

## **Industry report – taxis – Paris**

### **People interviewed:**

PA\_1 : expert (researcher)

PA\_2: VTCs union member

### ***Employment situation and working conditions of workers in incumbent industries***

Taxi drivers in France operate under a number of different statutes that can be grouped around a central divide: those who hold a licence (ADS, *autorisation de stationnement*) and the others who don't and most of the time have to rent their taxis to a company in order to be able to work.

In the Paris region, there are no less than four different employment regimes. The number of taxi licenses in Paris is today around 20,000. Around one half of the Parisians taxi drivers are self-employed under the status of "artisans"<sup>1</sup>(craftsmen). They are owners of their means of productions (the taxi and the licence). The other half are neither owners of their taxis nor holders of the professional licence (ADS, *autorisation de stationnement*) that is attached to the taxi<sup>2</sup>. This second group of "non-licence holders" consists of drivers working under variable and more or less precarious employment conditions: firstly, a majority of leaseholders (around 7,000 drivers) who hire their taxis from companies holding ADSs, on average for 130 euros per day. Secondly, around 1,000 drivers are employed by a company (generally they are paid from 25% to 30% of the daily turnover). Thirdly, around 1200 drivers operate under the status of "sociétaire" (member of the company): this means that they hold a share in one company holding the licenses (a company which is organized as a cooperative). Finally, there is the case of those who are "doubling up" (they represent about 10% of the Parisians taxis): this means that two drivers take shifts on the same taxi (one driver working at night and the other during the day).

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<sup>1</sup> They represented in 2014 9,300 drivers out of the 17,636 licenses, i.e. 52.7% of the taxis (Report of the commission « concertation taxi-VTC » coordinated by Thomas Thévenoud, « Un taxi pour l'avenir, des emplois pour la France », 2014)

<sup>2</sup> The licence is issued by the municipality or city and is limited to that area and is granted for a renewable five-year period.

Concerning the prices of the rides, they are calculated according to the zone (central Paris, inner suburbs, outer suburbs), the further away, the more expensive, and the time of day (this is a main difference with Uber and other ride hailing platforms, in which the algorithm set the fares depending to the distance, the area, but also depending to the traffic jam)<sup>3</sup>. The “common fare” for taxis was set in order to restrict the competition in the industry. However, with the growth of ride hailing platforms, the market is now exposed to what an expert (PA\_1) called a “liberalization on the side” of the market (see below, “New aspects of industry regulation” section).

Uber's (and others ride hailing platforms) entry into the market has led to two major consequences for Parisian taxi drivers, has highlighted by the experts:

1) First, a significant drop in the number of candidates for the profession, and therefore a problem of “renewal of the professional group”.

In 2014, when Uber arrived in Paris (Uber officially entered the market of personal transport in Paris in 2012, but it is only in 2014 that it really took off) the situation was already “complicated” for Parisian taxis: many drivers (“non-holders” of the professional licence, the ADS) who had finished their training, were waiting to be able to work within a taxi company (according to PA\_1 in Paris there are two main taxi companies, the others are medium or very small enterprises with fleets of around 20 taxis). At that time, the average waiting time was about nine months before getting a vehicle in one of the two main taxi companies. It is in this context that “Uber absorbed a significant part of this waiting workforce, that was functioning as an actual reserve workforce” (PA\_1).

With the Grandguillaume law of 2016 and the merging of taxi and VTC training (see above, section “New aspects of industry regulation”) at the end of the training there is now a choice between becoming a VTC or a taxi: from 2014 onwards a majority of drivers decided to become VTCs, with peaks of 80% drivers choosing VTC and 20% taxi.

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<sup>3</sup> The fares are divided into two categories: those specific to Paris taxis (three different fares which vary according to the time of day and the pick-up location) and those common to other taxis in France (four different fares which correspond to one other criteria: the time of day, but also the existence of a 'return' journey made by the driver once his customers have been dropped off).

2) Secondly, the other main consequence of Uber's entry into the market, has been a significant decline in the number of taxis' daily rides.

Four main subsequent effects of these trends on the working and employment conditions of taxi drivers have been underlined:

1. Firstly, a very significant drop in the value of the professional taxi license (ADS). This can be explained by the drop in the number of candidates for the purchase of the license. Whereas between 2012 and 2014, the license was worth around 260,000 euros, it is today worth about 120,000 euros<sup>4</sup>. Purchasing an expensive license who is constantly losing value and that can be sold only after at least five years of activity<sup>5</sup>, is a risk that many drivers do no longer wish to make.
2. The second consequence is a significant extension of taxis' working day: the fall in the number of customers, and therefore in the number of daily rides, has greatly increased the waiting time between two rides, and the time availability of Parisian taxi drivers, who now work "up to 14 hours a day in order to make a decent income" (PA\_1).
3. The decline in the number of rides has also meant that ride booking platforms for taxi (one of the most important in Paris is the "taxi G7" platform) have become increasingly important<sup>6</sup>. These booking platforms are in direct competition with Uber and therefore incite taxi drivers to raise their quality standards, for example to drive while wearing a suit or to sign "quality charts" (see below, "Changing strategies of incumbent companies" section).

<sup>4</sup> <https://6-t.co/barometre-licence-taxis-2019/>

<sup>5</sup> Law No. 95-66 of 20 January 1995 on access to the activity of and the profession of taxi operator. However, the provisions of the Thevenoud law of October 2014 have transformed the taxi license market: the text makes ADSs issued after the promulgation of the law non-transferable, i.e. excluded from a market that will henceforth operate on a constant stock (<https://www.vie-publique.fr/sites/default/files/rapport/pdf/144000239.pdf>).

<sup>6</sup> The driver affiliated to a booking platform receives the booking on his dashboard (a tablet installed in the taxi), and if he is first on the waiting list in his area of operation, he must go to the address and check with the customer using a code to ensure that he is the right person for the right journey.

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4. Finally, this has led to taxis' resistance and struggles against Uber linked to fears of downgrading and disappearance of the profession. This also gave rise to divisions within the professional group of taxis between those who are "willing to make concessions" (through the membership of reservation platforms, for example) and those who are not. Finally, conflicts have also arisen between taxis and VTCs over the occupation of parking spaces in airport terminals with taxis willing to "exclude ride hailing platforms drivers from the airports" (PA\_2).

### ***Changing strategies of incumbent companies***

One of the main strategies implemented by traditional operators (taxis) is to get an affiliation to booking platform, such as Taxi G7, in order to compensate for the loss of clients caused by the multiplication of competitors. More and more drivers have subscribed to these platforms, which have "become essential and which are in direct competition with the ride hailing platforms and Uber in particular" (PA\_1).

In addition to enhancing a change in the norms and standards of service quality, these platforms increase the demands addressed to drivers concerning the service quality: on the one hand their appearance (e.g. the wearing of a suit while driving) and on the other hand their general attitude or "savoir-être" (e.g. getting out of the cab when the customer arrives).

They also offer new forms of "professional promotion" to taxi drivers through the proposal of more expensive services dedicated to luxury customers (e.g. G7 "business club").

In addition, with the arrival of Uber and ride hailing platforms in general, many taxi drivers have started to work with Uber, either full time or as a supplement to their income. Others have found niche markets to enter. One example is the "seated patient transport" service, which is funded by the social security system. In order to access this service, however, it is necessary to take administrative steps and get a certificate from the health insurance fund.

The health crisis linked to Covid19 has only accentuated all the tendencies described here: the number of daily rides has further decreased, and more and more Parisian taxis have been forced to work with Uber. Thus, with regard to the social composition of taxis and platforms'

drivers workforce, this highlights the fact that in Paris, unlike some other major European cities, the social profile of these two groups is quite similar and the boundaries between the two occupational groups are becoming increasingly porous.

### ***New aspects of industry regulation***

In France, a distinction has been historically made between the *grande remise* (pre-ordered passenger transport activities) and taxis. It was only with the Novelli law of 2009, who followed the “Attali report” of 2008<sup>7</sup>, that the VTC (*voitures de transport avec chauffeur*) status was created as part of a process of liberalisation of the sector<sup>8</sup>. However, the Attali report also included the deregulation of the number of taxi licences in circulation (the end of the *numerus clausus*), but, following the mobilisation of taxi drivers, this part of the project has been cancelled.

The traditional taxi business is thus still characterised by the fact that a) the activity is conditioned to the granting of a licence and regulated by a *numerus clausus* b) taxis have a monopoly on “pickup and parking on the public highway”, and c) that they are subject to specific fare rules. On the contrary, in the case of VTCs, there are no supply-side quotas (*numerus clausus*) or regulated fares.

Another major change has taken place with the Grandguillaume law of 2016 (applied in April 2018), which introduced common rules for all the operators of the private passenger transport sector under 3.5 tonnes (taxis, VTCs, ambulances, motorised two- and three-wheelers). The law especially introduced a “common core” section in the exam to obtain a license for taxis and VTCs and made the possession of a VTC (*voiture de transport avec chauffeur*) license compulsory in order to work with ride-hailing platforms, introducing for the first time an actual entry barrier to the ride-hailing sector. The aim of the law was to merge, at least partially, the VTC and taxi driver professions, but without succeeding in deregulating the taxi market.

To conclude, although for several years there have been threats of liberalization in the French taxi industry (especially with the “Attali report”), current liberalization measures have not

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<sup>7</sup> <https://www.vie-publique.fr/sites/default/files/rapport/pdf/084000041.pdf>

<sup>8</sup> Chagny Odile, « Les enjeux de la régulation sectorielle », *Chronique Internationale de l'IRES*, 2019/4 (N° 168), p. 8-28.

been put in place, in particular thanks to the collective mobilization of Parisian taxi drivers. The taxi market has not been effectively liberalized or deregulated by the entry of platforms into the market. Rather, as said by an expert we have interviewed, what has happened is a “liberalization alongside the profession” (PA\_1): the rules governing taxi activity have remained in place, in particular the limited number of taxis (*numerus clausus*) and the collective regulation of fares, but a new sector has been built alongside the profession (VTC), “making the protections that still govern the profession of driver meaningless”<sup>9</sup>.

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<sup>9</sup> Guillaume Lejeune, 2020, « Les chauffeur-es de taxi parisiens. Enquête sur un petit métier des transports en crise », thèse en sociologie soutenue le 21-09-2020.