



Weekly Briefing

Romania social briefing:
Taxi drivers protest against ridesharing services
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Taxi drivers protest against ridesharing services

Romania is one of the most profitable markets in Europe for ridesharing services such as Uber and Taxify (Bolt). Still, it does not have yet a legal framework for regulating these alternative transport services. In this context, taxi drivers and road hauliers are accusing unfair competition with the new urban mobility transport services. The representatives of the traditional transport industry are pushing the Government towards the adoption of laws for regulating the activity of ridesharing services by intensifying the number and the amplitude of the protests in the last period. The experts fear that following the adoption of the proposed changes, ridesharing services may eventually disappear, as through the agreed proposals, the Uber and Taxify (Bolt) drivers will have to comply with the same authorization rules as taxi drivers.

Uber entered the Romanian market in February 2015 as a smartphone application that connects passengers with car drivers willing to offer transport services for a fee. Since then, ridesharing services Uber and Taxify (Bolt) started to be seen as a good alternative to the traditional taxi industry. In the last two years, their services expanded from Bucharest to other cities in the country, such as Cluj-Napoca, Timisoara, Brasov, and Iasi. Although Romania was the last Eastern European market Uber entered, it soon became the second biggest market in Central and Eastern Europe for the ridesharing company (in 2017), and shortly grew more profitable than Poland and became the fourth largest in the entire Europe, according to a study in 2018.

As these services continued to develop, the situation started to become inconvenient for the traditional transport industry. Several protests of the traditional taxi drivers took place in different cities in the country in the last years, and recently grew in intensity. The reasons are similar with the ones in other large cities in Europe: the ridesharing companies ignore the taxi legislation and bear lower costs as they do not comply with the regulations and licenses required for this field. Usually, the ridesharing providers also enter the market with lower prices per kilometre as compared to those asked by the taxi companies, but this time, in Bucharest, it was not the case, as the prices are already at low levels, as all the taxi companies agree a similar fare.

The image of traditional transport industry was long ago affected by improper practices of the drivers and the low quality of the services. Taxi drivers were several times accused of selecting their clients, refusing short races or negotiating the fare, and thus violating the law. The city hall in Bucharest even implemented a special phone line for denouncing those that require higher amounts of money than the equivalent of the race. Although this is not the case for all the taxi drivers involved in providing transport services, still, in this context, Uber and similar ridesharing companies were seen as bringing higher quality services to the Romanian citizens. The fact that Romania is one of the countries with the fastest internet connection speed in the world also contributed to an easier implementation of these services.

Road hauliers and taxi drivers in Romania claim that Uber is a service which is engaged in unfair competition. The taxi drivers ask for sanctioning such unauthorized, unlicensed activity in which one could use its own car for transporting people only through the use of one application, while the regulated activity require a lot of authorisations and the fulfilment of certain standards. The taxi drivers require the ridesharing services to enter into legality, meaning that they have to be connected to an authorized dispatch. The activity of ridesharing services is not monitored, therefore the drivers in ridesharing services are not bound to pay the insurance for the persons they carry. By contrast, the taxi activity is burdened with much bureaucracy (for example, for obtaining the authorization for driving), regulations (the requirement to change the car each five years) and fees that must be paid. Until now, Uber or Taxify (Bolt) are not bound to submit any type of regulation, therefore being considered unauthorized entities. Under these circumstance, taxi drivers are afraid that they will lose their jobs.

Several attempts for regulating this activity were taken locally. At some point, the representatives of the city hall in Bucharest decided to ban the activity of mobility services provided through mobile applications that are not connected to a dispatch, thus affecting the activity of ridesharing providers. Contested in the court, the decision was finally suspended.

According to the EU regulation, established through the decision of the European Court of Justice at the end of 2017, Uber is a transport company, not only a mobile phone application, therefore it must submit to the laws in the country in which it is present.

In Romania, the new law regulating the taxi drivers' activity was launched since last year but was not yet approved. Lately, the carriers' protests have intensified, as the Government delayed the adoption of an emergency ordinance for regulating the activity of ridesharing applications. Both the Federation of Transport Operators (FORT) and the Confederation of

Authorized Operators and Carriers in Romania (COTAR) organised several protests in Bucharest in the last week in front of the Government, where carriers from the whole country took part.

Until now, the Government offered promises related to the adoption of the desired regulations, which managed to hamper such activities from the part of taxi drivers in the last three years, according to COTAR declarations.

At the beginning of March, the Ministry of Regional Development and Public Administration has published a draft Emergency Ordinance on the introduction of measures in the field of road transport. The Ministry of Development established that all drivers who carry persons or freight without authorization to be fined each time they are trapped. The necessity of such measures is justified by the increase of persons' transport through ridesharing providers which violate the legal provisions and became a permanent phenomenon. Such activities led to negative consequences on the strategies of local public administration authorities regarding local public transport, on the environment due to increased pollution and on the competitive environment, as the activity of operators who are authorized to provide taxi services is affected, taking into account the limited number of authorizations issued at the level of the administrative-territorial units for taxi activities.

Following the protests, the representatives of the Government decided to take measures for combating piracy in the road transport sector and several proposals of the employers' transport organizations were decided to be included in the draft emergency ordinance for the introduction of measures in the field of road transport.

However, protests continued, as carriers are dissatisfied with the delay in issuing the emergency ordinance promised by the Government in the field of passenger transport. According to FORT, the emergency ordinance is blocked on the Government's advisory circuit. The transporters criticized the Government for postponing the changes in the transport legislation, even accusing that ridesharing companies are lobbying in the Government and Parliament for such a delay. The emergency ordinance is expected, otherwise transporters threaten with ample protests every week in the coming period. Such situation will generate circulation restrictions and therefore more crowded traffic than usual, which is not desirable especially in this period in which Romania is hosting events with a large participation of EU delegates under the Presidency of the European Council.

The unions' representatives declared that they received the concrete commitment of the Minister of Transport that the requested changes to the law will be adopted through emergency

ordinance at the next Government meeting. Moreover, the Senate adopted recently a bill for regulating ridesharing services. The drivers from companies holding ridesharing application have to prove clear criminal records and not to have a suspended car licenses in the last five years. Moreover, the cars will be signalized through a special badge. Still, the bill has to be adopted in the Chamber of Deputies before entering into force.

The experts fear that following the adoption of the proposed changes, Uber and Taxify (Bolt) services may eventually disappear. By proposing to amend the law, it is indirectly intended that Uber and Taxify (Bolt) drivers comply with the same authorization rules as taxi drivers. This would mean to submit to a heavily bureaucratic and arduous process for obtaining the needed documents and to increase exposure to fines, which will narrow the number of potential drivers.

The UBER and Taxify (Bolt) attitude towards these changes is to require for a delay in the adoption of the Emergency Ordinance until Romania will enhance a regulatory framework for new alternative transport services, similar to other EU countries. They admit that their activity cannot be regulated neither by the taxi legislation, nor by the public transportation law. Both companies consider that the regulation of such transport services as an alternative to traditional means of transport is a natural evolution of Romanian society, in full agreement with the progress and evolution of other European countries in this field. In a joint statement, the two companies indicate towards the positive impact of such activities for the local economy, the creation of new jobs and the contribution to the public budget.

The advantages of using alternative transport services are the reduction of transport costs, decreasing the number of cars moving in the same direction, increasing the quality of taxi services and enhancing competition, which ultimately favours the citizen. The improvement of urban traffic and reduction of agglomeration are among the main contributions of such services. The users indicate that the main benefits of using mobile applications are efficiency, speed, safety, service quality, and possibility to evaluate the driver's behaviour.

In addition to this, 7 out of 10 young people consider this option as an alternative to the personal car, while 9 out of 10 users would like that the authorities to encourage the development of this type of alternative service and not to limit them, according to the two companies. 1 out of 10 Romanians use and appreciate these services because they are affordable, safe, quality and reliable. Moreover, 80% of the users believe that finding a car would be much more difficult if applications were not available, according to a study by the Romanian Institute for Evaluation and Strategy.