

INDUSTRY REPORT TAXI (UBER)



1. ITEM1

1. Passenger transport/Taxis (Uber)

The focus group for this industry report took place on April 28, 2021 with two experts / industry representatives: the chairman of Taxi Innung Berlin (taxi guild Berlin), who represents mostly small and middle-sized taxi companies; and Klaus Meier, a former taxi-drivers who works as a counsellor for drivers with financial issues at BALZ (Berliner Arbeitslosenzentrum evangelischer Kirchenkreise), a social center in Berlin that is affiliated with the protestant church and the Berlin senate administration. Invitations for the event were also sent out to the city administration (Landesamt für Bürger- und Ordnungsangelegenheiten) and the senate administration for mobility (Senatsverwaltung Verkehr) but no representative was sent. The event was held online and took around 90 minutes and moderated by Valentin Niebler for the PLUS team.

Employment in the Taxi and Transportation Industry

Germany's sector for transportation of private passengers is separated into two fields: taxi services and so called 'rental cars'. The latter category describes taxi-like services that require less qualification but also have less privileges. As of 2016, 56.000 taxis and 36.000 rental cars were registered in Germany.¹ While the exact number of drivers for Berlin is unknown, the Berlin Senate states that 7020 taxis were registered in the city as of November 2020.² The taxi business in Berlin is operated by around 2500 companies, most of the small and middle-sized. Taxi companies usually employ their drivers, but a significant share of drivers also drives self-employed and without a company. Compared to other German cities, the rate of taxis in the last decades has been high and the booking frequency low.

As an official part of public transport (ÖPNV), the taxi business is subject to regulation concerning the number of vehicles per city as well as the qualification of drivers and the price of fares (a difference to rental car businesses). In Berlin, such regulation and licensing is conducted by Landesamt für Bürger- und Ordnungsangelegenheiten (LaBO). Part of the regulation entails that drivers need to go through a longer process of training to obtain a taxi license. Although some taxi companies pay hourly wages and a minimum wage of 9.50 applies, income is usually commission-based and often includes unpaid waiting time. According to our interviewees, minimum wage payment is a rare exception. In this sense, it is similar to the working conditions at Uber. Some taxi companies also operate both a fleet of 'rental cars' who operate with Uber and FreeNow; this means that the taxi business and ride-hailing are not always conducted separately. Within the taxi industry, informal work has

¹ <http://taxipedia.info/zahlen-und-fakten/>

² <https://www.berliner-zeitung.de/mensch-metropole/es-sieht-duester-aus-berlins-taxibranche-kaempft-um-ihre-existenz-li.126133>



always been prevalent and this tendency appears to be reproduced in a rather radical fashion in the ride-hailing sector.

Historically, earnings in the Berlin taxi sector have been fluctuating along with the economic activity of Berlin. The representative of BALZ, who has been part of the taxi sector since the 1980s, describes a process of expansion from the 1960s onwards: an economic boom and investments in Berlin led to sustainable earnings for drivers in West-Berlin³ and student-led taxi collectives were founded. Meier states:

"So in the mid-1980s, back then we could as students on a night shift on weekends earn 150DM per shift in cash. That is, we never generated less than 400-450 Mark [turnover] per shift. This can be translated nowadays, in terms of purchasing power 1:1 in euros. This actually worked quite nicely until 1989 um, that's when this whole system was thrown into disarray."

A drastic change came from 1989 onwards, when more taxis came on the market, the city experienced an economic downturn, decreasing population and demand. The income situation and competition harshened in the 2000s after the government's neoliberal turn had put pressure on wages and pushed young job seekers into the taxi market. The situation developed more favorably after Berlin became a highly frequented tourist destination from around 2010 on, which led to a larger market for drivers and increased earnings. However, this was compromised little later by the entry of Uber (around 2014) and later by the start of FreeNow (2019).

Through the market entry of Uber, taxi companies and drivers came under pressure from several perspectives. Most importantly, the amount of cars offering transportation services rose by more than 50 percent; according to the expert from BALZ, the 7.000 taxi cars that existed until the start of Uber were expanded by around 4.000 cars offering Uber and later FreeNow services, leading to 11.000 vehicles to serve potential passengers (a very likely situation of market oversupply). While the taxi sector has a clear cap by LaBO that is oriented at market demand, there is no such cap for 'rental cars'.⁴ Although the relatively strict regulation hindered Uber from offering services such as Uber Pop or running their service through self-employed drivers, the taxi sector has been hit hard by the market entry of the company, mostly because the company could constantly offer prices below market value or average level. The representative of BALZ estimates a decrease in turnover among taxi drivers by at least 30 percent since Uber has started in Berlin.

Section changing company strategies

³ No information was given on the history of the East German taxi sector, which however lost relevance after the fall of the wall.

⁴ In Germany, taxi-like services can come in two ways: traditional taxis, who have



The taxi industry in Germany was informed and warned about the economic threat of Uber from very early on and has supported lawsuits in numerous cities against the company, which have often been successful and forced the company to integrate their business into the model of the 'rental car business' through subsidiary companies. Besides from these legal steps to defend their business, taxi companies have also attempted two other strategies: advocating for its special status and tradition in the public (e.g. hinting to its neutral status as part of the public transport system, which requires to offer services at all times and to all passengers at the same price) and secondly, trying to adjust to digital strategies and coming up with own attempts.

Taxi companies and drivers in Germany use two applications that have been developed by the taxi industry: the Taxi EU app and the Taxi Deutschland app, which both ask for a fixed amount of money in order to pass on orders through the app. There have also been alternative and grassroots approaches to develop applications, such as the app FairNow in Berlin which was developed by taxi drivers. However, this approach has failed, very likely due to the lack of funding and reach. Lastly, there has also been direct and visible protest against Uber: Drivers have also organised large-scale demonstrations at airports in Berlin in the last year to protest against the lack of regulation against Uber.

Although the taxi industry in Germany has been fighting hard against the decline of their business, prospects in the industry and also among the expert in our focus group appear pessimistic. Uber and the ride-hailing business is seen as an omnipotent giant and governments and administration appear to give in to the pressure to deregulate the industry. The situation for taxi drivers and companies has strongly worsened through Corona, which put a lot of them out of business (exact numbers are unclear at this point). However, according to the representative of the taxi guild, the crisis has also been a chance to appear in public as a useful service infrastructure for the public good, specifically in driving elderly people to vaccination appointments:

"The taxi industry has been tasked with driving the elderly or seniors to vaccination now has proven that we can deliver. [...] That we were able to transport such masses of people, you can't imagine what that/ [...] my point is that logistically we were, logically we were able to implement that. With a lot of great effort. I'm proud of the fact that we as the Berlin cab industry played a part in containing the pandemic by picking people up from the door, we've had experience in that, for decades, we've had with sick and infirm people uh, whom we accompanied, whom we then took to be vaccinated and whom we drove back. That has worked fantastically, fantastically. So, only we would be able to implement something like that in the short time uh, these 500.000 trips in three months. And that's another proof that what we do and what we've always done is just so taken for granted for the average consumer, like, God knows, electricity, like water from the tap, it's always been there."

Section Industry regulation



The regulation of taxis as well as ‘Mietwagen’ ride-hailing is both regulated in the Passenger Transportation Act (Personenbeförderungsgesetz) from 1961, which has been modified several times since and was subject to a large-scale amendment process in 2020 and 2021. Taxi company representatives have been part of the deliberation process which resulted in some changes in their interest, such as the remaining duty to return to their company offices before taking on the next order. Also it has been possible to oblige rental car companies to document their driving activity, just as taxis have to do. The taxi guild representative states about some successful achievements in Berlin:

“In the rental car industry there is no record at all. After five years of fighting or appealing or whatever we did with the politicians, with the Senate Administration, they have agreed that as of January 1 of this year, rental cars must be equipped with so-called odometers [Wegstreckenzähler]. At the time of new registration. That's not much, but it's already a start.”

Within political parties and business associations in Germany, there appears to be ambivalence between distrust for Uber and willingness to protect the taxi business as a worthwhile part of public transport (advocated by SPD und Die Linke) versus an approach towards deregulation and privatization (advocated by FDP, CSU and parts of CDU). Uber itself presents itself not as a replacement of public transport in Germany, but as a complementary service. It aims to build its company marketing on the public discourse around e-mobility, which has gained widespread traction in Germany.

The representative from the Berlin taxi guild emphasized that the pressure to act on existing regulation is very different in each municipality in Germany. According to him, breaches of existing law are not prosecuted harshly and there for continues to exist in Berlin, while the administration in cities such as Hamburg is enforcing the law more strictly. This accordingly increases informal business in the sector, which used to be widespread in the taxi business but now is more frequent in the rental car business, as the latter is less regulated and controlled.

