they should be made explicit, should be substantiated and frequently reviewed.<sup>156</sup>

While there may be reasons of public order to put a cap on the number of taxis in the hailing/rank segment, the cap should be proportionate to the demand and to the specific conditions of the city. However, placing an absolute limit on the number of taxis that can operate in a certain area is the most restrictive approach that regulators have taken, with a negative impact on competition and its benefits.

Where quantitative restrictions apply, access to the market has been fostered by: obtaining the licence for free from the authority, being on the waiting list, being awarded a tender (such as in Greece), or by buying the licence from a previous holder in the case where the licence is transferable. In some cases, the licence may be rented with the vehicle, such as in France. The quantitative restrictions combined with transferability have created scarcity value. We have observed, in line with the economic literature, a surge in trading prices that has created an additional barrier to entry in the market, since in some cases, prices are very high and the cost of the licence is to be amortised over the years, thus reducing the revenues of the driver. In cities where hire cars with driver compete with taxis in the pre-booked segment, professional drivers have been switching from providing taxi services to providing hire car services where there is no need to buy the licence since no caps on licenses are imposed (such as in London).

In some Member States, licensing and authorisation requires good financial standing which may be particularly high (such as in Austria and Sweden). We also note from the Study that Member States with no caps on licences impose higher financial standings requirements.

All applicants who meet the requirements provided by the legislation should be granted the licence. All the requirements imposed to obtain the licence or authorisation, including good financial standing and fitness of the vehicle, should be proportionate and not constitute a direct or indirect obstacle to market access.

#### *b) Qualitative barriers*

In certain Member States, such as France and the United Kingdom, with the exception of London, quantitative restrictions are combined with the obligation for the driver to pass an exam in order to submit an application for the licence. In London, the exam is particularly difficult and requires years of preparation. Similarly, French exams are complex and the preparation is costly. This double requirement (exams difficulty and costs of preparation) may explain the shift from potential taxi drivers to the hire car with driver sector.<sup>157</sup> Also, if hire car with driver activity is foreclosed, or limited by very stringent regulations on vehicles and services, potential taxi drivers who have passed the exam and are fit to carry out the hire transport activity may be left out of the market. Simplified access to the market could allow more hire transport operators to work also part-time or for shorter periods, offering services which are more demand-responsive (such as weekends, nights, or touristic seasons).

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<sup>156</sup> OECD/ITF, *App-Based Ride and Taxi Services, Principles for Regulation*, 2016, p. 7, <http://www.itf-oe.cd/sites/default/files/docs/app-ride-taxi-regulation.pdf>.

<sup>157</sup> See Annex III, French and UK Country Reports.



c) *Fares*

The approach to setting fares varies by country: some Member States leave the fares to be determined by the market players, while others impose fixed fares or minimum fares. The majority has opted for maximum fares, below which competition is possible. Fixed fares do not allow variations in either direction and impose restrictions on competition. As shown by the consumer panel, price is one of the major factors in driving consumers' choice and users of hire cars with driver would not switch to taxis when the prices are higher.

Therefore, any imposed fares structure should allow price competition among the different service providers.

***Employment conditions and tax issues***

Many hire transport drivers are self-employed and their number could increase with the possibility to work part-time in a flexible way. The respondents to the stakeholder consultation have indicated that taxation and fixed costs erode the net income for self-employed drivers, especially in the taxi sector, where the fixed costs are higher. Taxi drivers have lamented the worsening of the working conditions, with longer working hours to cover the fixed costs. Member States could also consider relaxing some requirements to incentivise the creation of new jobs, especially those related to qualitative requirements to obtain the licence or the authorisation, while ensuring a minimum protection of drivers in terms of working conditions and social security.

The use of electronic technology makes the service (and payments) traceable, therefore electronic stored data may be used by the tax authorities to define the revenues and the tax base, thus avoiding additional burdens.

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## ANNEX I - RESULTS OF THE CONSULTATION

Grimaldi and the European Commission prepared and disseminated tailored questionnaires for public and private stakeholders. The first consultation targeted 9 Member States and was launched at the end of December 2015. The second consultation was launched in March 2016 and closed on 30 June 2016.

Several public stakeholders, *e.g.* in Belgium, Sweden, Italy and the United Kingdom, were interviewed as a follow up to the responses to the questionnaires. Other interviews with relevant (public and private) stakeholders were also organised in the context of city case studies.

With regard to the replies to the questionnaires, Grimaldi notes that the replies provided by the public authorities across the various consulted EU Member States were detailed, thorough and exhaustive. They contained useful information that complemented both Grimaldi's and the subcontractors' desk research.

Grimaldi also notes that, in some instances, when public authorities did not answer questions in the questionnaire, the authorities provided helpful data (*e.g.* Luxembourg, the United Kingdom and France) that was relevant for purposes of this study. This data related to reports, impact assessments or other internal studies that the authorities had previously carried out. The authorities were also available to provide oral clarifications.

**International service providers:** Uber BV, BlaBlaCar, Heetch and Taxify provided replies for each of the Member States they operate in. Carpoolworld replied as well.

**European association:** IRU, ETF and the European Disabilities Forum (EDF) were contacted but they did not directly reply. Instead, they forwarded the questionnaire to their members. Two members of the European Guide Dog Federation replied to the consultation. Two meetings have been held with IRU in order to explain the purpose of the Study.

**Austria:** Approximately 10 public and private stakeholders were consulted. Two dispatch centres, the Vienna Taxi Guild, and the Chamber of Commerce of Vienna replied to our requests.

**Belgium:** Approximately 55 stakeholders were consulted. These encompassed public authorities (at the national, regional and local levels), taxi and PHV operators, associations of providers of traditional services and operators of new mobility services (both big and smaller players). We received 10 replies from the taxi associations and hire transport operators from the three Regions and a trade union.

In general, regional and national authorities were responsive and comprehensive in their responses, including during the course of phone interviews, whereas the rate of response

was lower at the municipality level. Taxi services were more responsive in replying than PHVs, despite Grimaldi's follow up emails to request the input of such participants. Concerning private stakeholders, and, more specifically, new mobility services, the bigger players were more responsive, although several other smaller players participated in the consultation.

**Bulgaria:** 6 stakeholders were consulted. The Bulgarian Ministry of Transport replied.

**Croatia:** 6 stakeholders were consulted. The Croatian Competition Agency replied to the questionnaire.

**Cyprus:** 5 requests were sent. The Ministry of Transport replied.

**Czech Republic:** Approx. 10 stakeholders were consulted. No replies have been received.

**Denmark:** Approx. 10 stakeholders were contacted in Denmark, but no replies have been received.

**Estonia:** Approx. 10 stakeholders were contacted. The Ministry of Economic Affairs and Communications, the Estonian Competition Authority and the City of Tallinn replied to the questionnaires.

**Finland:** Approx. 10 stakeholders were contacted in Finland. We received replies from the Finnish Taxi Owners' Federation, and the Ministry of Transport and Communications.

**France:** Grimaldi sent the questionnaires to approximately 60 public and private stakeholders. We received 8 replies, most of which came from private stakeholders (both traditional and new technology operators). The French Ministry of Interior provided information concerning the sector in the context of a report that was recently adopted on the subject.

**Germany:** The questionnaires were sent to approx. 80 stakeholders (including all the *Länder*). 20 replies were received - many of them coming from taxi industry representatives at the local level. The German Ministry of Transport, the Monopolies Commission and the Transport Ministry of the Berlin Senate have replied.

**Greece:** 4 stakeholders were contacted, but no replies have been received.

**Hungary:** 6 stakeholders were contacted, and a reply was obtained by the Ministry of Transport.

**Ireland:** Approx. 12 stakeholders were contacted. We received a reply from the National Transport Authority.

**Italy:** Approx. 30 stakeholders have been consulted. Grimaldi has received replies from the City of Rome, Turin and Milan, the Italian Transport Authority and four stakeholders in taxis and hire transport services sectors.

**Latvia:** Approx. 10 stakeholders were contacted and 1 reply was received from the Ministry of Transport of Republic of Latvia.

**Lithuania:** Approx. 10 stakeholders were contacted. No replies have been received.

**Luxembourg:** The questionnaire was sent to approx. 10 stakeholders. Out of these, Grimaldi has received one response from the Ministry of Transport which confirmed the results of the desk research.

**Malta:** Approx. 5 stakeholders were contacted and one reply was received from the Ministry of Transport.

**The Netherlands:** Approx. 10 stakeholders were contacted and 4 replies were obtained by the city of Amsterdam, the Ministry of transport, the Royal Dutch Taxi Association, and the Dutch organization of passengers in public transport.

**Poland:** In Poland, around 20 questionnaires were sent to concerned public and private stakeholders. 3 replies were received from the City of Warsaw, the Ministry of Infrastructure and Construction and by the Polish Office of Competition and Consumer Protection.

**Portugal:** Grimaldi sent its questionnaires to approx. 20 stakeholders. Out of these, there were three replies from the Competition Authority, the City of Lisbon, and the Antral (the national taxi association).

**Romania:** 5 stakeholders were contacted and one reply was received from the Romanian Competition Council.

**Slovakia:** 7 stakeholders were contacted and two replies were received from Ministry of Transport, Construction and Regional Development and from the State Transport Office.

**Slovenia:** Approx. 7 stakeholders were contacted and one reply was received by the Ministry of Transport.

**Spain:** In Spain, approx. 20 stakeholders were consulted. The Ministry of Public Works and Transport, the Spanish Competition Authority and a hire transport operator provided responses.

**Sweden:** Approx. 36 stakeholders, including national and local authorities, and public and private service providers, were consulted. 6 replies were received. However, the Ministry of Transport informed Grimaldi that it was replying also on behalf of the regional



authorities, since it was the sole authority responsible for regulating the sectors and issuing the licences. Grimaldi further followed up on the consultation with questions addressed to the public authorities (the Swedish Transport Authority, the Swedish Competition Authority and the Ministry of Transport), including phone calls, in order to obtain as much information as possible. The authorities were co-operative and provided useful and extensive information.

**United Kingdom:** In the United Kingdom, Grimaldi sent questionnaires to approx. 45 stakeholders. 7 replies to the questionnaires have been received. Some of the replies came from public authorities, others from major new technology operators who are present in several EU countries, and some replies came from sector associations. A reply was provided by the largest hire car with driver operator in the United Kingdom. Transport for London, which has been preparing the adopted hire transport reform was been interviewed twice in April 2016.

*It should be noted that various private stakeholders as well as public authorities have been available to provide detailed information but have requested that quantitative data and certain other qualitative information not be included in the public version of this Study.*

## **Annex II – LIST OF INTERVIEWS**

The following interviews were carried out for the in-depth case studies between April and June 2016

### **Amsterdam**

#### Public stakeholders

Ministerie van Infrastructuur en Milieu

City of Amsterdam

#### Private stakeholders

Royal Dutch Taxi Association (KNV Taxi)

Dutch organisation of passengers in public transport (ROVER)

Uber

### **Brussel-Capital Region**

#### Public stakeholders

Direction Générale des Taxis

Minister Smet's Cabinet

Brussels Instituut voor Statistiek en Analyse

#### Private stakeholders

Uber,

GtL

FeBeT

Taxistop

Carasap

### **Paris**

#### Public Stakeholders

Ministere de l'Interieur

#### Private stakeholders

Le Taxibleus

GROUPE G7

Uber

We Cab

Heetch

## **London**

### Public stakeholders

Transport for London

### Private stakeholders

Uber

Addison Lee

National Association of Taxi Users

## **Stockholm**

### Public stakeholders

Swedish Competition Authority

Swedish Transport Agency

Ministry of Enterprise and Innovation

### Private stakeholders

Svenska Taxiförbundet

The Swedish National Road and Transport Research Institute (VTI)

Heetch

Uber

## **Rome**

### Public stakeholders

Agenzia per la Mobilità; Comune di Roma

### Private stakeholders

Radio Taxi 3570

URI-Unione Radiotaxi d'Italia

Unica - CGIL

Uber

Anitrav

## **Warsaw**

### Public stakeholders

City of Warsaw

### Private stakeholders

Uber Warsaw

Heetch

## **Vienna**

### Private stakeholders

WKO (Vienna Taxi Guild)

PKW, Vienna Chamber of Commerce.

Taxi 411000

TAXI 31300

Uber Vienna

## **Bratislava**

### Public stakeholders

Ministry of Transport, Construction and Regional Development

Uber Bratislava

## **Large EU intermediaries**

Uber B.V.

BlaBlaCar Comuto

Taxify

