8 June 2015: Taxis

Published on January 05, 2016

The *Autorité de la concurrence* issues a favourable opinion on the principle of fixed fares
for taxi journeys between the airports of Roissy and Orly – located in the Paris region - and Paris.

The *Autorité* is also in favour of implementing a pricing structure which provides a fixed "call-out-fee"
paid by users –and applicable to all journeys - for reservations in advance.

While welcoming this step forward along with other simplification measures which are in favour of both taxi drivers
and consumers, the *Autorité*'s opinion provides several recommendations.

> *Version française*

The government has sought the opinion of the *Autorité* on a draft decree that would allow fixed fares for taxi journeys to be established and a draft order establishing fixed airport fares for taxis in the Paris region. **The *Autorité* has issued a broadly favourable opinion,** accompanied by recommendations.

1- FIXED AIRPORTS FARES

The implementation of fixed fares between Paris and the airports of Roissy and Orly provides consumers with a greater guarantee.

The draft order sets four fixed fares between, on one hand, Roissy and Orly

airports, and on the other, the left and right banks of Paris, both for cruising (picking up passengers on the street, at taxi ranks in airports, etc.), over which taxis have a legal monopoly, and on the pre-booking market, where taxis are in competition with chauffeur-driven cars (known as VTC in France).
The maximum prices considered by the government are as follows:

Maximum prices considered	In both directions, between Paris-Charles-de-Gaulle airport and Paris "rive droite" (Right Bank)	€50
	In both directions, between Paris-Charles-de-Gaulle airport and Paris "rive gauche" (Left Bank)	€55
	In both directions, between Paris-Orly airport and Paris "rive droite" (Right Bank)	€35
	In both directions, between Paris-Orly airport and Paris "rive gauche" (Left Bank)	€30

These fixed airport fares, over which the *Autorité* issued a favourable opinion in 2009 (see opinion 09-A-51) are designed to improve consumer protection, in particular in regards to foreign tourists. In fact, current pricing regulations are complex as they are based on metered fares that take into account both time and distance. This means that the price of a taxi journey can vary depending on traffic conditions, route taken, time of day and day of year.

The implementation of fixed fares, through the establishment of price ceilings, is a strong guarantee for consumers, who are assured a fixed price that is established in advance, regardless of the route taken by the driver or any possible traffic congestions that they might encounter. It will also allow taxis to be more attractive in comparison with chauffeur-driven cars.

> The Autorité encourages the government to consider the principle of fixed airport fares for taxi journeys between the two Parisian airports and municipalities close to Paris, including major tourist destinations such as Disneyland Paris, as well as journeys to or from airports of major provincial cities.

> The Autorité would also like consumers to be clearly informed that these fixed fares are maximum prices.

The Autorité recommends imposing fixed fares in the cruising market.
On the pre-booking market, the Autorité would like the fixed-fare option to exist, which taxis could use as they saw fit. This would allow taxis to compete on an equal footing with chauffeur-driven cars.

In the pre-booking market, where taxis are in competition with chauffeur-driven cars, the latter are free to charge fixed fares or a metered fare based on time and distance, following a recent decision of the Constitutional Council[1] .

While the possibility of fixed-fare pricing would be an advantage for taxis on the cruising market, restricting them solely to this form of pricing on the pre-booking market and establishing a price ceiling calculated on the basis of the average cost of a trip between the airports and Paris, could lead to a distortion of competition that would be to their disadvantage.

Furthermore, while objectives of consumer protection could justify the obligation for cruising taxis (taxis have a monopoly over this activity) to charge the maximum fixed fare for journeys between the airports and Paris and vice versa, this obligation is not as necessary for consumers on the pre- booking market. In fact, while consumers, in particular foreign tourists, are captive and vulnerable when arriving at the airport (since the regulations are complex and not well known), this is less the case for their return journey to the airport, given that their hotel may provide them with assistance in making a booking.

> The Autorité is therefore absolutely in favour of taxis being allowed to charge fixed fares for journeys between the airports and Paris but recommends that this measure is only applied to the cruising market in the form of an obligation resulting in the setting of a price ceiling, while leaving taxis free to charge the fixed fares of their choice or metered fares on the pre-booking market.

This possibility would stimulate competition, not only between taxis and chauffeur-driven cars, but also between taxis (or taxi firms) themselves: new smaller entrants would thus be able to offer competitive fixed fares with a view to developing their activity in the context of a market that is currently very oligopolistic.

Fixed-fare levels

In order to set the level of airport fares, the government decided to establish, as accurately as possible, the average price of a taxi journey between the airports and Paris, on the sole basis of information provided by the G7 reservation office. While not raising any objection to the proposed amounts, the Autorité, which regrets the lack of sufficiently reliable and comprehensive data in relation to taxi activity, would renew its request to be provided with such a reliable database the government had committed to create.

> On this matter, the Autorité would again draw[2] the government's attention to the need to have recent, reliable public data on taxi activity so that maximum fare levels can be established in an objective way and vary in the future.

2- CALL-OUT-FEES

Applying fixed fares to "call-out-fees" is a positive measure, but one which should be simplified in the medium-term

The "call-out-fee" (known as "*course d'approche*" in French, literally "approach journey") is charged for the journey made by the taxi between the place where it

is located at the time of reservation and the passenger pick-up point. This call-out-fee is charged to the consumer on the basis of meter-reading, and is unpopular with consumers who have no means of verifying the amount shown.

The draft text provides for the replacement of metered billing with two fixed fares (a fixed fare of €4 for an immediate booking, and a fixed fare of €7 for a deferred booking). In the Autorité's opinion, fixed call-out-fees is a positive development both for consumers and taxis. It will likely contribute to re-establishing the popularity of taxis on the pre-booking market, in the context of competition with chauffeur-driven cars.

However, the *Autorité* questions the use of two fixed fares (one for immediate pre-booking and the other for deferred pre-booking). The distinction between immediate pre-booking and deferred pre- booking is certainly not one set out in any legislative or regulatory text.

> With a view to simplification, the Autorité would recommend that the government establishes a single fixed call-out-fee in the medium-term.

3-SUPPLEMENTS

The pricing structure for four or more passengers is consistent but should be limited to a single supplement.

The government is replacing the current complex pricing system which takes into account the number of passengers above and beyond the third, or the number of pieces of luggage, with a per-passenger supplement applicable beyond four passengers.

The Autorité is in favour of this simplification measure which seems consistent, given that carrying more than four passengers requires a bigger vehicle. However, there seems to be no justification for charging an additional per-person supplement above and beyond the fourth, since carrying six passengers rather than five does not entail any additional investment.

> The *Autorité* therefore deems it preferable to set a single supplement for the transport of more than four passengers to a single supplement. Therefore, this supplement would not be proportionate to the number of additional persons.

[1] Decision of the Constitutional Council of 22 May 2015 which held that the ban on the use of metered fares based on time/distance by chauffeur-driven cars was unconstitutional

[2] In its opinions 05-A-02,09-A-51, 13-A-23 and 14-A-17, the *Autorité* recommended that a statistical tool be implemented to monitor taxi activity.

> See the full text of opinion 15-A-07 of 8 June 2015 on a draft decree and a draft order relating to individual public transport

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