

# The Regulations on Taxi Business in China

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*“The cars we  
drive say a lot  
about us”*

*Alexandra Paul*



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# APPLICATION of the **Mobile Internet** has a **tremendous impact** on the **Traditional Taxi Business**



*More than 90% market share of ride-hailing services in China*



# SMART MOBILITY- THE **BIG CAKE**

Uber China Business mergers with Didi Chuxing --- announced on Aug 1<sup>st</sup>, 2016



# UNCERTAINTIES of the Merger

- China's Didi Chuxing and Uber have both confirmed that **Didi has agreed to buy Uber's separate business in China** — Uber China, and according to the agreement, Uber will be given a 5.89 percent stake in the newly merged entity, with preferential equity that is equal to a 17.7 percent economic interest in Didi Chuxing. Existing **Uber China investors**, which include China's dominant search firm Baidu, will get 2.3 percent of the new business.
- **Chinese anti-monopoly regulators** are reviewing the proposed merger of ride-hailing service Uber China operations with its biggest local competitor. The **Ministry of Commerce** will look at whether the proposed tie-up with Didi Chuxing protects "FAIR COMPETITION" and consumer rights, a ministry spokesman, Shen Danyang, said Friday
- After the merger, the combined company is valued at **US\$ 35 billion**



# THE TAXI BUSINESS MARKET from a **Legal Point of View**

Traditional  
Cruising Taxi

New  
Online-booking Taxi





# THE 2 NEW REGULATIONS

**ISSUED** on August 26<sup>th</sup>, 2016, will come into force as from November 1, 2016

The *Administrative Provisions on Cruising Taxi Operations and Services* / 《巡游出租汽车经营服务管理规定》, in place of the current *Administrative Provisions on Taxi Operation and Services* 《出租汽车经营服务管理规定》;

To regulate the traditional cruising taxi businesses.

Ministry Of Transport

**ISSUED** on July 27<sup>th</sup>, 2016, will come into force as from November 1, 2016

The Interim Measures for the Administration of Operation and Services of Taxis Subject to Online Booking 《网络预约出租汽车经营服务管理暂行办法》

To regulate the new online-booking taxi business (also “Zhuanche/专车”), and specify the requirements for the online taxi-booking platform companies, vehicles and drivers, and the operational activity, and also specify the supervision, inspection measures and the legal liability.

# ONE GUIDANCE

## In the taxi business in China

On July, the 28<sup>th</sup> of 2016

The General Office of the State Council issued a document titled *The Guidance of the General Office of the State Council on Deepening Reform to Promote the Healthy Development of the Taxi Industry* / 《国务院办公厅关于深化改革推进出租汽车行业健康发展的指导意见》

(hereinafter referred to as the *Guidance*)





ridesharing legalized in China



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### [China Legalizes Ridesharing, Opening The Door For Uber, Didi](#)

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# WHAT IS RIDESHARING?

## Definition from a **DICTIONARY** :

The act or an instance of sharing motor vehicle transportation with another or others, especially among commuters.

## Definition from the **GUIDANCE**:

Private car ridesharing, also called carpooling or free riding, means a shared way of transportation in which a ridesharing provider posts information of travel, the man of the same travel route chooses to take the car of the ridesharing provider and shares part of the travel cost or for free.

# IS IT LEGALIZED in China?

In the Guidance

## DEFINITION



**Private Car Ridesharing to be Regulated.** Private car ridesharing, also called carpooling or free riding, means a shared way of transportation in which a ridesharing provider posts information of travel, the man of the same travel route chooses to take the car of the ridesharing provider and shares part of the travel cost or for free.

## AIMS



It is conducive to relief of traffic congestion and reduction of air pollution, the **urban people's governments shall encourage and regulate** its development, draw up the corresponding regulations, and define the rights and obligations of the ridesharing service provider, the ride-sharer and the ridesharing information service platform and any other party.



# LACUNA

## THE OPINION



### Forerunner: Beijing

In early 2014, Beijing Municipal Commission of Transport/北京市交通委员会 issued a document titled *The Opinion of Beijing Municipal Commission of Transport on Travel by Ridesharing*/《北京市交通委员会关于北京市小客车合乘出行的意见》

The *Opinion* provides the **definition**, principles of ridesharing, **costs sharing**, **online information providers** and **knowledge propagation** of ridesharing, encourages the participants of ridesharing to sign an agreement, and punishes the improper acts of arbitrary costs sharing, posting false ridesharing information, signing of sham agreement and illegal operation in the name of ridesharing.



# HOW TO

## How Ridesharing online service providers or Apps do business?

In accordance with the *Opinion*

Ridesharing website shall provide urban ride-sharers with guidance and assistance by providing ridesharing travel information, ridesharing agreement, ridesharing operation process, online contract signing services, credit rating of ridesharing or by any other ways.

合乘网站应当通过提供合乘出行信息、合乘协议文本、合乘运作流程、网上签约服务、评定合乘信用等形式为市民合乘提供指导和帮助。



# Is there any law or regulations on ridesharing?

Under the current Chinese laws and Regulations

- THERE IS **NO** EXPRESS PROHIBITIVE PROVISION
- THERE IS **NO** SPECIFIC REGULATIONS\* OR GUIDANCE WHICH REGULATE RIDESHARING

\* Except for Beijing and the Guidance





## NOT?

In the practices of punishing illegal operation in Shanghai, the **Transport Administrative Authority** and the **Public Security Authority** of Shanghai will deem the ridesharing which meets the following conditions to be legal:

- A. **The travel route of the ride-sharers is identical, and their destinations are close;**
- B. **The ride-sharers are generally the acquaintance, friends, or neighborhood or any other “specific group”;**
- C. **The driver is not providing ridesharing for profit, but for reducing the costs of using a car, and the ride-sharer gives a glim of remuneration by different ways for the benefit received;**
- D. **The ride-sharer gets on the car on a fixed place or by the way of the driver; and**
- E. **The times of ridesharing are generally time of commutation or festival travel.**



# ONLINE TAXI BOOKING SERVICES

Online taxi-booking operational services in the name of private passenger ridesharing **is prohibited**.

*In accordance with Article 28 of the Interim Measures for the Administration of Operation and Services of Taxis Subject to Online-booking,*

“No enterprise or individual may provide information connection for vehicles and drivers without legal qualifications to launch operational services or provide online taxi-booking operational services in the name of private passenger ridesharing...”

**BLACK TAXI**



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# HOW THE GOVERNMENTS WILL REGULATE IT?

Define the rights and obligations of the ridesharing provider, the ride sharer and the ridesharing information platform;

Make detailed requirements for ridesharing provider, such as a minimum period of driving experience, no criminal records, and no bad driving records;

Insurance. According to the current law, the driver is obligated to transport a passenger to a designated destination in safety. If sufficient passenger insurance is a must for the car providing ridesharing through a ridesharing app? Maybe.

Make detailed rules to differentiate ridesharing from illegal taxi operation.



# A PROMISING FUTURE FOR RIDESHARING

From our point of view, the ridesharing in China has a promising future.

These are the main reasons:

- 1. Multiple benefits**, such as low cost, convenient, relief of traffic congestion and reduction of air pollution;
- 2. Urban People's Government's support.** In China, government support is a key factor of an industry development.



# Thanks



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