Taxi Situation in Europe
2018
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Foreword

The Swedish taxi market has been competitive since 1990. Its deregulation was aimed at allowing the market to manage the balance between supply and demand. Today, nearly 30 years later, it seems inconceivable that the government would prevent anyone from driving a taxi and offering customers taxi services wherever they might be – as long as the driver and the company have the required licences and a taximeter that provides accurate reporting to the Swedish Tax Agency. But in many countries, a free and competitive taxi market is still a rarity.

This report shows that several European countries have either kept a firm, strictly regulated grip on their taxi market or have introduced only limited market relaxation. Accordingly, there are still government-imposed market entry controls and prohibitions on picking up customers in the “wrong” zones in many EU countries, which otherwise have unregulated market economies. Discussions are underway regarding new global business models for taxis with future visions for renewable and self-driving vehicles, and it is therefore important to be aware of the major differences between different taxi markets.

For a Swedish taxi company that follows legal requirements for financial reporting, there are no barriers to competing, seeking out new business models or using new technology. But conditions are entirely different in countries that have regulated markets.

The Swedish Taxi Association believes that taxis have great potential to simplify public transport as travelling by private car is increasingly called into question. Road congestion, environmental targets and resource issues impose demands for a smarter transport system. But services are highly taxed in our country, and this has negative consequences. There is a great need for taxi services, but many people perceive the price for these services to be too high. This results in a growing market for illegal taxis. We are therefore calling for a tax reduction for taxis, which would shrink the market for illegal taxis and promote many social benefits, not least in the environmental area.

There will continue to be a great need for people to move from place to place. Taxis are necessary for satisfying this need. Large-scale public transport with trains and buses can meet everyone’s transport needs if it is complemented with taxis. A free taxi market is required to allow taxis to help create tomorrow’s smart transport systems – a taxi market that allows space for new solutions and new business concepts that can offer simple, safe and green travel.

Claudio Skubla
President and CEO
Swedish Taxi Association
In this report, we examined the taxi markets in eight Western European countries that have economic systems comparable to Sweden’s. We present the taxi situation in Sweden for comparative purposes. The traffic light graphics on the following pages indicate the level of taxi market regulation in each country.
Belgium

Population: 11.3 million
Number of taxis: 4,000
Taxi density: 0.4 per thousand residents

Belgium’s taxi market is extensively regulated. This applies to qualitative barriers such as training and vehicle condition, and to quantitative barriers such as price and fee regulation and limited rights of establishment.

Belgium is a federal state divided into three regions: Flanders, Wallonia and Brussels. Some decisions are taken on the regional level and others on the local level, so regulations differ between regions. A maximum quota limiting the number of taxi operators (exploitants) and drivers has been introduced in the Brussels region. Approximately 1,200 taxis were licensed to operate in the region in May 2016.¹

In the Brussels region, taxi drivers’ licences are valid for seven years and may be transferred between operators for a fee if approved by the responsible government authority. However, renting or borrowing a company’s taxi licence is not permitted. The current cost for obtaining a licence is around SEK 400,000. This cost was previously much higher – at some points as high as SEK 1,000,000. The regions have the authority to determine the effective maximum tariff and applicable monitoring procedures.

A quota introduced in Wallonia limits the number of taxis to one taxi per 2,500 residents. There were 831 licensed taxis in Wallonia in May 2016.² The region has the authority to change the number of licences if demand increases.

Flanders differs from the other regions, as companies’ taxi licences are not transferrable. The region can stipulate how Flanders’s 308 municipalities regulate the number of licences and permissible traffic areas, while the municipalities themselves have the authority to set tariffs.³ The regulations have a major impact on taxi companies and customers.

All regions have requirements for taxi condition, age limit for drivers, taximeters and applicable pricing model. There are also requirements for taxi driver qualifications. The Brussels region has gone furthest, requiring drivers to take both a personality test and a physical health test.

All three regions are distinguished by high market entry barriers in the form of regulation of the number of taxi licences and price regulation. Taxi licence prices are high in the areas where licences are transferrable. Due to the required large amounts of start-up capital, market barriers are particularly onerous for resource-poor individuals, who find it difficult to establish themselves in the taxi market. In Flanders, where licences are non-transferrable, no new taxi licences have been issued for the past five years. The tough restrictions have created a black market for taxi licences, which has gained a particularly strong foothold in large cities such as Antwerp and Gent.

¹ http://www.gti-taxi.be/ll_0_0_0_FR_Info_Flash_32413_1
² Service Public de Wallonie, DGO2, May 2016.
The Danish taxi market has historically been distinguished by market barriers and regulations that prevent the emergence of new taxi companies. Although new regulations are scheduled for introduction, several barriers remain in place. Among other things, Danish price regulation for the taxi market allow municipalities to set maximum taxi tariffs. Taxi companies have long faced limitations in terms of operating freely across different traffic areas, although these regulations will be loosened.

Under the Danish Taxi Act, all taxi operators providing commercial passenger transport services must have a taxi licence. Licences are issued on the municipal level and are non-transferrable. The municipalities determine the number of licences that may be in circulation to guarantee that supply meets demand. Danish taxi regulations stipulate that a person may hold multiple taxi licences, although each taxi must have a registered taxi licence.

The country has specific requirements for taxi characteristics. Under prevailing regulations, a taxi must have at least four and no more than nine passenger seats. The vehicle must also be equipped with a surveillance camera and a functioning taximeter.

To be eligible for a taxi licence, the driver must not have any outstanding tax claims, must be at least 21 years of age and have liquid resources totalling DKK 50,000. A regulated pricing model determines the permitted maximum taxi tariff. In Denmark, as with many other countries presented in this report, the municipalities set the maximum tariffs.

Following the introduction of app-based services in 2014, competition has become tougher for taxi companies, which previously only competed with taxi companies operating in their same municipality.

The Danish taxi market has an upper limit for the number of taxis and a regulation governing the geographic area within which taxi companies may operate. Accordingly, unless the taxi is pre-booked, taxi companies operating in a specific area are unable to operate or pick up passengers in other traffic areas.

New taxi regulations are scheduled for introduction in Denmark. Among other things, these regulations will eliminate geographic restrictions and allow an unlimited number of taxis. They will also introduce requirements for taxis to be connected to a kørselskontor that can manage private taxi bookings and requirements for technical systems in the taxis that document the vehicle’s driving.

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Finland conducted a major re-regulation of its taxi regulations during summer 2018, taking its taxi market from strictly regulated to deregulated.

The taxi industry in Finland transports around 50 million passengers per year, with an average 1.6 passengers per trip. Turnover is approximately EUR 1.1 billion. Over half of all taxi trips are booked by private individuals, with around thirty per cent booked by the public sector and twenty per cent by companies. There are approximately 9,500 taxi in Finland.\(^5\) Taxi density is around 1.7 per thousand residents. The taxi industry was strictly regulated until summer 2018.

Finland has long debated the liberalisation of its taxi legislation. These discussions have now resulted in a major re-regulation, with the Taxi Act and several other laws replaced with a new law on transport service. The new regulations eliminate the maximum tariff and restrictions on the number of issued taxi licences. Under the new law, taxi companies are not required to offer night service or round-the-clock service, while taxi licence requirements remain unchanged.

In order to be eligible for a taxi licence, the applicant is required to have experience and professional expertise, to have passed a taxi training programme, have stable personal finances, and be considered a generally reliable person.\(^6\) These eligibility requirements remain in place following introduction of the new regulations in 2018.

Maximum tariffs, which had been uniform throughout the country and set by the government, were eliminated following deregulation. Price levels were previously entirely unrestricted in cases where taxi companies transported goods or had direct contracts with specific companies.

Until deregulation, the Finnish regulations included a transport obligation, which required taxi companies to offer round-the-clock taxi service in the traffic areas covered by the taxi licence.\(^7\) The transport obligation includes a compensation clause, and taxi companies have had exclusive rights to provide taxi services in their own traffic areas. Taxi companies have therefore had a monopoly-like position in their local markets, which has been eliminated with the new regulations. Due to the country’s sparse population, there is normally only one booking centre per traffic area. There are now no requirements for licence holders to be connected to a booking centre, although around sixty per cent of all taxis are. The effects of the new regulations on the taxi industry and consumers in Finland remain to be seen.

\(^{5}\) http://www.taksiliitto.fi/en/
\(^{7}\) https://www.sydin.fi/Artikel/Visa/141539
The French taxi market is one of the most highly regulated in Europe. This has resulted in a long-going and heated debate on the taxi industry’s conditions and future in the country. The regulations include significant barriers to entering the market, including long wait times and high costs for obtaining a taxi licence entitling the holder to operate a taxi business.

France has quotas for the number of taxis that may operate in specific areas. Price regulations vary across the country, as they are determined on the regional level. Despite the submission of new proposals to lower the market entry threshold (e.g., a new taxi law proposal submitted by Loi Grandguillame\(^8\)), there has been no agreement on re-regulating the taxi market.

Taxi licences in France are called autorisation de stationnement. New licences are valid for five years. The basic principle is that licences are non-transferrable, although licences issued before 2014 are transferrable.\(^9\) The price for such a licence in 2016 was around SEK one million.\(^10\) In order to be granted a licence, which entitles the holder to operate a taxi business, the applicant must pass a theoretical and practical test. After passing these tests, the applicant is placed on a wait list to receive the taxi driver licence. If the application is not renewed every year, the applicant loses his or her spot on the wait list. In Paris there are currently around 50,000 on the wait list, which explains why no new licences have been issued in nearly a decade. A total of approximately 60,000 licences are currently issued on the taxi market.\(^11\)

In addition to national regulations, local taxi markets have the option of introducing additional provisions, such as quotas for the number of licences, specific fees and regulated pricing models. Regulation of the taxi market is a consequence of the fact that the French trade unions and political sphere have difficulty reaching agreement.

Because there are different regulations for different areas, fares vary significantly depending on destination. Due to the taxi industry’s complicated system, there are currently three different types of employment for taxi drivers – which further complicates the regulations.

An additional regulation has been introduced at France’s largest airport, Charles de Gaulle, in the form of pick-up quotas. This restriction stipulates that a taxi driver may only pick up passengers two times during the busiest hours of the day.
Germany

The German taxi market is strictly regulated, in terms of both quantitative and qualitative market barriers. Regulations are not harmonised on the federal level, resulting in major differences between the approximately 800 taxi areas in Germany. It is not permitted to run operations in multiple taxi areas, and there are maximum quotas for the number of taxis and for price regulation. The right of market entry is thus highly restricted, and taxi companies have little incentive to develop their existing operations.

The German taxi market is regulated on both the national and the municipal level. The most significant section of the law is the Personenbeförderungsgesetz (PbefG). The law does not apply to cost-free travel or carpooling, or for travel where the price covers only direct transport costs.

To obtain a licence to operate a taxi business, the driver must submit a formal application and be approved by a government authority. The licence’s impact on the local taxi industry is also evaluated. This evaluation is based on factors such as demand for taxi travel in the area and the number of existing taxis.

German cities and municipalities have generally introduced a ceiling for the number of licences, although the Hamburg and Berlin metro regions have not introduced quantitative restrictions. The quota is 3,400 taxis in Munich, 1,300 in Dusseldorf and 1,700 in Frankfurt.

Under national regulations, a licence to operate a taxi business is not transferrable between individuals – the entire company’s operations and organisation must be transferred.

The fundamental rule is that taxis may only wait to pick up customers in the areas where the taxi is licenced, although some municipalities have joined together to create larger zones to allow taxi companies to operate in larger areas.

All federal states have delegated responsibility for determining price levels to local authorities. The pricing models are binding for all taxi companies operating within each area, and are based on a pick-up fee, distance, specific destinations (e.g., airports) and travel time.

App-based taxi bookings have increased, particularly in metro areas. Even so, around 70 per cent of Germans report that they book taxis via telephone or booking centre.

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The Netherlands

The Netherlands has had a comparatively unregulated taxi market since 2011. This has led to the establishment of new actors in the market, which has increased supply in the large cities. There has been discussion about the need to further harmonise regulation in the country.\(^{15}\) The taxi industry is expected to take on a larger role, as there is political will to increase its significance in the transport system as a whole.

Considering the Netherlands’s population density and topography, the taxi industry plays a relatively minor role in the transport system as a whole. Bicycles and trams are some of the most utilised means of transportation, alongside the car. But government agencies and decision-makers want to improve the traffic system’s efficiency by allowing taxis to play a more prominent role.

As is the case for several other countries covered in this report, conditions for operating taxi services differ between the country’s various regions. In metro regions, taxi companies get most of their customers by picking up passengers at special taxi stations, while around 80 per cent of taxi trips in sparsely populated areas of the Netherlands are contracted jobs such as school transports and mobility schemes.

An initial deregulation of the taxi market was done in 2000. It did not produce the expected results in terms of better service and lower prices, and a new taxi law (Taxiwet) was introduced in October 2011. Under the new law, the country’s municipalities were given greater responsibility to supplement the regulations that had been previously adopted on the national level. These were based on an overall strategy to move decisions closer to citizens. The revisions of the law also involve a requirement for taxi operators to be affiliated with corporate groups in order to gain access to the taxi market.\(^{16}\) As a result of the new regulations, Amsterdam established its own rules for the city’s taxi market in 2012. Among other provisions, the city forbids taxi drivers from turning down short taxi trips. The pricing model was altered and is now based on pick-up fee and travel time and distance.

The Netherlands has also maintained national regulations on maximum taxi tariffs.

Taxi operators are required to have a taxi driver licence, which is issued to applicants who successfully complete a driver training programme. Drivers are also required to have a trade permit, to register their business with the national commerce agency, and to obtain a special certificate from independent organization Kiwa. To obtain this certificate, taxi drivers must demonstrate that they have permanent ownership of the taxi.\(^{17}\)

In cities like Amsterdam and Rotterdam, taxi drivers are also required to apply for a special permit to gain access to bus lanes. In addition to the above requirements, the vehicle needs to undergo special inspections to test its condition. The legal requirement to have functioning taximeters in every taxi is inspected annually by the responsible authorities. Taxi drivers may not have a criminal record and must demonstrate good judgement and professionalism. Taxi drivers who receive criticism for their behaviour towards customers are subject to a two- to three-week suspension.\(^{18}\)

\(^{16}\) https://www.kiwa.nl/
\(^{17}\) https://nltimes.nl/2017/01/09/striking-taxi-drivers-block-taxi-access-amsterdam-centraal
Norway

The Norwegian taxi market is partially regulated. Price regulations have been removed, but supply regulation remains in place in terms of the number of taxi licences.

There are 8,000 taxis in Norway. Approximately 40 per cent of all taxi travel takes place in Oslo and neighbouring Akershus. Taxi density varies widely between the country’s regions.19

Through 2000, Norway’s taxi market was regulated in terms of both pricing and market entry rights. Until then, maximum taxi tariffs were set by the Konkurransetilsynet. The maximum tariff was the same nationwide and was adjusted regularly in line with an index-based price regulation model. This price regulation has now been eliminated.

The taxi permit carries a transport obligation, which is justified on the grounds of providing round-the-clock taxi services throughout the permit area. This means that taxi companies are required to offer taxi services even where this may be unprofitable.

As compensation for assuming the transport obligation, license holders have exclusive rights to the taxi market in each permit area. Taxi companies may drive passengers outside of their own area, but may not provide transport between two areas outside of their area. Driving from one’s own area to another area to pick up a customer is only permitted for pre-booked travel.

In Oslo, where taxi traffic is most active, a relatively large number of new traffic permits have been distributed. This has attracted new actors to the taxi market. A debate is underway as to whether this measure has had a positive effect; another current debate is focused on the price trend for taxi services.20

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20 Patrik Johansson, Agneta Marell, Kerstin Westin, Taxi i världen, Umeå Universitet, 2000, 17
Sweden

The Swedish taxi market has been fully deregulated since 1990 and, accordingly, there is open market entry and free pricing. There are currently approximately 18,000 taxis in Sweden, an increase of around 3,000 since 2008. Taxi licence applicants must be at least 21 years of age and have had a regular driving licence for at least two years.

The Swedish taxi market was strictly regulated until 1990. The taxi industry was distinguished by market entry controls, with each taxi allowed to pick up customers only within a specific traffic area. Maximum taxi fares were set by the government, which in practice also controlled the price. A specific driving schedule was set up to regulate the number of taxis operating in traffic in various areas at different times of day.

The taxi market was deregulated on 1 July 1990. The means test and geographic restriction requirement were eliminated and free pricing was introduced. The transport obligation and booking centre association requirement were abolished. The number of taxis increased when the old regulations were repealed and deregulation came into effect. At the turn of the year 1990/91, there were around 14,800 registered taxis (an increase of approximately 3,000 over 1989/90), and the number of taxi companies increased from 6,700 to 7,300. The sweeping deregulation was aimed at allowing the market to determine the way the taxi market should be managed, and thereby achieve a better balance between supply and demand. The expectation was that competitively vulnerable taxi companies would create space for new services and lower prices for customers. The deregulation was far-reaching from an international perspective. All stages of the deregulation were implemented simultaneously, which distinguishes Sweden from many other countries. Over the years, other countries have altered their deregulation models or have maintained strict regulations for their taxi markets. Today’s taxi licence applicants in Sweden are tested based on several key areas relevant to the taxi profession: legal and regulatory framework, management, technical standards and operating conditions, and traffic safety. Applicants are also required to have sufficient financial resources to start and run the company.

"Sufficient resources" is defined as capital and reserves of at least SEK 100,000 for one vehicle and SEK 50,000 for each additional vehicle. Taxi licence applicants also need to be in good standing and have no criminal record. Before travel commences, licenced taxi drivers are required to use appropriate means to inform passengers of the applicable fare. Licenced taxi drivers must be at least 21 years of age and have had a regular EU-issued driving licence for at least two years. The somewhat prohibitive effect of these provisions, particularly for foreign-born potential taxi drivers, has slowed the rate of recruitment for several taxi companies. The government has presented a new proposal that would allow licenced taxi drivers to classify their vehicles in one of two taxi categories. Under the proposal, the current system requiring taximeters and central reporting systems will remain in place. The new category introduces requirements for technical equipment in the vehicle and at booking centres. Every taxi in this category must be connected to one or more taxi booking centre that receives and allocates taxi bookings. With this change to the law, the previous option of exempting the taximeter requirement has been eliminated. This improves opportunities for authorities to monitor taxi companies – an important step towards a sound and fair competition.
United Kingdom

There is a high level of competition between various taxi alternatives in the UK, particularly in metro areas. But the market is complicated by different regulations for different types of taxis (pre-booked travel versus hailing a taxi on the street). Due to the strict requirements imposed on taxi companies in cities like London, there has been a dramatic increase in the number of other operators offering app-based services.

Because regulations vary between areas, there is little incentive for taxi companies to expand.\textsuperscript{21} Local decision-making bodies set the rules for taxi companies within their respective areas. These rules cover the issuance of taxi licences as well as applicable pricing models. The UK’s taxi market can be described as strictly regulated – even though customers are offered multiple options and a competitive market, particularly in large cities.

Taxi regulation in the UK dates back to the 17th century and has, of course, developed over time. Current regulation is based on three different licensing requirements: a taxi licence, a vehicle licence and a taxi operator (booking centre) licence. The municipal council makes decisions on licences, with the exception of London where special rules apply (Metropolitan Public Carriage from 1869 and the London Cab Order from 1934).\textsuperscript{22}

Approval of a taxi licence requires police registry and criminal registry certificates and an evaluation of the vehicle’s condition. All approved licences for taxis and their drivers must be visible in the vehicle. The municipalities also determine the fees and pricing models that apply in their area.

Due to the local regulation scheme for the UK’s taxi industry, the country currently has over 300 different standards and regulatory frameworks for taxi operations. The option of introducing national regulations has been discussed, as well as price regulations that would authorise each municipality to regulate prices and fees.\textsuperscript{23} The adjustment of price levels would require consensus on the local and national levels, as the issue affects regulations for local self-governance.

In London, the Transport for London authority is responsible for decisions on taxi market regulations. A taxi licence may only be issued to persons who demonstrate good judgement under the “fit and proper” standard. Applicants must be at least 21 years of age, medically healthy, have no criminal record, have stable personal finances and demonstrate particularly good knowledge of the city of London.\textsuperscript{24}

The proficiency text is considered difficult and may require several years’ preparation. Only 25–40 per cent of applicants pass the text. These high standards are unique to London and have been viewed as an alternative to supply regulation.\textsuperscript{25}

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\textsuperscript{22} https://ec.europa.eu/transport/sites/transport/files/2016-09-26-pax-transport-taxi-hirecar-w-driver-ridesharing-country-reports.pdf p.836
\textsuperscript{23} https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/apply-for-a-taxi-driver-licence
\textsuperscript{24} https://tfl.gov.uk/modes/taxis-and-minicabs/taxi-fares
The Swedish Taxi Association’s mandate

The Swedish Taxi Association represents Sweden’s taxi companies. Our task is to work to improve the reputation and attractiveness of the taxi industry and to look after the industry’s interests. We pursue issues including those affecting fair competition and improving the industry’s environmental and traffic safety efforts. The Association takes an active role in the public transport industry’s efforts to increase the share of public transport in the overall transport system, and thereby promote sustainable growth for Sweden.

The Swedish Taxi Association is managed by a seven-member board, led by a committee chairman. The Association’s highest decision-making body is its congress, which meets every third year.

For additional information about the Swedish Taxi Association, please visit www.taxiforbundet.se

The Swedish Taxi Association’s international involvement

We are a member of the International Road Transport Union (IRU), an international organisation representing 100 countries throughout the world. This collaboration involves knowledge and experience exchange between other trade associations operating primarily in Europe.

For additional information on the International Road Transport Union (IRU), visit www.iru.org
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