



Thredbo - International Conference Series on Competition and  
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# **The e-hailing regulation: Brazilian municipalities case**

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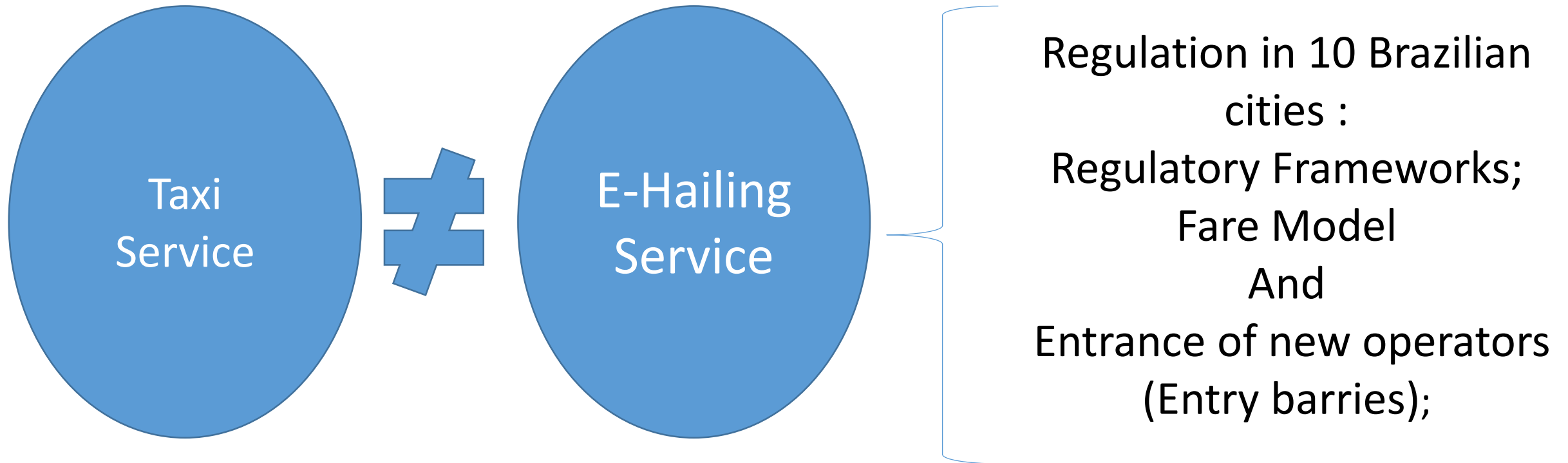
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# General objective

- This article aims to **present a survey of the laws of ten Brazilian cities**, from different numbers of inhabitants and regions of the country
- [How can we do it?](#)
- A general view of the laws of 10 Brazilian cities;
- Ways found to regulate the service;
- Legislative innovations that enabled the release of the operation and maintained the characteristics that differentiate the e-hailing by taxi market.

# General objective



# General objective and development



What 's difference between taxi regular market and e-hailing in regulatory frameworks in Brazil?



**Looking at taxi regulation in Brazil**



**E-hailing regulation in Brazil: Federal Law**



**Brazilian Municipalities case – 10 cities**



**Our conclusions**

# TAXI SERVICE REGULATION



- Modern taxi regulation in the world
- Fast Time line
- USA -- American Crisis (1920):
  - modern taxi market regulation has its origin in the American crisis of the late 1920s when the increasing level of unemployment **made many unemployed** people enter the market as clandestine taxi operators, using old vehicles which meant more traffic insecurity
- affects service supply and demand
- need for state intervention in the economy: taxi market regulation <sup>1</sup>

<sup>1</sup>(Harding, Kandlikar and Gulati, 2016)

# TAXI SERVICE REGULATION



- 1935 ----- Inclusion of taxi in the Interstate Commerce Law (**price regulation power** ----- **fare regulation**)<sup>1</sup>
- 1937 ----- Taxi license scheme (prohibition of issuing new licenses ----- **entry barrier**))<sup>2</sup>

<sup>1</sup>(Harding, Kandlikar and Gulati, 2016)

<sup>2</sup>( Frankena e Pautler, 1984)

# TAXI SERVICE REGULATION



- Taxi market now **has control elements** (presence of state control elements through regulation):
- **Price** ----- **Fare** (Fare regulation)
- **Operators** ----- **Vehicles** (Entry barriers)
  - -----authorized number of vehicles
  - ----- Age
  - ----- Specif conditions to allow to operate in this market

## E-HAILING REGULATION IN BRAZIL



- **Regulation of the service in Brazil:**
  - Rio de Janeiro – may 2014
  - São Paulo –may 2015
  - Reaction of taxi market operators: protests, physical attacks, vehicle depredation;
  - Establishment of principles and guidelines for municipalities
    - **Federal Law 13.640 / 2018**
- (National Urban Mobility Policy)**



# E-HAILING REGULATION IN BRAZIL



- Establishment of principles and guidelines for municipalities - **Federal Law 13.640 / 2018 (National Urban Mobility Policy)**:

Some items have become **compulsory**:

- Collection of **municipal taxes** for the provision of the service
- **Vehicle**:
- Need to meet maximum **age requirements** and
- Need to meet the **characteristics required by the transit authority and the municipal government**;

## E-hailing regulation in Brazil - Methodology adopted



- **Target Cities of the study:**
- **10 Brazilian cities**
- **Selection criteria**
- By the beginning of the year 2019:
- had edited:
  - ----- by decree or by law: instrument to delineate a regulation of this new mode of transport;
  - ----- also had taxi service regulation.

# E-hailing regulation in Brazil

## Target Cities of the study:



**Table 1: Sample cities and their populations**

City	Population x 1000
São Paulo	12000
Rio de Janeiro	6300
Brasília	2500
Recife	1600
Porto Alegre	1400
Maceió	950
São José dos Campos	540
Porto Velho	270
Vitória	250
Americana	230

# E-hailing regulation in Brazil

Target Cities of the study



## **Federal Legislation(Brazil, 2018):**

- Imposition of items to be followed **compulsorily** for authorization of transport application service operation
- **Cities that do not yet have these items in their legislation ---- should fit**

## **Appropriate Methodology**

**Verification in each municipal legislation** of other items that are put to be fulfilled:

- by the applicants (drivers)
- By the application companies.

# E-hailing regulation in Brazil

## Target Cities of the study:

- Normatives— characterization in **terms of barriers to entry** into cities



**Table 2. Requirements for vehicles registration and operation**

City	Municipal license plate	Maximum age to operation (years)	Periodic Inspection
São Paulo	Yes	8	Yes
Rio de Janeiro	No	8	Yes
Brasília	Yes	8	Yes
Recife	**	8	Yes
Porto Alegre	**	8	Yes
Maceió	Yes	8	Yes
São José dos Campos	No	5	No
Porto Velho	Yes	8	Yes
Vitória	No	5	Yes
Americana	Yes	10	Yes

\*\* state plating

## The e-hailing regulation: Brazilian municipalities case

### Conclusions



- Brazil in your legislation:
- adopted **general rules at the federal level;**
- left the municipalities to regulate e-hailing services.
- **Conclusion 1 :**
- **Defining rules for the adoption of regulatory frameworks facilitates the provision of these services as there is legal certainty for companies to explore e-hailing services.**
- Common to the postulants to operators (drivers) in the 10 Brazilian cities:
- **There is no limitation on the number of operators (drivers)**

# The e-hailing regulation: Brazilian municipalities case



## Conclusion 2:

- **The major difference implemented so far in the regulation of e-hailing is the possibility of fare collection following the law of demand and supply: there is no maximum fare .**

# The e-hailing regulation: Brazilian municipalities case



- **Conclusion 3:**
- No traditional barriers to direct entry of new ones operated by bidding processes.
- **In these cities only indirect barriers are presented:**
- such as **maximum operating age,**
- **the registration of the vehicle (plaque) in the city itself (municipal license plate)**
- **periodic inspections to ensure the safety conditions of vehicles.**
- **These indirect barriers are nothing new: they are no different from what already existed for the operation of the taxi service.**



# The e-hailing regulation: Brazilian municipalities case



- Main conclusion:
- **Main difference between e-hailing regulation to compared to taxi regulation:**
- In the regulation of e-hailing in the Brazilian cities analyzed:
- There is no maximum fare;
- There is no limitation on the number of operators (drivers) or vehicles.

# Thanks



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