

Press release

Monopolies Commission investigates the situation of competition on the taxi markets

- The Monopolies Commission welcomes the increasing competition, but still considers that competition to be insufficient
- The Monopolies Commission calls for an abolition of the concession restrictions on the taxi markets and the opening up for price competition, as a first step by introducing maximum prices
- The Monopolies Commission recommends that the regulation of rental cars be adapted to exclude distortions of competition

The Monopolies Commission has presented its XXth Main Report under § 44(1) of the Act Against Restraints on Competition (ARC) today, which is entitled: “**A competitive order for the financial markets**”. Part of the Report is an investigation of the situation of competition on the taxi markets and of the regulation of taxis in Germany.

Competition on the taxi markets in Germany is mostly **restrained**, given the concession restrictions and the general prescription of tariffs that exist in many local territories. The basic objective of this regulation is to ensure the effective operation of the taxi business and the protection of consumers. At the same time, however, this limits the supply of taxi services and prevents to the largest extent the differentiation between services offering **varied price-quality combinations**. 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.

The Monopolies Commission, additionally, has investigated the competitive relationship between **taxis and rental cars**. 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. 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.

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.

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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.

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.”

The Monopolies Commission is a permanent, independent expert committee, which advises the German government and legislature in the areas of competition policy making, competition law and regulation. Its legal responsibilities encompass, among others, the preparation of a Main Report analysing the development of competition on a bi-annual basis. The Monopolies Commission has five Members appointed by the Federal President based on a proposal of the German government. Prof. Dr. Daniel Zimmer of Bonn University is the chairman of the Monopolies Commission.