Uber Technologies, Inc. (Uber) appreciates the opportunity to provide comments to the Federal Trade Commission’s (FTC) *Sharing Economy Workshop, Project No. P15-1200.*

Uber is an app-based technology that is evolving the way the world moves. By seamlessly connecting riders to drivers through our apps, Uber makes cities more accessible, opening up more possibilities for riders and more business for drivers. From our founding in 2009 to our presence in more than 300 cities around the globe today, Uber continues to bring people and their cities closer.

The constantly increasing use of app-based technologies marks a significant shift in the way our economy functions; the relationship between consumer and producer/provider is much more personal in this new economy, and that must have an impact on the way the regulators and lawmakers treat those functioning in this space.

Competition authorities from around the world have frequently been among the first government agencies to examine the impact and regulation of ride-sharing platforms and the “sharing economy” (see Appendix attached to this report). The following summarizes recent work undertaken by antitrust and competition authorities and regulators and which provides positive commentary on the impact of Uber, ride sharing, and the “sharing economy” on competition and consumer interests around the globe.

The FTC’s workshop is timely, as lawmakers and regulators across the country are currently debating how to deal with this new economy and the increased economic opportunity and consumer benefits that it brings to the market. Given the FTC’s charter to enhance the public understanding of competition, this workshop provides a valuable forum for addressing this important new topic.
The Benefits of Ridesharing and Uber

The establishment of digital platforms that tap into a broader supply of vehicles and drivers than was previously possible largely due to artificial regulatory barriers, and the resultant ability to provide a reliable, cost effective service at scale brings with it a whole host of positive effects for riders, drivers, and the cities where these platforms operate.

Consumer Benefits

The Uber platform offers riders a new option for point-to-point transportation that supplements the menu of options they previously had access to. In a basic sense, giving riders one more choice can only make them better off. The advantages to riders over traditional transportation options are many, and they include:

- Access to transportation at a significantly lower cost
- Access to transportation in neighborhoods that were previously underserved or had no service
- Access to reliable transportation in an unprecedentedly short amount of time
- Access to transportation in conditions of relatively high demand when other for-hire options are typically unavailable (e.g., rush hour, bad weather, holidays or special events like concerts, sporting events, New Years Eve, Saint Patrick’s Day)
- Access to transportation from comfortable and safe requesting locations (e.g., indoors) rather than street hailing
- Consumer protections such as transparency of fare rate, itemized receipt, and recorded trip routes, which protect consumers against inflated fares
- Ability to request transportation for friends and family in other locations
- Safe, high-quality service from drivers with ratings provided by the prior riders
- Variety of choices depending on which services are provided by local for-hire drivers in a given city (e.g., uberX, UberBLACK, uberXL, uberPOOL, etc)
- Guarantee of simple electronic payment by credit card
- Reliable estimates for fares on upcoming trips
- Ease of adjudicating disputes between riders and drivers via Uber’s store of administrative data, and highly responsive customer service system
- Ease of requesting a for-hire driver in any city in which the service operates

These advantages are not hypothetical. In the few cities in which reliable information on taxicab service levels by neighborhood are available, Uber provides reliable rides within
minutes where taxi (when you can order one) provides unreliable rides with wait times often in excess of 30 minutes (see our Boston blog post, for example). The average wait time in the United States across all Uber product lines is 4 minutes.

By freeing drivers from the expensive and fare-increasing burden of medallion and taxi lease fees, Uber has also decreased the cost to riders of many forms of vehicular travel. In many cities, a ride on uberX costs less than half of the taxi equivalent fare, and uberPOOL, which matches riders whose trips overlap, promises even greater cost savings.

Reliability and affordability also translates into fewer incidents of impaired driving, as riders are able to make smarter decisions when they most need to. A 10% decline in DUI arrests in Seattle after Uber entered the market, and a 6.5% decline in alcohol-related crashes involving under-30 year olds in California following the launch of uberX are but two examples of that impact.

Provider Benefits

The Uber platform offers for-hire drivers and individuals a new option for providing services and earning income (in this case point-to-point transportation) that supplements the menu of options they previously had access to. In a fundamental sense, giving drivers one more choice can only make them better off. The advantages to drivers over traditional market options are many, and they include but are not limited to:

- No barriers to entry or exit - the market for for-hire drivers has increased substantially as a result of the removal of the traditional medallion barrier.
- Maximum flexibility in choosing hours, effort, and style of work, including ability to “mix and match” services across multiple platforms such as Uber and Lyft, which is especially important to those with irregular schedules, such as working parents, students, and caregivers.
- Indicators of demand like heat maps allow drivers to more efficiently and economically provide rides in more areas.
- Dense network of demand and intelligent allocation of available driver-partners to nearest riders create efficiency and a high utilization rate - drivers spend more of their time with paying customers rather than waiting in long lines for customers.
- No daily or weekly lease or medallion payments that distort driving incentives.
- Ability to take advantage of existing capital (such as the cars that drivers already own) or to invest in new capital (i.e., new vehicles).
- Hourly earnings commensurate with local conditions, often in excess of earnings available to existing for-hire drivers in the taxi industry.
• No payment risk, as all transactions are electronic and guaranteed by the platform
• No need to handle large amounts of cash, and the resultant reduction in the risk of robberies
• Rating system keeps customers on best behavior and allows riders to reward drivers for providing high-quality service
• Ease of adjudicating disputes between riders and drivers via Uber’s store of administrative data and customer service system

In addition, the technology behind Uber’s platform improves and expands the driver’s opportunity.

For example, having a large-scale and flexible service allows people to find a ride even if they live farther out from downtown areas, in neighborhoods with poor, or nonexistent, taxi service. In New York City, 35% of all Uber pick ups happen outside of Manhattan, compared to just 6% by traditional taxis. One African-American commentator noted that “the quality of our lives improved tremendously once we found a workaround to dealing with rude and racist cab drivers,” while another appreciated that Uber’s “guiding principle [is] based on the color of the money in your pocket and not the color of your skin.” In Boston, almost every trip on the Uber platform in every neighborhood starts in less than 20 minutes. For taxis, over a third of trips in poorer neighborhoods don’t start in 20 minutes.

Similarly, more than 30,000 New York City residents sign up as new riders on Uber each week, and an increasing number of these new riders are located outside of lower Manhattan, in the outer boroughs, which have been traditionally underserved by taxi. These riders sign up for Uber because they need a safe, reliable, convenient way to get from A to B, at all times of day or night, wherever they are, with no discrimination based on location. In fact, 27% of Uber rides are in to, from, or within the outer boroughs (excluding airports) compared to 6% of traditional taxi pickups.

Data reveal that a significant number of rideshare trips start or end at mass transit terminals. Uber encourages the use of mass transit by providing a “last mile” linkage to already-built transit systems. By connecting communities with few or no mass transit options to the transit network (e.g. the outer boroughs) – that crucial last mile – ridesharing helps reduce commute times, increase productivity, and bring more job opportunities within reach of more people.

Rideshare platforms also provide people a new option for earning. These platforms support flexible and control over work schedules in a way that traditional models simply cannot. Drivers
choose when and for how long to work. When surveyed, this is an aspect of the Uber platform that over ⅔ of drivers found to be compelling.

In a recent study of Uber driver-partners by Dr. Jonathan Hall and Dr Alan Krueger, the economists found:

The most common reasons (combining major and minor reasons) [for joining the platform] were: “to earn more income to better support myself or my family” (91 percent); “to be my own boss and set my own schedule” (87 percent); “to have more flexibility in my schedule and balance my work with my life and family” (85 percent); “to help maintain a steady income because other sources of income are unstable/unpredictable” (74 percent).

Many individuals, both by choice and by circumstances, value the opportunity to work “on demand” when the opportunity arises so that they can better meet family and other work obligations. Uber and other sharing platforms cater to this demand for flexible income opportunities. In the past, medallion and taxi dispatch owners have incentivized long shifts (often 10-12 hours) via large up-front costs to drivers on a daily or weekly basis.

The safety of Uber’s platform also expands women’s economic opportunities -- in particular, by ensuring a safer and more respectful work environment, allowing them to pursue entrepreneurial work opportunities in what has historically been a male-dominated industry. A recent survey revealed that approximately 14% of Uber drivers are women; that compares to less than 1% of New York yellow taxi drivers.

Ridesharing also benefits small businesses throughout a city. Because riders know they can rely on Uber for a ride back from wherever they’re going, the platform encourages people to travel more widely throughout their city, visiting a more diverse range of neighborhoods than they otherwise would and patronizing those small businesses that cannot afford prime downtown real estate. In Chicago, for example, 1 in 3 trips on the Uber platform last year began or ended at a local small business.

Finally, competition from rideshare platforms has also encouraged service improvement by existing providers. Taxi fleets across the country are now using “e-hail” apps to dispatch their taxis in a more intelligent manner. A report released by the Technology Policy Institute, concluded that faced with competition from Uber, taxis are improving their service. Examining New York City taxi complaint data, the researchers found that the number of complaints per taxi trip in New York has declined alongside the growth of Uber in that market. And looking at
comparable data from Chicago, they found that certain complaints — driver willingness to turn on air conditioning, acceptance of credit cards, driver rudeness, and talking on cell phones — all seem to have decreased along with Uber’s entry and competition in the market.

Added Safety and Transparency: Uber’s Rating System

At the end of every trip on the Uber platform, the rider and driver are each required to rate the other on a scale from one to five stars. Riders and drivers also see each other’s overall average rating before choosing to begin a trip. This rating system does three critical things: it (1) incentivizes high quality service, (2) establishes accountability, and (3) promotes courteous conduct, and helps to mitigate the discrimination that is all too common in traditional for-hire transportation.

First, Uber’s rating system incentivizes high quality service. Riders are attracted to the platform because they can expect a polite interaction and a clean, well-maintained car from a highly rated driver. Indeed, riders know that drivers who choose to work on a platform that recognizes and rewards performance are exactly those drivers who are confident of, and committed to, doing a good job. Similarly, the rating system appeals to drivers because it offers them an effective way to distinguish themselves and the high-quality service they provide and thus attract more customers, including and especially those who would otherwise avoid for-hire transportation outright due to quality concerns.

Second, Uber’s rating system also establishes accountability and promotes courteous conduct. Riders are drawn to the platform because they can expect highly rated drivers to provide polite and helpful service. This is particularly important when riders feel more vulnerable – after an evening of drinking, for example. The two-way rating system protects drivers as well. They can feel comfortable picking up a highly rated rider, even in an out-of-the-way area or at a time of night that might otherwise discourage them, and so increase their overall business. By promoting a safe and respectful work environment for drivers, the rating system also helps to open for women what has historically been a male-dominated line of work.

Third, Uber’s rating system also helps to mitigate the discrimination that is all too common in traditional for-hire transportation, as former NAACP President Ben Jealous noted in a recent op-ed. Because drivers only see a rider’s average numerical rating, riders know that their request for a ride is evaluated based on the reputation they have developed and not on any criterion such as race, age, disability, or trip destination.

The design of Uber’s rating system mitigates the impact of any potential bias. The rating system consists only of an average numerical rating. A low rating at the end of a trip is therefore folded
into the rider’s or driver’s overall average and, in contrast to the rating systems of other platforms, never appears as a standalone rating. There are also no written comments in Uber’s rating system. This removes yet another opportunity for a biased reviewer to have an outsized impact on a rider’s or driver’s reputation.

Complementary Role of Complaint Process

At the end of every ride, both the rider and driver are automatically prompted to send immediate written feedback to Uber’s support team and can expect a response within just a couple of hours. Because both the rider and driver are fully identified to Uber, neither need remember any identifying details about the other to make a complaint. When a complaint process becomes this seamless and responsive, users trust that their complaints will be heard and responded to, which, in turn, reassures them of Uber’s ability to enforce high quality service levels across its platform.
APPENDIX

Antitrust and Competition Authorities: Positive Commentary on Uber, Ride Sharing and the “Sharing Economy”

Competition authorities have frequently been among the first government agencies to examine the impact and regulation of ride-sharing platforms and the “sharing economy”. The following summarizes recent work undertaken by antitrust and competition authorities and regulators and which provides positive commentary on the impact of Uber, ride sharing, and the “sharing economy” on competition and consumer interests around the globe.

Please note that, unless otherwise indicated, links to reports, commentary and news coverage thereof direct to original language content. Where available, links to official English language summaries and news coverage are also included.

Australia
At the Melbourne Economic Forum in June 2015, Australian Competition and Consumer Commission (ACCC) chairman Rod Sims said governments shouldn't bow to vested interests threatened by new innovations such as Uber, storage batteries for electricity and peer to peer lending. "Don't put new barriers in its way," he reportedly said.

In a February 2015 interview, Sims commented that services such as those provided by Uber, Ingogo Pty and Taxi Apps Pty are making his job easier: “Any concerns people used to have about competition in the taxi industry are essentially a thing of the past … Technology will solve whatever problems that all of us have had about competition in the taxi industry.”

In March 2015, the Australian government released a final report (The Harper Report) reviewing its competition policy. Specifically with respect to ride-sharing applications, the report stated:

- **Regulation is not necessarily a complete solution to improving markets:** “[W]hile regulation can assist in making markets work better, it is not necessarily a complete solution. It requires ongoing enforcement and gives sellers that have met a minimum standard little incentive to improve.”

- **Uber encourages good service standards and passenger behavior:** “Recently, technology has emerged that offers an alternative to regulation in helping to solve information problems. For example, in the context of personal transport services, Uber and Lyft coordinate users and providers of ride-sharing services using internet apps where mandatory feedback from both customers and operators is used to encourage good service standards and passenger behaviour. Such ride-sharing apps, which allow passengers and drivers to post feedback on each other, enable drivers and passengers to establish and trade on their reputations.”

- **Regulation must be regularly reviewed to ensure it is still required and does not inhibit new service offerings:** “However, such innovative solutions to information problems in markets can pose challenges for regulators. Where regulation is inflexible, it
may prevent markets from responding to innovative service offers that do not fit neatly within existing regulated categories. Regulation must be reviewed regularly to ensure that it is still required and not inhibiting the emergence of new service offerings.”

- **Regulations should respond to changes in technology to allow new entrants to meet consumer demand:** “A number of state and territory governments have determined that Uber is acting outside current industry regulations and issued fines to Uber drivers. The Panel does not endorse illegal activity, nor encourage new players to ignore or defy relevant laws or regulations. The Panel’s primary concern is to ensure that the regulations respond to changes in technology in a way that allows new entrants to meet consumer demand, while continuing to ensure the health and safety of consumers.”

- **Reduced barriers to entry may mean more services available at peak times:** “More affordable and convenient taxi services give consumers options. Significantly, reduced barriers to entry could see more services operate at peak times, without needing to operate at off-peak times.”

The report also made recommendations for reform in the taxi industry:

- **Regulation of taxi and hire car services should focus on ensuring minimum standards for consumers, not supporting a particular business model:** “Regulation limiting the number of taxi licences and preventing other services from competing with taxis has raised costs for consumers, including elderly and disadvantaged consumers, and hindered the emergence of innovative passenger transport services. Regulation of taxi and hire car services should be focused on ensuring minimum standards for the benefit of consumers rather than on restricting competition or supporting a particular business model.”

- **License restrictions directly increase taxi fares, which may disproportionately affect low-income earners:** Citing a Independent Pricing and Regulatory Tribunal (IPART) study, “IPART estimates that in NSW 15 to 20 per cent of the taxi fare arises as a result of restrictions on the number of licences and notes that the passengers who stand to benefit from reform include a significant number of lower income earners, many of whom have limited transport options due to age or disabilities.”

An earlier (September 2014), public draft of the same report featured positive commentary on Uber that is missing from the final (March 2015) report. This language included:

- **Regulatory controversy surrounding Uber indicates that existing regulation is more concerned with protecting a particular business model:** “The emergence of Uber has been particularly controversial as regulatory agencies have been questioning its legality and fining drivers, notwithstanding considerable public demand for its services. This indicates existing regulation is more concerned with protecting a particular business model than being flexible enough to allow innovative transport services to emerge.”

- **Compared to other international responses, Australian regulators have yet to demonstrate flexibility and openness:** “California was the first jurisdiction to recognise and regulate services such as Uber, creating a new category of regulation for ‘transportation network companies’ (TNCs). The regulation of TNCs covers driver background checks, driver training, drug and alcohol policies, minimum insurance coverage and company licensing. Australian regulators have yet to demonstrate such
flexibility and openness to new modes of business. Transport authorities in NSW have declared UberX (Uber’s ridesharing service) non-compliant with the Passenger Transport Act 1990.”

A June 2014 report, Reinvigorating Australia’s Competition Policy by the ACCC, features a short case study on Uber that states:

- **Services like Uber meet unmet consumer demand:** “One of the benefits of such services is that they appear to be responsive to passenger needs (making it easier for consumers to locate, arrange and pay for transportation services) and allow provision of services (reliability, cleanliness etc.) to meet unmet consumer demand.”

**Brazil**

In July 2015, Brazil’s Council for Economic Defence (CADE) offered to weigh in on court challenges to laws banning ride-sharing service Uber, arguing for the advantages of increased competition. Cade’s president, Vinicius de Carvalho, told Reuters that CADE is prepared to file an amicus curiae brief on any case considering the constitutionality of banning services such as Uber. Carvalho stated:

- **Uber increases competition and benefits consumers:** “Cade understands that these services come about to increase competition and will generally benefit the consumer.”

- **Cade is tired of taxi creating barriers to entry based on arguments about quality guarantees:** “You can't discuss regulation [of Uber] without addressing taxi licensing. Does it make sense to have a limited number of taxi licenses? Cade is tired of seeing cases where people set a table of prices and create barriers to entry based on arguments about guaranteeing quality.”

**Canada**

In November 2014, the Competition Bureau (CB) issued a statement on the effort by various municipalities to block ridesharing services. The statement noted:

- **Digital dispatch services offer consumer benefits through more competition:** “The Competition Bureau is of the view that these innovative business models have the potential to offer important benefits to consumers through more competition, including lower prices, greater convenience and better service quality for a variety of reasons.”

- **Digital dispatch services offer an innovative and convenient alternative to consumers:** “[D]igital dispatch services offer an innovative and convenient alternative to traditional methods of arranging urban transportation, such as hailing a taxicab on the street or phoning a traditional dispatcher. This is very convenient for consumers…[S]ome applications are now facilitating ‘ride sharing’ services that connect passengers to private drivers that wish to offer transport services. These innovative applications benefit consumers in the form of greater convenience and better service quality.”

- **Municipalities should consider less restrictive regulations:** “The Bureau believes municipalities should consider whether prohibitions on digital dispatch services and ridesharing applications are necessary and explore whether less restrictive regulations could adequately address their concerns.”
● **Excessive regulation means reduced competition:** “[W]e are able to highlight to regulators what they give up in terms of reduced competition when these innovative offerings are prohibited. In addition, such regulations should be no broader than what is reasonably necessary to achieve consumer protection objectives.”

● **Innovation can be disruptive, but markets must be receptive:** “The Bureau understands that innovation can be disruptive to existing industries. Recent examples include the real estate and banking industries. However, in order to be successful, not only must the innovators have courage, vision, drive and patience, but markets must be receptive to those efforts.”

In February 2014, the CB offered a submission to the City of Toronto’s Taxicab Industry Review, which stated:

● **Regulators should consider amending regulations to allow applications to arrange and pay for transportation services:** “[W]e recommend that consideration be given to increasing the number of taxicab licences issued and amending regulations that would allow the use of new cost-saving software applications designed to arrange and pay for passenger motor vehicle transportation services (‘applications’).”

**Catalonia**

Following their pro-competition November 2012 report on the taxi and for-hire market, the Catalan Competition Authority (ACCO) published a report (English version) on Peer-to-Peer (P2P) transactions and competition in July 2014 which states:

● “This situation raises a dichotomy for the public powers, that is, to work to make it possible for the initiatives the fruit of this innovation to operate in the market, or to hinder it. ACCO advocates the first option, since only if these initiatives become reality will consumers and users be able to benefit, thus increasing their welfare.”

● “The action of the public powers needs to be directed to promoting a flexible market environment that makes it possible for these marketplaces to develop their activity, so that the restrictions on competition (understood as barriers to entry or requirements for the exercise and development of the activity by new suppliers) would be uniquely those necessary and proportional.”

● “[I]t is quite likely that the emergence of marketplaces will provide an improvement in terms of the variety and diversity as well as the quantity of supply.”

● “It is undeniable that the design and preparation of current regulations did not take this innovation into account… [C]urrent regulations, in the best of cases, do not allow for these initiatives, so that they are situated in an environment of ‘outlawry’ and, in the rest of the cases, can be directly seen as illegal… [T]he current legal framework may have been overwhelmed in many cases and, in the end, become obsolete, so that, in summary, it can be said that it does not give an adequate answer to innovations.”

● “[I]f we do not adapt and incorporate these new models we will be the losers in the competition which exists between the various countries to attract innovation and, in short, progress.”
In October 2014, the Catalan Parliament passed a motion to create a Commission to study collaborative consumption with the objective of defining a general framework for public administrations, including new regulations if required. The Commission is a joint effort with Parliamentary groups, commercial operations, consumer groups and public administration.

**Denmark**

In 2008, the Danish Competition and Consumer Authority (*Konkurrence- og Forbrugerstyrelsen*, DCCA) concluded in its annual report (official English version [here](#)) that the state’s “regulation of the taxi industry is anti-competitive” and that under the then-current rules, “taxi driving is performed primarily in expensive cars at the highest price allowed.”

In a public statement coinciding with the launch of Uber Copenhagen in November 2014, Jacob Schaumburg-Müller, Head of Department, Danish Competition and Consumer Authority reportedly noted that, in a translation to English on Uber’s blog: “the competition on the [Danish] taxi market is characterized by regulation through laws and executive orders that restrict competition. If you want to provide those taxi services that match what the consumers would like to have, you must at any rate make sure that there are not too many restrictions on what you are allowed to do and what not. That will make room for innovation and new products.”

**EU, US, UK**

At the American Bar Association 63rd Antitrust Spring Meeting, Washington, DC, in April 2015, leading antitrust enforcers from the United States, Europe and the United Kingdom agreed that competition law is increasingly likely to play a guiding role as a regulatory regime develops for a group of technology upstarts that are using the Internet to disrupt a growing list of industries.

Out-law.com reported that the UK’s Competition and Markets Authority (CMA) Chairman Lord David Currie has said that the CMA is “instinctively in support of innovation and disruption as a competitive advantage” and that it “absolutely” has a role to play in ensuring new entrants to markets are protected from any anti-competitive behaviour from incumbents.

**Finland**

In April 2014, the Finnish Competition and Consumer Authority (*Kilpailu- ja kuluttajavirasto*, FCCA) sent a set of recommendations (English summary [here](#)) to the Ministry of Transport and Communications for reform of the country’s taxi legislation. The FCCA proposals, which were based on a thorough prior analysis, included:

- **Deregulation of the number of available licenses:** “[T]he regulation of the maximum number of taxi licences based on means testing should be given up. However, getting into the business would still be subject to a licence. The professional competence of taxi drivers and the quality of taxi services would continue to be monitored in the future.”
• **Price regulation should be relaxed:** “From the point of view of consumer protection it is important that customers know the basis of the fare before the taxi ride begins, and that pricing should be reasonable throughout the country and in different conditions.”

• **Lift restriction on use of taxi ranks:** “The FCCA also proposes changing the Taxi Transport Act in such a way that a vehicle based in any community would be allowed to stay at a taxi rank of any community to wait for a fare.”

• **Open up public procurement:** “Taxi entrepreneurs should also be allowed to offer their vehicles for use in competitive bidding in nearby municipalities, which would lead to greater efficiency in public acquisitions…Through reform of regulation it would also be possible to reduce the state and municipal contribution to taxi services, which currently amounts to €400 million.”

• **Easing regulation improves availability, reduces prices, and creates incentives for innovation:** “[E]asing regulation of the taxi business would improve the availability of taxis, create incentives for the development of new forms of service based on entrepreneurship, and reduce prices.”

In a November 2014 public statement (translation to English on Uber’s blog [here](https://www.uber.com/fr/blog/2014/11/uber-helsinki)) coinciding with the launch of Uber Helsinki, Seppo Reimavuo, Head of Advocacy Unit, FCCA stated: “We welcome Uber to Finland, where we hope the company can contribute to creating innovation in the branch which will benefit the consumers. Of course there has to be an authorization procedure that regulates who may be allowed to drive a taxi. But at the moment the regulation is so rigid that it blocks for new products and in reality put a stop to innovation and entrepreneurship in the industry.”

**France**

A series of legislative proposals regarding the taxi and VTC/CDC (*vehicule de tourisme avec chauffeur*) have been proposed over the last few years, and the Conseil de la Concurrence (CC) has provided comments on each of them. The CC’s most recent contribution (English press release [here](http://www.conseil-la-concurrence.fr/)) in January 2015 addresses a decree implementing the October 2014 law regulating the activity of taxis and VTC/CDC adopted by the French Parliament on December 30, 2014.

Though the CC delivered an overall favorable opinion on the draft decree, it declared that all CDC professionals should “be treated equally,” and made the following policy recommendations:

• **“Return to the base” obligations are inefficient solutions to a police problem:** In December 2013, “The Autorité first [English press release here](http://www.conseil-la-concurrence.fr/) called into question the obligation itself, which appears to accept the failure of the efficient application of the existing measures to discourage illegal cruising for hail (*maraudage*), and which, under the pretext of competitive regulation, aims once again to settle a police problem.”

• **“Return to the base” provisions undermine competition:** “This point is particularly worrying since the legitimate discouragement of illegal hailing, which is part of the taxis' monopoly, should not result in the distortion of competition on the pre-booking market, which is open to competition. Yet, this provision aims to impede CDC activity. The
Autorité also considers that other control measures would be more efficient in order to discourage illegal hailing (see paragraphs 65 et seq. of the opinion).

- **Bank guarantee registration obligations for VTC--but not taxi--drivers introduce unjustified discrepancy in treatment:** “Even though proof of financial means is regular practice in the context of procurement contracts and for the collective transportation vehicles for individuals, the transposition of such a requirement for the CDC seemed neither necessary, nor justified by the objective of professionalization of the sector, insofar as the draft decree does not mention the events under which the guarantee could be called upon… [T]he provision introduced a dual and unjustified discrepancy in treatment, between taxis, which are not subject to this provision, and between the CDC…”

**Germany**

In June 2015, the German Monopolies Commission (GMC) published a report, “*Competition Policy: The Challenge of Digital Markets*” (full report in German [here](https://www.gmc.de/en/); official English summary [here](https://www.gmc.de/en/); press release [here](https://www.gmc.de/en/)). The Commission recommends that further competition will benefit consumers and calls for the following:

- **Regulatory adjustments necessary and, in some areas, current regulations are excessive:** “[T]he Monopolies Commission emphasises that regulatory adjustments may become necessary whenever new suppliers with innovative business models (e.g., in the sharing economy) or products enter regulated markets … [T]he Monopolies Commission takes the view that the regulation at the federal level and in the Länder probably exceeds what is necessary in various areas.”

- **Reducing regulation for established market participants in sharing economy:**
  “Asymmetric regulation of traditional services on the one hand and new digital services on the other hand can distort competition, e.g. in the ‘sharing economy’, which is due to the emergence of innovative business models. In this context, the reaction is frequently a call for subjecting the new market participants to existing regulation. The Monopolies Commission suggests considering the opposite reaction, i.e. to reduce regulation for the established market participants.”

In July 2014, the GMC published its XXth Biennial Report “*A competitive order for the financial markets*” (full report in German [here](https://www.gmc.de/en/); official English summary of the main report [here](https://www.gmc.de/en/); English press release on competition in the taxi market [here](https://www.gmc.de/en/)). The Commission recommends that further competition will benefit consumers and calls for the following:

- **The removal of specific for-hire car restrictions:** “[The Commission] recommends abolishing the return obligation for rental cars, as well as the regulation that the transport order must be received at the place of operation of the car hire firm (Sec. 49(4)(2 and 3) of the Passenger Transport Act).”

- **Eliminating empty drives:** “Unnecessary empty drives could be avoided, in particular, by the abolition of the duty to return and the provision that the call for transport must be received at the operational seat. Further amendments to the regulation may be necessary in case taxi services are liberalised.”
- **Increased competition in the taxi market:** “The Monopolies Commission’s analysis shows that such a strict restriction of competition is not necessary. The Monopolies Commission appeals to the competent authorities not to impose concession restrictions anymore, and it recommends the introduction of maximum prices for a transitional period of three years at first. Afterwards, free price competition should be made possible especially in the area of radio taxis.”

- **Companies like Uber have intensified competition:** “The provision of rental car services stands in a close competitive relationship with taxi services and it is equally regulated, to the latter’s protection. The market entry of undertakings allowing for the provision of rental cars via smartphone apps has intensified competition between the two mobility carriers, and has aligned taxi and rental car services further. The Monopolies Commission recommends that the regulation of rental car services be adapted in order not to jeopardise the positive development of competition.”

- **Generating alternatives to existing dispatches for the first time:** “In the area of taxi agency services, the market entry of innovative companies offering taxi agency services via smartphone apps generates alternatives to existing dispatch centres to many taxi operators and drivers for the first time.”

- **Prohibiting exclusivity clauses and third-party advertising prohibitions:** “The Monopolies Commission welcomes this development as well as the decisions of the German judiciary so far, which prohibit the dispatch centres from applying exclusivity clauses and third-party advertising prohibitions. Such measures can constitute significant barriers to market entry and can be an obstacle to the development of competition regarding taxi agency services.”

- **Freedom of occupation mandates leaving price determination to taxi service providers:** The Monopolies Commission Chairman, Professor Daniel Zimmer, stated: “Given the freedom of occupation, every entrepreneur should be allowed to enter the taxi business under the condition he or she meets the necessary minimum requirements. The freedom of occupation mandates to leave the decision on prices to the taxi service providers to the largest extent possible.”

In October 2014, Andreas Mundt, President of the German Federal Cartel Office told Rheinsiche Post newspaper (English direct quotes from Reuters coverage here): “More competition would not harm the taxi market...The impetus from Uber should be used to arrive at a more liberal interpretation of existing rules.” He added that the current system, which regulates normal taxis more harshly than Uber services, was not sustainable.

**Italy**
The Italian Competition Authority (AGCM) used the publication of its July 2014 Annual Report to the Italian Parliament to highlight what it sees as clearly inadequate and out-dated regulation of taxi and limousine services. It argues that new technologies allow an improvement in transportation offers.

The ICA makes the following recommendations (translated from Italian):
• **Allow full competition:** “It is necessary to remove any element of competitive discrimination, in the view of full substitutability of the two services.”
• **“Return to base” restrictions should be removed:** “Obligations to receive bookings at a garage should be removed from rental cars with drivers (NCC, Noleggio Con Conducente) and taxi regulation.”
• **Territorial restrictions should be abolished:** “Taxi and NCC operators should not be required to establish a (base/garage) in the area in which they are licensed.”

On February 20, 2015, the Italian Council of Ministers approved the draft annual law on competition and the market, aimed at enhancing liberalization in certain sectors. Giovanni Pitruzzella, Chairman of the ICA, noted that the approval of the draft law, which addresses several of the issues flagged in the ICA’s July 2014 report, is an important step towards an effective liberalization and the improvement of competition on the market.

**Ireland**

In 2014, the National Transport Authority (NTA) issued a consultation on the then-draft Small Public Service Vehicle Regulations (SPSV), which would consolidate and replace over fifty years of legislation relating to the SPSV industry and proposed new rules to:

• Require all new taxi and hackney entrants be Wheelchair Accessible Vehicles (WAV) that are less than six years old, and
• Prohibit advertising on a hackney or limousine unless approved by the Authority.

In January 2014, the Irish Competition Authority (now called the Competition and Consumer Protection Commission - CCPC) submitted a proposal to the NTA which firmly criticised the proposals as creating new entry barriers to the market, raising costs for consumers, and in particular disadvantaging part-time drivers who play a critical role in meeting demand and reducing waiting times at the peak weekend nights.

• **Supply caps are the most harmful restriction on competition:** “Limiting the number of operators in a sector is regarded as being the most harmful regulatory restriction on competition. There is no established way to arrive at the appropriate limit on the number of SPSVs and once a cap is in place, given the support it will engender form current industry suppliers who benefit from it, it is very hard to modify or remove it.”
• **WAV requirements create barriers to entry that actually damage welfare of wheelchair users and other consumers:** “[T]he requirement since June 2010 that all new taxi and hackney entrants must drive a Wheelchair Accessible Vehicle (WAV)6 will in effect create a quantitative barrier to entry … [Requirements that] all new taxi and hackney entrants must drive a WAV that is less than six years old (see paragraph 3.1 for the full text) will create a permanent barrier to entry and will distort the SPSV market, while being ineffective in terms of increasing the number of WAVs and the availability to people with disabilities of those WAVs already in the market. While existing licensed drivers are likely to benefit from this provision, wheelchair users, consumers, businesses and future entrants to the SPSV industry will lose out in the long run.”
• **Regulators must prioritize more effective ways to match WAV supply and demand:**
  “[I]n order to improve the percentage of WAVs in the market the Government should first prioritise more effective ways to match supply with demand. This is an important first step to create the necessary demand to provide existing taxi drivers and potential entrants with the financial incentive to invest in WAVs.”

• **Prohibition on advertising limits drivers’ earning potential (and thus increases fares) and favors existing license holders:** “[T]he provisions…appear to prohibit advertising on the interior and exterior of hackneys, limousines and new taxi entrants. This seems unjustified and unduly favours existing holders of taxi licences over new taxi entrants and other SPSV licence holders…”

**Mexico**

In June 2015, Mexico’s Federal Competition Commission (COFECE) released a non-binding opinion (English press release [here](#)) endorsing Uber. The opinion made the following comments and policy recommendations:

• **Uber contributes to social welfare:** “Passenger transportation services provided through mobile platforms, like Uber and Cabify, are a result of technological advancements and the innovation process. These services constitute a new product on the market and contribute to social welfare.”

• **Services like Uber deserve formal recognition as a new transportation category:**
  “Given their impact on social dynamics, COFECE suggests the formal recognition of these services as a new mode or category for transportation … Based on technology and innovation, Transportation Network Companies (TNCs) offer a transportation alternative with differentiated attributions regarding: i) reliability and personal security, ii) certainty on applicable fares and payment methods, iii) comfort and convenience, iv) real time search and waiting times, and v) trip information. Therefore, COFECE considers this to be a new product in the market.”

• **Legal framework should limit itself to protecting public safety:**
  “The corresponding legal framework should be limited to guarding primary public objectives regarding passengers’ and protection and not to the imposition of unjustified restrictions to competition and free market access … If needed, the legal framework should limit itself to protecting primary public objectives regarding passengers’ safety and consumer protection. For example, by compelling drivers to certify broad insurance coverage or by submitting drivers to background checks and aptitude tests.”

• **Restrictions to competition should be avoided:**
  “Restrictions to competition should also be avoided. These include: a. Requiring authorization for vehicles to provide the service or limiting their numbers by imposing additional requirements such as special license plates or color coding; b. Regulating rates, currently determined by the providers on the basis of market supply and demand.”

• **TNCs reduce information deficits, operate a successful self-regulating model, offer convenient service, and create incentives for other transportation options to use technology to consumers’ benefit:**
  “Transportation Network Services: Simplify the interaction between passengers and drivers through technology. This helps reduce
information deficiencies and coordination problems. The risk of consumers being captured is therefore reduced; Operate through a successful self-regulating model; Contribute to consumer welfare by offering convenient service conditions; Create incentives for other transportation means to use technology in consumers’ benefit.”

In June 2015, COFECE chairwoman Alejandra Palacios Prieto told The Associated Press: "Generally speaking, the more options consumers have, the better off they are … They will receive better services and pay better prices for those services."

**Norway**

In a public statement coinciding with the launch of Uber Oslo, Linda Sørfonn Moe, Advisor, Norwegian Competition Authority (Konkurransetilsynet) said: "there is clearly a need for further deregulation of the taxi market in Norway", and continued: "We think that the present rigid regulation of the number of taxis results in poor competition to the detriment of the consumers. So the present system which limits the number of taxis should be given up as quickly as possible."

In March 2015, the Competition Authority published a major study into the taxi market which effectively reaffirmed the statements above and also cited a number of restrictions in the market which make it hard for the traditional taxi sector to deliver maximum consumer benefits.

**OECD**

In 2007, the OECD undertook arguably the most thorough cross-country analysis of the history and impact of taxi regulation. The key findings of the report include:

- **Entry restrictions are unjustified:** “Restrictions on entry to the taxi industry constitute an unjustified restriction on competition. Regulatory capture frequently means that these restrictions lead to large transfers from consumers to producers, economic distortions and associated deadweight losses.”
- **Entry restrictions do not benefit drivers OR consumers:** “Although entry restrictions are often justified on equity grounds there is no evidence that drivers fare better in restricted markets. On the other hand, higher prices and lower availability disproportionately affect low-income consumers of taxi services.”
- **Market reforms work:** “Increasing numbers of OECD countries have removed or loosened supply restrictions on taxis. The results of these reforms have been strongly positive, with reduced waiting times, increased consumer satisfaction and, in many cases, falling prices being observed.”
- **Reforms should be carried out quickly:** “In highly restricted taxi markets, immediate implementation of an open entry policy is likely to be politically challenging. However, adopting staged approaches delays the achievement of reform benefits and poses major practical risks that reform will be stalled or reversed. Immediate reforms have been completed successfully in some highly restricted markets.”
- **Supportive, innovation-friendly regulation is important:** “Removing entry restrictions does not imply removing quality based regulation. Indeed, supportive regulation is a
precondition for fully achieving the potential benefits of adopting an open entry policy. That said, remaining regulatory arrangements must not unduly inhibit the development of innovative service offers and industry models.”

The same OECD report sets out in great detail a vision for a “Supportive Regulatory Environment” that is friendly to innovation. This environment focuses on removing unnecessary restrictions on competition while maintaining quality regulation in the following areas:

- **No entry restrictions**: entry restrictions “constitute an unjustified restriction on competition”;
- **Positive conduct regulation**: sanctions against “refusals of short trips, ‘no shows’ and other forms of poor driver behavior”;
- **Vehicle standards**: age or testing regimes;
- **Driver standards**: “typically…a ‘fit and proper person’ test, designed to ensure passenger safety”;
- **Facilitating innovation**: “…for example, if price regulation is to be retained (see below) care must be taken to ensure that it does not inhibit the development of premium services or, on the other hand, of shared ride arrangements”.

**Spain**

On July 24, 2015, the Spanish competition authority *(La Comisión Nacional de los Mercados y la Competencia, CNMC)* is reported to have announced two reports which appear to recommend that Uber and Blablacar should not be subject to the same restrictions which apply to taxi, measures which harm the proper functioning of a service that raises clear and relevant benefits for consumers. As of July 24, 2015 10am EDT, no English language outlets have covered the story.

The CNMC made its first public comments on ride sharing in the context of the discussion within government about a draft Royal Decree amending the Regulation and Law covering Ground Transportation. This draft of the Royal Decree aims to:

- **Restrict the number of for-hire vehicles**: the Ministry of Public Works wants to restrict license numbers of for-hire vehicles at 1 for-hire vehicle per 30 taxi licenses;
- **Limit geographic competition**: for-hire companies are only allowed to compete in the town where their registered office is situated.

The CNMC expressed concerns with the restrictive approach outlined in the Decree. In a January 2014 report, the CNMC expressed support for a pro-competitive regulatory model in the taxi and for-hire car (VTC, *Vehículos de Turismo con Conductor*) markets. This follows a similar report by the Catalan Competition Authority (ACCO) in November 2012.

CNMC President, José María Marín, has stated that services such as Uber should not be effectively banned, as this would clearly be a restriction on competition. In July 2014, the CNMC published an article on its blog on the collaborative economy which stated that new
online services lead to more competition, greater choice for consumers, a reduction of prices, and better environmental performance.

In October 2014, the CNMC launched a study (English) of the sharing economy, focusing on its impact on urban and interurban ground transportation and tourist accommodation. The study will assist the CNMC in issuing “recommendations aimed at ensuring efficient regulation of the affected markets, with a view to guaranteeing effective competition between traditional and new entrants in the markets, for the benefits of consumers.” Findings are expected later in 2015. The study landing page states:

- “There is no doubt that the increase in the supply and variety of products and services is an opportunity that, from the point of view of competition, enhances consumer welfare”;
- “[T]he new models provide consumers with more information about products and services, reduce transaction costs and have a lower environmental impact.”

United Kingdom
In 2003, the Office of Fair Trading published the results of an inquiry into the regulation of taxis and minicabs in the country, concluding:

- **Quantity restrictions**, where used by local authorities, **should be removed**;
- **Quality and safety regulation should be proportionate** to public policy goals, so as to avoid them becoming an implicit barrier to market entry;
- **Price flexibility should be permitted**, even while regulated fare caps remain necessary to protect vulnerable groups.

In July 2014, the CMA submitted a response to the to the Scottish Parliament’s Local Government and Regeneration Committee’s call for evidence on taxi and private hire vehicles (PHVs). The response stated:

- **License limits can increase demand for illegal taxis**: “[U]sing licensing to limit the number of new taxi and PHVs may lead to an increased demand for illegal taxis where neither the driver nor the vehicle has been subject to appropriate quality and safety checks. We believe this could expose consumers to greater safety threats … Limiting the number of PHVs should be a last resort and licensing authorities should try to ensure that any quality and safety specifications do not go beyond what is required to achieve this policy aim.”
- **The two-tier licensing regime for taxis and PHVs benefits consumers**: “It increases choice and value for money for consumers living close to administrative borders. Taxis can take passengers from within their licensed area to other licensing authorities but can’t accept bookings for passengers or ply for hire outside the area in which they are licensed. PHVs, on the other hand, can take passengers from any point to any other providing the PHV driver, vehicle and operator are licensed in the same area.”
- **The two-tier licensing regime makes for more effective and efficient regulation**: “It allows regulations to be targeted at the parts of the market where they are needed, without
disrupting the market in sectors where such regulation is unnecessary...The reduced amount of regulation benefits both PHV providers and licensing authorities.”

- **Competition encourages better value and quality service to consumers:** “Competition encourages taxi and PHV drivers to offer better value for money and better quality service to consumers.”

- **Markets work better without supply caps on taxis and PHVs:** “[W]e believe that the market works better without quantity restrictions on taxis and PHVs ... We found that quantity restrictions can actually have an adverse impact on both choice and price for consumers. The long term benefit to society of lifting quantity restrictions, in terms of lower waiting times, improved safety and lower costs of market entry outweigh the potential drawbacks.”

Out-law.com reported that the UK’s Competition and Markets Authority (CMA) Chairman Lord David Currie said in April 2015 that the CMA is “instinctively in support of innovation and disruption as a competitive advantage” and that it “absolutely” has a role to play in ensuring new entrants to markets are protected from any anti-competitive behaviour from incumbents.

**United States**

On June 9, 2015, the Federal Trade Commission (FTC) hosted a workshop (The “Sharing” Economy: Issues Facing Platforms, Participants, and Regulators) in which we participated. According to the workshop announcement, the workshop aimed to “consider if, and the extent to which, existing regulatory frameworks can be responsive to sharing economy business models while maintaining appropriate consumer protections … [and] how various regulatory choices may affect competition and consumers.” The announcement further stated:

- **The sharing economy can promote competition, improve participant welfare and increase productivity and efficiency:** “The development and expansion of the sharing economy can spur economic growth, promote competition, and improve the welfare of platform participants. The sharing economy has facilitated the introduction of new and innovative sources of supply, which may provide consumers with expanded choices, greater convenience and, often, lower prices. It also has enabled increased productivity and more efficient use of assets.”

- **Traditional regulatory structures are often decades old:** “Suppliers using sharing economy platforms generally compete with established suppliers of products or services that may be subject to state and local regulatory structures that often are decades old.”

- **Platforms can enhance participant trust:** “Platforms can enhance trust in transacting by providing direct assurances to participants, who can then rely on the platform itself.”

In conjunction with the June 9, 2015 workshop, FTC Commissioner Maureen K. Ohlhausen made the following remarks:

- **Sharing economy has potential to introduce transformative change:** “I see the rise of the sharing economy as yet another example of how free markets have the potential to introduce transformative change. When entrepreneurs are free to innovate and compete, sometimes they will succeed and sometimes they will fail. But over time, that repeated
process of experimentation, adaptation, and revision creates meaningful improvements in all of our lives.”

- **Beneficial change can cause damage to those invested in the older order:** “Change is always hard – even the most beneficial changes can cause short-term dislocations and damage to those deeply invested in the older order. Yet the potential social value of disruptive innovation is no less true today than it was in [the economist Joseph] Schumpeter’s time.”

- **Sharing economy may have disproportionately positive, long-term effects on less affluent consumers:** “[T]here are already some suggestions that the rise of the sharing economy may have disproportionately positive effects on less affluent consumers over the long term. The ability to effectively rent rather than buy expensive goods, or to partially defray the cost of ownership through facilitated sharing may be most valued by consumers that cannot afford to buy those same items outright.”

- **It is inappropriate for existing competitors to exercise control over the firms they compete with:** “At the end of the day, it is not for us in government to pick the winners and losers in the marketplace … [I]t [is] inappropriate for existing competitors to exercise control over the firms they compete with. In all too many situations, we at the FTC encounter these “Brother May I?” scenarios. This situation occurs when a new competitor effectively has to request permission from the incumbent firms to enter the market. Whether through effective control of state regulatory boards or by obtaining protectionist legislation, incumbent firms can place themselves in a position to determine who they must compete with.”

- **Consumers lose when special interests trump the public good:** “[C]onsumers pay the price for actions that favor narrow special interests over the broader public good. The sharing economy, pitting a number of long-established business models against aggressive new entrants, appears a particularly fertile ground for such mischief.”

In a April 2014 blog post, *Getting around town in the share economy*, the FTC stated:

- **Compared to taxi, ridesharing services can spur competition:** “These ridesharing services can spur competition by providing consumers with new ways to more easily locate, arrange, and pay for rides, as compared to traditional commercial methods such as hailing a taxi on the street or calling a taxi dispatcher.”

- **Vigorous competition in the app-based transportation space can provide consumers lower prices, higher quality products and services, and greater innovation:** “Competition is at the heart of America’s economy. Vigorous competition among sellers in an open marketplace can provide consumers the benefits of lower prices, higher quality products and services, and greater innovation. This is just as true for app-based transportation and other kinds of P2P services. So while staff praised Chicago for moving in the right direction, we urged them to keep moving.”

Also in April 2014, FTC staff submitted a [letter](#) to Alderman Brendan Reilly of the Chicago City Council regarding a proposed ordinance that would allow for the licensing and operation of transportation network providers (TNPs). While the FTC praised the ordinance for making it possible for some rideshare apps to operate using personal vehicles, it noted that some of the proposed provisions “are likely to limit the benefits to consumers without providing them with
any apparent protections … Each of these restrictions seems likely to limit competition and the consumer benefits of legalized ridesharing and blunt the perceived threat they pose to incumbent commercial taxi and sedan services rather than protect consumers from some kind of harm.” The accompanying press release stated that the letter noted:

- **Significant license fees likely lead to higher costs for consumers:** “[The ordinance would] impose a significant license fee on the apps that would make it more expensive for them to operate and likely lead to higher costs for consumers”;
- **Restrictions on pricing methods and insurance requirements don’t appear to be connected with protecting consumers:** “[The ordinance would] restrict their use of varied and creative pricing methods, and impose elevated insurance requirements that don’t appear to be connected to any evidence of risk to riders compared to commercial taxis”;
- **TNP bans on airport and convention center service have no apparent justification:** “[The ordinance would] flatly ban TNPs from serving Chicagoland airports and the convention center with no apparent justification”; and
- **Records and data collection requirements raise questions about competition and consumer privacy:** “[The ordinance would] impose extensive records and data collection requirements, raising some concerns about both competition and consumer privacy.”

**CONCLUSION**

As these new policy debates continue in halls of governments throughout the United States, and around the world, it is worth remembering that this new “sharing economy” is only possible because of technological advancements that were only an idea less than a decade ago. Uber was not possible as recently as 2008; but after five years of existence, the Uber app connects riders and drivers globally at a rate of more than 1 million rides per day.

This is an exciting time to be a consumer, and government should ensure that the public has access to a marketplace that thrives on innovation and change.

Lawmakers and regulators should take care that the new regulations they consider making today will not stifle the innovation that will surely be coming to us tomorrow, and every day after that.

Uber appreciates that the FTC is driving this important discussion, and we look forward to this ongoing dialogue.