

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Working Party No. 2 on Competition and Regulation

Summary of Discussion of the Roundtable on Taxi, ride-sourcing and ride-sharing services

Annex to the Summary Record on the 65th meeting of Working Party No 2

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This document prepared by the OECD Secretariat is a detailed summary of the discussion held during the meetings of the OECD Working Party No. 2 on Competition and Regulation on 4 June 2018.

More documentation related to this discussion can be found at www.oecd.org/daf/competition/taxis-and-ride-sharing-services.htm

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Summary of Discussion of the Roundtable on Taxis, Ride-Sourcing and Ride-Sharing

By the Secretariat

The **Chair** of Working Party No. 2 Mr. Alberto Heimler, opened the roundtable on taxis, ride-sourcing and ride-sharing. The Chair said that taxi services have been discussed a number of times by the working party and this time the title of the roundtable reflects an important development in the sector. He explained that every participant in the room had a device in his or her pocket which allowed them to be connected to the web wherever they were, and this dramatically changed the landscape where competition could flourish with respect to ride-services. He added that it also had implications for the regulatory and institutional environment, and so it is important to discuss broader issues such as how rules should be drafted to promote such a development and how institutions should be designed in order to make sure that such services develop to the benefit of consumers.

In this respect, the Chair referred to an experience in Italy. In 1992, in Italy, a law entered into force which made it mandatory to book for-hire vehicle (FHV) services in advance in order to distinguish it from taxis which can be hailed on the streets. The law went further and stated that a for-hire service could be booked either by walking to the garage or a call via landline phone. At the time this law was optimal but today technical progress and innovation make these rules obsolete. If the law only mentioned that for-hire services should have booked in advanced and had not gone into detail, regulators could have interpreted what “in advance” now means and the law would not have become obsolete today. The Chair submitted that this example showed a more general law that identifies general principles without going into the details usually accommodates future developments much better and, indeed, most of the submissions for the roundtable were on the efforts and the difficulties in the process of adapting regulations to the most recent innovative developments.

Then, the Chair introduced the expert speakers and suggested organizing the discussion around jurisdictions where the new services are prohibited and jurisdictions that have accommodated the new services either by changing the law or by adapting flexible rules to the new market environment. The Chair asked Dawn Miller, Chief of Staff and Chief Technology Officer of New York Taxi and Limousine Commission (TLC), to take the floor to talk about how New York City accommodated the new services.

Dawn Miller thanked the Chair and explained that for the most part while services through apps are regulated at state level, taxis are regulated at very local level. Nonetheless in New York City authority has been retained at the local level to allow for more rapid and specialized responses. New York City did not need to pass a new law or regulation for Uber or Lyft to operate: they already fit into the FHV regulatory category.

Then, Miller said that TLC licenses any company that meets the qualifications for the license. 72 000 vehicles were added to the TLC regulated fleet between 2010 and 2018 and as of the day of presentation TLC licensed over 120 000 vehicles. Only 11% of these are yellow taxis. The rest are FHVs (for hire vehicles) and 72 000 of these work for an application like Uber or Lyft. These cars together do more than a million trips per day. 70% of the trips are run by FHVs. Lots of people were interested in driving for ride-sourcing companies. Drivers were allured by the offers of the companies, the promise of flexible

working conditions and these companies direct drivers who sometimes have little credit history to companies that would give them vehicle-loans to buy new vehicles often at very high interest rates. Passengers were also very interested in using the apps. They were offered low prices to try these services and invite their friends and they liked the customer experience on offer.

She explained that after consultation with stakeholders and working through a lot of the policy ideas and problems, TLC had developed a simple framework to guide its decision making. TLC generally take regulatory action over matters of safety, consumer protection or worker protection and externalities. TLC generally does not take regulatory action when the problem presented is primarily a shift in consumer or driver preferences or market share.

Miller gave a few examples of how TLC assessed the need for a regulation. She explained that calls for a minimum wait time for FHV customers were considered unnecessary as the underlying concern seemed to be mainly about maintaining market-share. Surge pricing is deemed a consumer protection issue by TLC therefore TLC required companies to provide a dollars and cents quote at the beginning of the ride in order to enhance transparency. Another issue that came up was that apps were sending trips to cars that were officially registered with other FHV companies. This was completely legal but some FHV companies wanted TLC to require ride-sourcing companies to have contracts between them to dispatch each other's vehicles. Drivers almost uniformly wanted the freedom to work for multiple companies. The main issue of concern for the TLC was accountability with regards to matters such as tax or liability. TLC required companies to submit records of all their trips, so the company that dispatched a particular trip could be identified regardless of which company this vehicle was affiliated with officially. TLC also eliminated a lot of regulations that had been pretty strict on vehicle age, operational rules and ownership rules. Throughout New York City, the app drivers had to submit to rigorous driver screening and ongoing monitoring by TLC. TLC inspected the vehicles for safety and had insurance requirements appropriate for for-hire service. However, there was room for improvement too. FHV drivers needed to begin TLC education and passing exams so it is ensured that they knew the rules of the road. Now there is a single license for taxi and FHV drivers so they can move back and forth and therefore the two types of drivers have identical requirements. Various consumer protection measures should be bolstered such as the price transparency and handling complaints. Wheelchair accessibility was also something that needed to be introduced. In July 2018, a regulation requiring accessible FHV service entered into force. Uber, Lyft and the traditional FHV services have sued to try and stop this requirement. Also a set of regulations to ensure drivers are earning a minimum hourly wage was set out in the summer of 2018.

Miller emphasised the importance of data to effectively regulate and make informed policy for this large and growing industry. For instance, TLC's department of transportation uses it to understand traffic speeds and to measure the impact of street improvements. This data is also essential to monitor compliance with TLC's new regulations, which limit driver hours to combat dangerous fatigue-driving. Many FHV companies objected to data requirements arguing it would harm privacy, however TLC was successful in imposing data requirements because TLC had strong regulatory authority over FHV companies and there were constituencies such as safety and consumer groups and users of the data who supported the effort. There were also methods in place to address privacy concerns, such as not collecting any data about passengers and not publicly sharing any identifying information.

Miller mentioned there are still issues to be addressed such as congestion. She also underlined that the regulator has to monitor the market to sustain competition. She suggested that price discrimination could also arise as an issue in this context. Automation was also mentioned as another potential issue that is likely to arise in the future.

The Chair thanked Miller and gave the floor to Spain and asked about the outcome of Spanish Competition Authority's (CNMC) advocacy efforts.

Spain replied that on the legislative front there was not any reaction to the efforts of CNMC. In 2015, CNMC conducted a market study which included two consultations which yielded more than 1000 submissions each. Preliminary findings of CNMC spurred protests against the authority and got the attention of general public. Although CNMC was successful in promoting a discussion about taxi sector liberalisation, it could not trigger a legislative change. Therefore CNMC continued its advocacy efforts using two main instruments. Firstly, CNMC submitted reports on draft regulation and attained some success. Secondly, CNMC challenged 5 regulations, including a royal decree, before the courts on the grounds of competition and market unity. The challenged regulations were considered to restrict the development of both the taxi and the private-hire services by limiting taxi and private hire vehicle licenses or imposing disproportionate obligations. At the time of discussion all cases were still pending.

The Chair thanked Spain and turned to India enquiring about the case in India. **India** explained that in the last few years, these app-based taxi services have grown exponentially and that in India there was no specific legislative framework to deal with it and it was not clear whether these services would be treated as taxi operators or merely as a platform. This regulatory gap was first highlighted when a case was filed by a woman alleging molestation during a ride. That was how the authorities came into motion and the Motor Act, which is a central piece of legislation, was amended to bring in checks and balances. India has a federal system where apart from the central law, States follow their own law and transport is a State subject. In this context, the central government moved a bill and gave some recommendations which are not binding. Some of the States followed these recommendations and there are also many cases which were filed in the high court which also resulted in these guidelines and recommendations coming into place. The main purpose of the regulations is to attain a level playing field and ensure accountability.

The Chair thanked India and gave the floor to **Italy** and ask for a clarification of the compensation scheme suggested by the Italian Competition Authority in the context of taxi market liberalisation.

Italy said that the idea of compensation was not new and was related to the regulatory framework in Italy. When the competition authority proposed liberalisation in 2004, new licenses were not issued for many years and the only way to enter the market was through the acquisition of an already existing license and the value of these licenses became quite high. So, compensation was thought of as a measure to accompany the liberalisation in order to soften objections which otherwise could hinder the whole liberalisation. Italy underlined that more recently the idea of compensation was again proposed but in a more general framework in an advocacy report of 2017. The report also proposed the elimination of the discrimination between taxi driver and private hire vehicles and the removal of any barriers to entry for new forms of mobility services. As to whether there is a justification in particular to giving this kind of compensation to one category of suppliers with respect to others, the thought was that taxi drivers are often low-skilled and on low-incomes, and may have difficulty in finding alternative employment. The value of their license is reduced

by the entry of other forms of competition. Italy recalled that something similar actually had been done in relation to retailing services.

Next, the Chair gave the floor to Costa Rica. **Costa Rica** explained that the operation of a US company was ceased as its service constituted an illegal service under the provision of law n° 8955. However under the new government's rule, Costa Rican Competition Authority (COPROCOM) expects to be able to initiate a dialogue about the case of Uber and the disruptive innovation phenomenon and look at the issue from a competition perspective. It gave information on a new platform called Nova which was founded by domestic capital and started its operations at the end of 2017. It explained that Nova has a very different business model compared to Uber as it operates under a franchise scheme. The driver pays the company a fixed monthly fee of 3500\$ to have access to the platform. It is also noted that Nova has not been able to reach the number of Uber users, which is due in part to access barriers and also to the reaction of the government against the services provided by these platforms. Nova's attempts to convince the government about the legality of its services has not been successful.

The Chair thanked Costa Rican delegation and turned to Switzerland. **Switzerland** said that Swiss Competition Commission issued recommendations in 2012 and these recommendation were voluntarily adopted by Zurich. Then Switzerland explained that a Zurich taxi could start or end its ride in Geneva however it could not work in Geneva on regular basis because in Geneva French language is a precondition. The competition commission made a recommendation in 2015 on this issue and asserted that the conditions should be limited to geographical and topographical knowledge of the city because this condition might be a market restriction under the Internal Market Act. Although, according to the experience it is rather the cantons or the cities that border Geneva and speak French who want to work in Geneva.

The Chair asked Switzerland to give information on competitive situation regarding PHVs. **Switzerland** replied that in some parts of Switzerland (e.g. Zurich, Geneva, Lausanne) Uber services were available and there was a tendency to regulate taxi services because taxis provide a kind of quasi-public service.

After thanking Switzerland the Chair gave the floor to **Max Huffman**, Professor of Law from Indiana University.

Huffman thanked the Chair and started his presentation with a definition of the sharing economy. He explained that the characteristics of the sharing economy include the necessity for there to be three players (the platform, suppliers and consumers) and regulatory disruption. Then he moved on to the antitrust issues regarding sharing economy. He explained that sharing economy activities almost by definition implicate the law on agreements in the US law, Section 1 of the Sherman Act, although whether it is a harmful conspiracy or not was a different question. Regarding monopolisation, he said that market definition raised difficult questions and sharing economies enterprises could not be treated as monopolies in the US antitrust law sense at this stage. Huffman argued that price discrimination and price gouging were almost by definition what makes the sharing enterprise so efficient by matching the demand with the supply level.

Then, Huffman discussed the conspiracy (and he said he wanted to be clear that these are agreements which may or may not be harmful) issue in more detail as he considered this to be the most interesting part of antitrust analysis in the realm of the sharing economy. He explained that when an application is setting up transactions, one or more things that would otherwise need to be done in competition between the providers in this enterprise are now

being done by agreement through the application. The sensitivity of the topic of agreement would differ as it could involve prices or advertising. Therefore at the extreme end, this agreement could appear like a cartel behaviour yet he said it should not be treated as such because the agreement on the prices is a part of a larger package which may be necessary to deliver efficiencies, similar to a joint license arrangement that enable the sale of music from a number of artists through a single license. For example he cited the case of Broadcast Music vs CBS in 1979 in which the court decided that it was impossible to provide this sort of service that offered access to all these different artists' music in the absence of this single license and so this license created something new that would not be available absent the agreement.

He suggested that while a sharing economy enterprise might not be a unitary firm nonetheless we might consider treating them as one. He also pointed out that, in this context, there is a trade-off for sharing economy enterprises. If a sharing economy enterprise seeks to use individual self-employed contractors and brings them together through an application, it avoids taking on the responsibilities of an employer but may raise the antitrust conspiracy concerns.

Huffman concluded by saying that that there is reason to hope that the antitrust laws can achieve what regulation cannot in terms of allowing the innovation but nonetheless see the markets operate efficiently. In the antitrust context, the conspiracy issues are the main question to be answered, and one of the ways to answer this is to understand the fact that these sharing economy enterprises might be achieving the efficiencies of a single firm while being a separate number of entrepreneurs entering into agreement through the app.

The Chair thanked Huffman and asked Lithuania to take the floor to talk about its experience. **Lithuania** said that the Competition Council issued an opinion on the code of the road transport during the legislative amendment process. In its opinion, the Competition Council stressed that an economic activity could be restricted only in cases where it is necessary and only if such restrictions are proportionate to the aim that is to be achieved. This opinion was based on the Lithuanian constitutional court's ruling, according to which any restriction or prohibition of an economic activity, the freedom of which is enshrined in article 46 of the constitution of Lithuania, have to comply with four conditions. Firstly, economic activity can be restricted only by law. Secondly, such restrictions are necessary in the democratic society pursuing to protect the rights and freedoms of other persons, the values enshrined in the constitution of the Republic of Lithuania as well as the constitutional aims. Thirdly, the restrictions should not deny the nature and essence of the rights and freedoms. Fourthly, the principle of constitutional proportionalities is complied with. So according to this ruling the Competition Council was of the opinion that bearing in mind the innovative features of novel services the regulation of the provision of ride-sharing services should be regulated but only to the extent needed for the protection of consumer interest.

Next, **the Chair** asked South Africa whether it is right to interpret that under the current regulatory framework in South Africa, ride-sourcing platforms can offer service as long as the drivers have the required license. **South Africa** replied that that is a correct interpretation. It further explained that Taxify and Uber are not licensed, and this creates a conflict between them and the taxi operators since they argue that they are discriminated against.

The Chair suggested that a license scheme similar to the New York's which does not have quotas and issues single license for taxis and PVHs might be the solution for South Africa. Then, he gave the floor to Turkey.

Turkey said that its submission was already outdated because a few days ago a new regulation had been issued by the Ministry of Transportation which indirectly prohibited the use of UberXL which was offered under a tourism license. According to this regulation, use of D2 tourism transport licenses, which are supposed to be used for airport shuttle services or city tours, cannot be used for Uber type services. If this regulation is infringed, the driver and passenger are both fined and the license is cancelled in case of repetition. Therefore, tourist transport license holders stopped renting the licenses to Uber. Turkey explained that Uber was good competition for the taxis and a strong industry lobby had been effective in influencing the debate just before the elections. Turkey added that some taxis also offer rides through Uber and charge Uber prices. The regulation is silent on the legality of this behaviour.

The Chair thanked Turkey and moved on to another delegation, Hungary, which also had experience with airport transportation. **Hungary** explained that in the middle of the 2000s, violence among taxi drivers and over pricing were frequent. Also it was not clear which authority was responsible for addressing these issues. In 2005, Budapest Airport was privatised and a tender was held for taxi services. The Hungarian Competition Authority (GDH) drew up several suggestions for the tender such as compliance with competition rules, transparency, focus on tariffs as the main tender criterion, short (less than 5 years) exclusivity period. The current taxi service provider at Budapest Airport is now in its second 5-year term. Hungary also mentioned its experience with fixed price regulation for taxi services in Budapest. This regulation entered into force in 2013 and since then price of taxi transportation to the airport increased to a level higher than original tender price.

Then **the Chair** gave the floor to Canada. **Canada** explained that there was not a general prohibition on transportation network companies in Canada. In fact, in many localities it is legalised and a number of other cities and provinces also provide similar regulatory frameworks. In 2015, some municipalities did introduce bans, but they were accompanied by studies or pilot projects in order to come to a place where regulations were designed. Still in some areas transportation network companies operate in the absence of regulations. In some places there is a tolerance for this but in other places these operators are fined.

Canada said that Canada Competition Bureau's approach was to provide guidance for those who are developing the regulation instead of providing an optimal framework or set of regulations. The Competition Bureau offered a number of very specific factors to be considered such as easing price controls, regulated taxi fares to allow them to be adjusted in times of high demand, eliminating restrictions on the number of plates or medallions which previously would restrict the number of taxis or vehicles for hire that were operating in a certain area, allowing all drivers to respond to street hails and to provide incentives for accessibility. Additionally, a number of principles such as proportionality was provided for regulators. Canada emphasised that the key was establishing an approach that allows for greater competition and a level playing field.

The Chair asked Canada about its approach to accessibility issue. **Canada** replied that the Canadian Competition Bureau suggested that it might be an idea to add that to the regulation for transportation network companies and it already had happened at the provincial or municipal level in some cases.

The Chair thanked Canada and gave the floor to Sweden. **Sweden** said that taxi services were provided through dispatch centres which were not regulated and varied in terms of scale. It also said that prices were liberalised in the 1990s. Despite some problems at the beginning, introduction of comparative price (display of maximum price for a 10 km, 15 minutes ride inside and outside the cab) solved the majority of problems. The Chair

questioned whether dispatch centres had the same price. Sweden answered that while large dispatch centres generally had the same price, smaller dispatch centres might not offer the same price. Also there were some metered dispatch centres. Sweden said prices differed substantially at the end due to there being independent taxi drivers.

The Chair opened the floor for comments and **Australia** commented the ride sharing services offered something that was not present in the market at all before the services began, in particular the transparency about the identity of the passenger and the driver, the distance and the route of the ride gave comfort to some people. It pointed out that taxis had also adopted these features of ride platforms. Australia asked the panel for comments on this aspect.

Dawn Miller commented that ride sourcing companies are good at customer satisfaction issues. However she also emphasised that some other measures still should be taken by the regulators, such as background checks. She pointed out that serious issues such as unsafe driving and harassment should be reported to not only the company but also to the regulator since only the regulator could take the drivers' license away to prevent the driver from jumping to the next platform.

Max Huffman said as a competition lawyer he favoured disclosure in terms of rates and quality since markets operated more efficiently that way. He agreed the applications found a way to do such disclosures and if the regulatory bodies assist in getting disclosures across, competition in the market would flourish much more effectively.

Korea took the floor to make a separate comment. **Korea** said that the right approach was to rationalise regulation of traditional taxi services rather than to regulate new services on the same level. It suggested the best way to solve regulatory disparity would be to ease the regulation of traditional taxi services such as fixed prices and geographical limitations and to adopt new regulations (e.g. safety measures, insurance requirements) at a minimum level possible for new services.

The Chair thanked the participants who commented and gave the floor to **Damien Geradin**, Partner at Euclid Law. Geradin started his presentation by pointing out that the platforms provided a solution to a problem which existed in the taxi industry for a long time; mismatch between supply and demand. He mentioned that their business model has a number of strengths such as dynamic pricing, reputation mechanism, traceable rides and allow multi-homing. He disagreed that the ride-sourcing companies were taking business away from taxi service providers. On the contrary, he argued ride-sourcing companies were growing the market by greater availability and lower prices. He also argued that ride-sourcing platforms did not offer a type of taxi service since they did not hire drivers or own vehicles. It was rather a mediation service between drivers and passengers, similar to dispatching.

Geradin said that there were two ways to address regulatory disparity. One is to force the ride-sourcing platforms to apply the same rules, the second is to revisit the rules. He said the first would remove the efficiencies provided by the ride-sourcing platforms. He suggested that the better way was to revisit some of the rules that apply to taxi companies in order to verify whether they still make sense in the context of ride-sourcing platforms and also for the taxis themselves. The regulatory framework should be reassessed in light of certain principles. Rules should be competitively neutral. The regulatory focus should be on addressing market failures. He said that having a single regime for both taxis and ride-sourcing companies and two distinct regimes for each of them had pros and cons so

the choice depended on the circumstances. He underlined that it was also important to develop future-proof rules.

The Chair thanked Geradin and asked how he thinks about pricing imposed by the platform when he argued platforms are mediators. **Geradin** replied that theories regarding forming cartel through platform pricing did not make sense for him since in his view having a pricing formula that prevented independent drivers from having the ability to discount their own price is absolutely essential to the efficiencies provided by these platforms.

Then, **the Chair** moved to the second part of the discussion which involves the jurisdictions that are adapting their regulatory framework to the development of ride-sourcing services. He gave the floor to the UK. **The UK** explained that under government legislation, bookings in the UK for private-hire transport could not be taken by a licensed driver directly but had to go through an operator who must hold a license with the licensing authority. The private-hire licenses for operators, drivers and vehicles are issued at local authority level in the same way as traditional taxis and they receive a license from the local authority. Once the operator, driver and vehicle are licensed, they are free to operate in any borough, not just the licensing borough. The UK also mentioned that English and Welsh local authorities outside London did not have the legal power to impose quotas on private-hire vehicles but they do have the power to impose quotas on black cabs and around a third of the authorities used that power. It said that Transport for London did not have the power to impose quotas either on carriages or private-hire cars. In terms of the limitations on the types and quality of car that could be used, it explained that local authorities impose conditions on private-hire vehicles relating to the type and quality of the vehicles that set a fairly low minimum bar. The UK also said that Competition and Markets Authority (CMA) had submitted a letter to Sheffield City Council that warned against conditions that could restrict multi-homing and its opinion was taken on board by the Council. This occurred because when reviewing licensing conditions, the CMA became concerned that some licensing conditions unintentionally restricted multi-homing, therefore the problem with multi-homing restrictions was noted in the guidance for local authorities on taxi and private hire licensing conditions.

Next, **the Chair** gave the floor to Romania. **Romania** explained that the taxi drivers are required by law to join dispatch centres and large dispatchers have already created their own applications for which the drivers paid 20 € per month. It is said that the Romanian Competition Council advocated new technologies that facilitate the interaction between the suppliers and the customers, however it could not act against the legislation which did not allow applications to operate without an association of a traditional dispatch centre. It is expected that the mentioned law will be amended in a way that will allow the new service providers to compete with traditional taxi services.

The Chair thanked Romania and asked Denmark whether the new law allowed some flexibility in pricing and obliged any ride service company to have a taxi meter. **Denmark** replied that the new law relaxed pricing regulations. It said that there was a maximum price for a ride and if the price was agreed in advance, then a taximeter was not required.

The Chair gave the floor to Norway. **Norway** explained that there were a quantitative limits on the number of taxi licenses and price regulations in rural areas. It said that the Norwegian Competition Authority removed price regulations in the main cities where a certain level of competition between dispatch centres existed. Prices are announced in advance in the taxis and through the websites and vary widely. Norway said that the Norwegian Competition Authority advocated issuance of more taxi licenses, especially to competing dispatch centres and had succeeded in this approach. It also pointed out that

limiting the number of licenses per dispatch centre was also a regulatory option since network effects might work against competition in the market.

Next **the Chair** asked Finland to give details about its liberalisation experience. **Finland** explained that dispatch centres were dominant in their locations historically since the market was very strictly regulated, yet after liberalisation, there were some signs of competition due to new entry. It also pointed out that in rural areas with small populations, competition might be weaker. It said that when the new law entered into force, taxis could charge fixed prices for certain routes (e.g. from airport to city centre) and in that case the taximeter would not be mandatory. If the price was not fixed, a taximeter or other systems which achieve the same reliability of measurement could be used.

The Chair then gave the floor to the US. **The US** started its contribution by explaining the regulatory structure and framework in the US. It said that in the US, the regulation of passenger motor vehicle transportation occurs principally at the State but also at the municipality level and it was difficult to draw generalities beyond typical aspects of regulation. Then, it explained that the city of Seattle in the State of Washington had enacted an ordinance that permits independent for-hire drivers to collectively negotiate their contract with taxi cab associations and also transportation network companies. This led to the Chamber of commerce in Seattle suing the city in the Federal district court, saying that this particular ordinance violates laws in the US. The district court dismissed the Sherman Act claims based on the fact that it would be covered under State action doctrine in the US. The Chamber of Commerce then appealed to the ninth circuit and this is when the chief federal antitrust agencies, the FTC (Federal Trade Commission) and DOJ (Department of Justice) submitted a brief which urged the court to reject the State action doctrine in this matter because the general Washington State statutes delegating authority to municipalities to regulate the for-hire service do not clearly express legislative intention to displace competition in this particular segment of the market, and the Ninth Circuit reversed the decision of the District Court and agreed with the federal antitrust agencies recommendation. The Court also held that Seattle was required to, but did not show that the drivers fixing of prices was actively supervised by the State as well, which was a second requirement when it comes to using the State action doctrine.

The Chair thanked the US and asked Mexico to take the floor. **Mexico** explained that in June 2015 COFECE (Mexican Competition Authority) issued an opinion to local governments. While some states followed the recommendation made in the opinion, others did not. In Mexico ride-sourcing services are not prohibited but they are not recognised by law in every state. It said in the states where these services were recognised some restrictions were imposed. For instance in Quintana Roo, it was required to get a permit from an institute which is yet to be founded.

The Chair thanked Mexico and requested Russia to explain their assessment regarding a merger case which involve Yandex and Uber. **Russia** took the floor and replied that the aggregators and taxis were not considered on the same market and after taking a number of factors into account it was decided that the merger was not restrictive to competition at that moment. The factors which were assessed included network effects, the ability to switch between applications, the number of applications available in the market, the ease of entry into the market and the rapid growth trend in the market. Russia explained it also concluded that it was necessary to ensure the preservation of competition and so the companies were required to prohibit the introduction of any restrictions on consumers and third party aggregators. It said that, an investigation had been started to look into allegations of preventing multi-homing.

The Chair asked Bulgaria to take the floor. **Bulgaria** said that the Bulgarian Commission of Competition has competency in the field of unfair competition and within this competency the Commission considered that Uber's operation without license created a disparity between Uber and traditional taxi service and this constituted a violation of the good faith commercial practice. It imposed sanctions and ordered termination of the infringement. This decision was approved by the court on appeal.

Next, **the Chair** gave the floor to Estonia. **Estonia** explained that a new law was passed in November 2017 which fully liberalised the taxi services market. According to the new law it is possible to book a taxi ride through systems where both the ordering and the calculation of price take place via an IT platform. Also a taximeter is not required and the price limits established by local governments do not apply as the passenger sees the price of the ride in advance when booking it via a platform. There are no quotas but all drivers are obliged to hold a license.

The Chair asked Italy to take the floor to give information about its experience with car-sharing. **Italy** explained that car-sharing services developed very quickly in Italy because it was encouraged by the legislator, the government and the municipalities to address environmental issues. It said that car-sharing services allow passengers to locate and unlock a car with his/her smartphone and pay using a credit card. It pointed out that there was no reaction from taxi service providers although from the point of view of consumers these might represent an alternative. It also acknowledged that there were certainly some differences, for example, in car-sharing the customer drives the vehicle him/herself.

The Chair asked BIAC to take the floor. BIAC invited Greg McCurdy, Director, Global Competition Law, Uber Technologies, Inc. to make a presentation. **McCurdy** thanked the OECD and firstly focused on the reasons why ride-sharing companies are successful. In that respect he emphasised lower prices, reliability and service quality. He said that Uber tried to match supply and demand and that created efficiencies. Also utilisation rates of cars increased and lowered the costs of rides. He also pointed out that how burdensome the regulations are had had a big impact on whether in a given city ride-sharing was successful or not. He criticised quotas on service supply, geographical restrictions including return to garage rules, requirements for a minimum waiting time between booking and ride, unduly high standards for vehicles, foreign language requirements for drivers and knowledge tests. He said those were blatant anticompetitive restrictions. He also drew attention to commercial insurance and business license requirements arguing that they can discourage part-time drivers who constitute the majority of the drivers on ride-sharing platforms.

The Chair thanked McCurdy and opened the floor for comments. **Spain** announced that the Supreme Court had just given its decision on one of the pending cases which were mentioned at the beginning of the discussion. Spain explained that the court disregarded CNMC's claims about the limited number of licenses and the geographic restrictions, but upheld the third claim on the minimum freight size requirement.

Dawn Miller commented on McCurdy's presentation and underlined that there was not a trade-off between standards and availability of services necessarily. She said that Geradin and McCurdy made a good case for the public benefits of ride-sourcing services yet issues like congestion, worker pay, accessibility for people with disabilities, and providing data necessary for city planning each call for regulation because these issues would or could not be addressed by ride-sourcing companies. She emphasised the importance of broad regulatory power, and the institutional capacity of the regulator. She stated her support for swift regulation at the local level rather than state or national level regulation.

The Chair gave the floor to South Africa. **South Africa** drew attention to network effects active in the platform services and said that in a winner-takes-all context governments might have nationalistic approaches and this aspect of the discussion must be explored further.

The Chair said that besides being a source of problems, governments also provide solutions and regulators had a crucial role in preventing exploitation on the part of the consumers. He also said that when we look at jurisdictions where ride-sourcing services was allowed, we saw intense competition rather than concentration of market power, but if only limited entry was allowed, a situation similar to concerns raised by South Africa might occur. Then the Chair gave the floor to BIAC.

BIAC said that ride-hailing and ride-sourcing services enhanced competition in the market and although there might be a need for some regulation, he expected competition authorities to leave this discussion to regulators and use their advocacy tools to expand ride-sourcing services because of the consumer benefits these services brought.

McCurdy added that although there were certain advantages of being the first mover in ride-sourcing industry, entrants came in and did well. He said that multi-homing was very important and available.

The Chair then closed the session by thanking everyone, and concluding that regulations should be designed and implemented with the consumer at the focus. If this could be achieved, it would be much easier to adapt them to all these new developments and also to fine tune the institutional setting to make it more consumer friendly.