



Weekly Briefing

Serbia social briefing:

Taxi protests

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Taxi protests

Introduction

Instead of dealing with numerous urgent topics, Serbia and its citizens spent the first half of October engaging in a nearly two-week protest by Belgrade taxi drivers against an "unfair competition" as they interpret CarGo's work and the fact that, according to them, the laws are not applied.

The headlines across print and electronic media were featuring the blockade of major streets in the center of the Serbian capital Belgrade, causing a complete collapse and open resentment of nervous citizens forced to lose hours in transit or on foot on their way from or to the work or school.

For months there is an ongoing “war” between taxi drivers and CarGo representatives. Taxi drivers are dissatisfied with alleged failure to enforce Road Transportation Law and are demanding that illegal taxi services, as they perceive CarGo are banned. The CarGo representatives (who on their side also failed to demonstrate civilized vocabulary in their statements) persistently claim that they are not transporting citizens like taxis but that they are using the application to help citizens to schedule a ride to a desired destination. This resulted in dissonant tones between the Prime Minister and the Minister of Transport, due to differing opinions on the Law. Gordian's knot was cut at least for the time being by the President of the Republic of Serbia, who, by a set of promises, appeased taxi drivers and after 12 days "removed" them from the streets of the capital.

The background of the confrontation

For a long time in Serbia, the dilemma is whether CarGo, as an internet application for scheduling rides to the desired destination, which in Belgrade, for the time being, is done in a car without any markings – is using a “hole in the law”, or it is a modern transportation or something completely third. The Ministry of Transport considers their business illegal and suggests to them that if CarGo-flagged drivers want to continue with this business, they must

register as taxi associations and fulfill a number of statutory obligations. By the end of last year, CarGo operated in accordance with the Law on Tourism, subject to limo services (limousine and van rental). With the amendments to the Law on Passenger Road Transport, this service was transferred to the competence of this act and more precisely defined.

In early February, CarGo adapted to this new law - by organizing private initiative and an NGO, which uses modern technology to continue their business. The Ministry of Transport does not approve of such business, considering that CarGo "never intended to deal seriously with passenger transport in accordance with state regulations". The state's conflict with this company, which has been ongoing for four years, has gone through several stages - from street protests, changes of the regulations, to the seizure of cars. The Ministry adhered to the legal framework of the law, disregarding the specifics and novelties of this kind, present in many countries. The last phase began in December 2018, with changes to the law and the creation of a Working Group of the Government of Serbia to analyze proposals for taxi transportation regulations. Among other things, they aim to curb the gray economy in the field of road transport. In practice, this means that the state, using teams consisting of representatives of the regular and communal police, economic and high-tech crime departments, tax administrations and various inspections, is trying to get companies like CarGo out of the business. After the four cars were confiscated, CarGo representatives rebelled, claiming that behind these confiscation was an interest of "taxi mafia". They accused the taxi drivers of "acting as cartels". Taxi drivers "responded" with their first protest back in May 2018.

“War to Extinction”

The beginning of autumn marked an even greater resistance to the entry of the CarGo into the market. Of the 17,400 taxi drivers registered in Serbia, most work in Belgrade - 6,500, followed by 1,400 in Novi Sad. They started protests in Belgrade (and were joined by their colleagues in Novi Sad) until the competent authorities met the requirement of all taxi associations - that communal police officers “to do their job” and punish illegal carriers, and above all CarGo drivers. They are referring to the new provisions of the Law on Communal Militia, which gave public utilities the authority to stop a vehicle found in violation of regulations, without the presence of a traffic inspector. According to official data, from December 29, 2018 to October 17, 24 procedures were initiated against illegal taxi carriers, with the seizure of 90 vehicles. Of these, eight belonged to CarGo drivers. The CarGo

Association, in an letter to the public about the taxi drivers' protests, said they were silent on the threats and blackmails made by taxi cartels to them and citizens of Serbia and Belgrade, but could not remain silent on the death threats. "Taxi drivers did not have enough blockages, blackmail, intimidation, but representatives of the taxi cartels called for the death penalty for CarGo. If the authorities are being silent on these terrible threats, we cannot. We must not. Because of the 650,000 members and many citizens who trust us. Our continued silence would mean that we have failed all people who support peace against violence, progress against chaos," the statement said.

Referring to the data of the Tax Administration that taxi drivers owe 2.9 billion dinars of taxes, and there are 3.931 taxis owed while CarGo employs more than 4.250 people without a single dinar of debt, either to the state or to the business partners. The Transport Safety Committee for the taxi driver's strike and blockade of Belgrade accused the Ministry of Transport of "failing to consider the real market situation" when drafting amendments to the Road Transport Law. "The essence of traffic and transportation is to meet the needs of the users. Could it be that the ministry did not see 650,000 Belgrade citizens use CarGo? If you saw that, you cannot be silent on that" they say from this Traffic Safety Committee, as a non-governmental organization, stating that CarGo cannot be attributed to violating the law and cannot be subject to any relevant provisions relating to a taxi because CarGo is not a taxi. Prime Minister Ana Brnabic and Transport Minister Zorana Mihajlovic have publicly exchanged differing opinions on the Law on Road Transport of Passengers. The Prime Minister stated that taxi drivers harassed citizens because CarGo does not violate the Road Transport Passengers Act as they claim, but they found holes in it. The Minister of Transport reminded the Prime Minister that she has signed a law which she says has "loopholes", which was adopted by Parliament and was signed by the President of Serbia, which indicates its validity.

The radicalization of the protests sparked a revolt of citizens, and some of them physically clashed with taxi drivers. When a city is blocked, no one is interested in differences between taxi associations and applications, loopholes or interpreting regulations ...

The President promised subsidies

The taxi driver's protest, after twelve days of blocking the center of Belgrade, was "stifled" by Serbian President Aleksandar Vucic, talked for two hours of with taxi drivers. They demanded stricter legal measures against illegal carriers, and they got - much more. The Serbian president promised them state subsidies for the purchase of new vehicles in order to improve the taxi service. State subsidies will be in the amount of several thousand euros each, and taxi drivers will have to secure participation on their side. The remaining of the total price of the new car, they will be able to repay for five or more years through a lease or bank loan. Representatives of the Ministry of Finance were interested in how many taxi drivers would be interested in the subsidy. It is estimated that there are 12,000 to 13,000 carriers across Serbia. However, the final word will be given by the Tax Administration after it determines the state of the taxi driver's debts to the state. Current analyzes show that taxi drivers in Serbia today drive cars that average 10 years old.

Conclusion

Who is the winner in the "war" that has plagued citizens? The state can help to bring the order to taxis, which have been unregulated for decades, through such measures. Illegal taxi drivers, dubious taximeters and high bills, fighting for passengers at the airport and bus station have for years tarnished the reputation of that important service. The market has evolved and introduced some new types of transportation services that regulations do not recognize. Taxi drivers have a point when they say that public transportation of passengers can only be done with the proper permit issued by the city. Just as the city issues rulings on public transportation lines, so no one with a permit can take passengers on buses, so do regulations for taxis. Therefore, there are reasons that they are harmed by unfair competition - someone who is not registered to them "abducts" passengers with the help of an application. However, this existing system is inflexible and inert and it is necessary to modernize it. Citizens do not and should not care who issued some bureaucratic permit, they are only concerned to reach their destination quickly, safely and without fear. It is therefore necessary to change the rules, but so that the market match is fair and open.